

FOR PRESS:



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HYDRO-ELECTRICITY DEVELOPMENT IN TASMANIA

Joint Statement by the Prime Minister, the Rt. Hon. Harold Holt
and the Premier of Tasmania, the Hon. E. E. Reece

The Commonwealth has agreed in principle to provide bridging financial assistance to Tasmania for the financing of a five-year programme of accelerated hydro-electric development in that State based on the commencement of development of the rugged Gordon River area in the south-west of the State.

The five-year programme is estimated by the State to cost \$212 million and its purpose is to meet in the best way the projected electricity requirements of Tasmania, particularly by the large electricity-consuming industries in the State many of which are important earners of export income. Because initial development of the Gordon River area will necessitate large amounts of investment before the first block of electricity can be produced from it, the implementation of the programme will cause a temporary "hump" in the rate of increase of electricity investment in the State. The Commonwealth has accepted that on present indications the State would be unable to finance the programme without some Commonwealth assistance of a temporary character.

The Commonwealth has proposed, and the State has accepted, that it would be desirable for an independent assessment to be made of the planning basis of the five-year programme and of the cost estimates of the programme. It is envisaged that this assessment will be undertaken as a matter of urgency by the Snowy Mountains Authority.

The amount of assistance to be provided by the Commonwealth will be determined in consultation with the State from year to year as the programme proceeds. Subject to an overall limit of \$47 million, the amount of Commonwealth assistance will be based on the need for assistance having regard to the sources of finance available to the State from its own resources and those of the Hydro-Electric Commission.

The purpose of the Commonwealth assistance is to help the State over the "hump" referred to. It will therefore be of a temporary or bridging nature and will be repayable by the State over the period of eight years subsequent to the five-year programme. The rate of interest will be the maximum rate applying to semi-governmental securities from time to time.

The arrangements will be embodied in a formal agreement between the Commonwealth and the State which will be submitted to the respective Parliaments in due course.

The Prime Minister emphasised that the Commonwealth assistance is being provided because of the special situation described. It is not to be regarded as a precedent for special measures of Commonwealth assistance for the financing of electricity development in the States in other cases.

CANBERRA,
29th June, 1967.