

STATEMENT BY THE PRIME MINISTER AND
ACTING TREASURER

INTERNATIONAL MONETARY FUND --
INCREASE IN AUSTRALIAN QUOTA

The Prime Minister and Acting Treasurer said today that Australia had formally consented to an increase of \$100 million in its quota in the International Monetary Fund and had now taken steps to make the necessary subscription. The increase in Australia's quota - from \$400 million to \$500 million was approved by Parliament in May this year and is part of a general increase of 25 per cent in the quotas of all member-countries of the Fund.

To secure this higher quota, Australia needs to make a corresponding subscription to the Fund of \$100 million of which \$25 million is payable in gold and the remainder in Australian currency. The gold subscription of \$25 million (£11.2 million) was paid to the Fund on Wednesday, 29th September. The Australian currency portion takes the form of a non-negotiable note which enables the Fund, in certain circumstances, to use Australian currency in its transactions.

The gold payment to the Fund involves a corresponding fall in Australia's holdings of gold and foreign exchange. On the other hand, the enlarged quota will increase Australia's drawing rights in the Fund (our second-line reserves) from \$525 million to \$650 million. The increase in the quota will become effective when members having not less than two-thirds of the total quotas in the Fund have consented formally to their quota increases. This requirement is expected to be fulfilled in the near future.

The Prime Minister added that one-third of the gold required for this transaction had been provided from

the Reserve Bank's gold holdings and that the Reserve Bank had utilised portion of its sterling and dollar holdings to purchase the remaining two-thirds in equal proportions from the United Kingdom and the United States. In deciding to adopt this course, the Government had been influenced by the fact that Australia's gold holdings were relatively modest and that the Fund is prepared to make arrangements to mitigate the effects on the two reserve currency countries of sales of gold which they might make to other countries for purposes of the general quota increases.

Canberra, A.C.T.
5th October, 1965.