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PRIME MINISTER

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AUSTRALIA TO INCREASE FOOD AID

The Prime Minister, Mr. Malcolm Fraser, said in London today (12 June) that at the Commonwealth Heads of Government meeting this week he would announce a substantial increase in Australia's food aid programme and a liberalisation in the terms of Australian project aid.

On the question of food aid, Mr. Fraser said he would tell the Commonwealth leaders that Australia will: increase its total aid in foodgrains from the present minimum level of 225,000 tonnes of wheat to 400,000 tonnes per annum; increase the level of foodgrain aid channeled through the world food programme to 20% of Australia's total foodgrain aid; make an annual contribution of wheat to the interim reserve for emergencies; establish a bilateral foodgrain reserve for emergencies; give non-grain foods regularly as part of its aid.

Taking account of these new initiatives, Australia's additional expenditure on food aid during the first year of operation of the new programme, 1977/78, will be of the order of \$6.5 million.

However, the programme will provide for dramatic increases in succeeding years - it is expected that it will increase more than fourfold by 1979/80.

Mr. Fraser commented that the Development Assistance Committee of the OECD has recommended that countries should endeavour to raise their development assistance to 0.7% of their gross national product. Australia agrees with this target and he will be assuring the conference that the Australian Government would maintain this commitment.

On the other hand, he understood the problems recipient countries had with tied aid. To overcome these problems, he would announce to the Heads of Government that Australia proposed in future: to untie aid for bilateral assistance projects where this would substantially assist local suppliers in the recipient country; to meet a significant proportion of local costs for least developed country recipients; to undertake a study of the further untying of procurement for bilateral aid projects.