



PRIME MINISTER

FOR MEDIA

15 SEPTEMBER 1983

The attached letter was sent to the Tasmanian Premier,
Mr Gray, today.



PRIME MINISTER

CANBERRA

SEP 15 1983

The Hon. R.T. Gray, MHA
Premier of Tasmania
HOBART TAS 7000

My dear Premier

I am writing in connection with some of the matters which arose in the course of our discussions in Hobart on 31 August concerning arrangements between our Governments following cessation of the Gordon-below-Franklin scheme.

First, I confirm that the Commonwealth is prepared to extend for a further month the arrangements for income maintenance for HEC employees and for assistance to contractors, on the same basis as set out in Schedules E and F to the Interim Financial Agreement which you have before you. It needs to be understood, however, that the Commonwealth would expect that any requirement that the State may have to provide assistance of this kind beyond the period now agreed would be subsumed in the proposed block funding arrangements.

I also confirm that the Commonwealth is prepared to reimburse the State for expenditures of up to \$99,412 in respect of the projects for a number of small contracts referred to in your letter of 12 August. Approval for these projects is provided having regard to the particular difficulties mentioned in your letter, and is not to be regarded as a precedent. We understand that a detailed claim will be forwarded by the State in due course.

There are, of course, a number of matters on which a formal response from the State is awaited. These include:

- . the Interim Financial Agreement
- . the Commonwealth's proposals for block funding arrangements
- . the joint study of Tasmanian future electricity requirements
- . development of tourist facilities in the South-West; Queenstown sewerage; and assistance for the provision of additional rangers in the World Heritage area during the forthcoming summer.

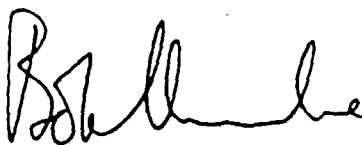
I look forward to your early and favourable responses on these matters. In this regard I am pleased to have received advice that terms of reference for the proposed joint study of electricity requirements have been agreed, clearing the way for work to commence quickly.

It is also my understanding that the State will be submitting proposals in due course in relation to:

- . reimbursement for costs incurred on the Gordon-below-Franklin scheme
- . the value of resources in the Heritage area which cannot be exploited
- . further development of Hobart Airport; and
- . a prospective regional economic study of Tasmania.

I shall be writing to you as soon as practicable in response to your letter of 28 July regarding management of the World Heritage area.

Yours sincerely



R.J.L. Hawke