

TASMANIAN DROUGHT RELIEF

Following is the text of a telegram sent by the Prime Minister this evening to the Premier of Tasmania (Mr. E. E. Reece):-

"YOUR LETTER OF 22 OCTOBER RE SEASONAL CONDITIONS TASMANIAN EAST COAST. WE ARE PREPARED TO ACCEPT THAT THE CONDITIONS, IF REQUIRING RELIEF LOANS OF \$1 MILLION FOR DROUGHT AFFECTED FARMERS, WOULD CALL FOR COMMONWEALTH ASSISTANCE. YOU WILL UNDERSTAND THAT COMMONWEALTH WOULD NOT BE EXPECTED TO PROVIDE ASSISTANCE IF SUBSTANTIAL RELIEF EXPENDITURES ARE NOT INVOLVED. IF YOU DECIDE TO PROCEED WITH A SCHEME OF RELIEF LOANS ON TERMS NO MORE LIBERAL THAN THOSE ADOPTED UNDER THE DROUGHT ASSISTANCE ARRANGEMENTS INSTITUTED BY THE OTHER STATES, THE COMMONWEALTH WOULD THEN BE PREPARED TO MAKE AVAILABLE FINANCE ON THE FOLLOWING CONDITIONS. ANY COMMONWEALTH CONTRIBUTION WOULD TAKE THE FORM OF INTEREST-FREE ADVANCES REPAYABLE OVER EIGHT YEARS. TO PRESERVE CONSISTENCY WITH THE RELIEF LOANS PROVIDED BY OTHER STATES, THE RELIEF LOANS WOULD NEED TO BE KEPT WITHIN THE FOLLOWING PATTERN -

- (a) THEY WOULD BE AVAILABLE ONLY TO DROUGHT AFFECTED FARMERS WHO CANNOT OBTAIN CREDIT THROUGH NORMAL COMMERCIAL CHANNELS.
- (b) INTEREST WOULD BE CHARGED AT A MINIMUM OF 3 PER CENT PER ANNUM.
- (c) OTHER TERMS AND CONDITIONS WOULD BE SIMILAR TO THOSE WHICH HAVE OBTAINED IN STATES SUCH AS NEW SOUTH WALES AND QUEENSLAND.

THE GRANTS COMMISSION WOULD NOT BE ASKED TO MAKE AN ADVERSE "MODIFICATION" IN RESPECT OF INTEREST "LOSSES" AND ADMINISTRATION COSTS WHICH WOULD BE INVOLVED IN A NEW SCHEME ALONG THE LINES MENTIONED.

THE UNSPENT FUNDS TO WHICH I HAVE REFERRED ARE THE BALANCE OF \$288,000 HELD BY YOUR STATE UNDER THE LOAN (FARMERS' DEBT ADJUSTMENT) ACT.

AS YOU WILL BE AWARE THESE BALANCES MAY ONLY BE USED BY THE STATE IN ACCORDANCE WITH PURPOSES SPECIFIED UNDER THE COMMONWEALTH ACT. THE COMMONWEALTH EXPECTS YOU TO USE THIS \$288,000 AND WOULD CONSIDER ANY REQUEST BY YOU TO FACILITATE THIS.

COMMONWEALTH ASSISTANCE WOULD BE ON A \$ FOR \$ BASIS FOR YOUR TOTAL EXPENDITURE.

J. G. GORTON."