

FINANCIAL ASSISTANCE BY AUSTRALIA TO NEW ZEALAND

Statement by the Prime Minister, Mr. Harold Holt

Following discussions with the Prime Minister of New Zealand (Mr. Holyoake) when he was in Australia last month, and discussions in Cabinet, it has been arranged that the Reserve Bank of Australia will extend a credit of up to \$A20m. to the Reserve Bank of New Zealand. The credit will help New Zealand in its present balance of payments difficulties.

As additional facility of up to \$A10m. will be made available to the Reserve Bank of New Zealand on a stand-by basis.

Drawings under these credits may be made during the current financial year 1966/67, and will help to finance New Zealand payments in Australia.

Funds drawn by the Reserve Bank of New Zealand will be repayable by the end of 1971.

The arrangement represents a further tangible expression of the close bonds between our two countries. For its part, the Australia Government is pleased to be associated with New Zealand in this way. We have growing obligations in the Pacific area, and we recognise the importance of assisting one another in dealing with our mutual problems.

-----

Background Note

This is the second time Australia has provided direct balance of payments assistance to New Zealand in recent years. In 1958, a Central Bank credit of £A10m. (\$A20m) was made available to New Zealand.

Drawings on the credit will carry interest at 6% per annum.