

COMMONWEALTH OF AUSTRALIA

SPEECH

BY

The Rt Hon. J. G. GORTON, M.P.

ON

POWER HOUSE FOR CENTRAL QUEENSLAND (Ministerial Statement)

[From the 'Parliamentary Debates', 26 September 1969]

Mr GORTON (Higgins—Prime Minister)—by leave—In September 1968 the Premier of Queensland wrote to me concerning negotiations between the Queensland Treasurer and industrialists interested in major development in Queensland. The Queensland Government intended to build a power house in central Queensland to feed electricity into the Queensland grid, and proposed that the Commonwealth might provide capital so that the power house would be larger than one required solely for this purpose, and so that the additional capacity could be used to attract industries to central Queensland. The basic requirement for such industries, if they are to be so attracted, is the provision of large blocks of power on a continuous load basis, at tariffs comparable with those offering in major industrial centres overseas. If this could be attained it appeared there was a real possibility of the development, in that underdeveloped area, of a new industrial complex that would grow and become a tangible expression of our interest in decentralised development.

At this point I stress the advantages which this underdeveloped part of Australia possesses. There are vast coal deposits and cheap steaming coal is available as a by-product of the coking coal export industry. There are extensive brine deposits as raw material for a power intensive chemical industry producing caustic soda for the

alumina industry and chlorine for export. The existing alumina industry will expand with consequent opportunity for aluminium production, which requires large amounts of power. A deep water port and harbour facilities suitable for bulk carriers are ready at hand in Gladstone. All in all it is an area crying out for that development, and for that use of its natural resources, which will benefit the area itself and add to the greatness of the nation. It offers an exciting opportunity for a great stride forward in national development. And it offers opportunity to increase our exports.

After preliminary consideration I arranged with the Premier that Commonwealth and State officials should examine the proposal. In March 1969 our officials met with their Queensland colleagues to consider the technical proposals prepared by the State Electricity Commission of Queensland. These official discussions continued in April and May. At that time the Snowy Mountains Hydro-electric Authority was retained as consultants to make an independent study of the proposal. The Authority presented a comprehensive report. Following study of it by the officials, the Premier of Queensland, on 25th August 1969, presented the State's financial proposals for the development of the project. An interdepartmental committee, after examining the project in depth, reported to us on 19th September.



The Government is greatly impressed with the potential of the project both for the development of central Queensland and for the development of exports. We are convinced that the project is feasible from a technical point of view. We believe the estimates of cost are soundly based technically and financially. We believe that—given the establishment of certain key industries—there is a real prospect of attracting a variety of other important industries in the future. Given an initial stimulus we think that growth will continue. We believe that the wide spaces of central Queensland, which are presently underpopulated, will be able to develop natural resources to the full and will see towns grow to cities. Therefore, on behalf of the Commonwealth I have advised the Queensland Premier and Treasurer that we are prepared to advance up to \$80 million to the State over a 6 year period to help with this scheme. It is proposed that the advance should be repayable over 30 years and that it should bear interest at the semi-Governmental rate.

This offer is made for the purpose of financing that part of the power station which will meet the requirements of the special industrial development envisaged and it is hoped that this will enable the power station to sell bulk supplies to the industries at rates which will enable them to compete in world markets. The offer will enable the Queensland Government to proceed further with its negotiations with industry and to settle with the Commonwealth, as a result of such negotiation, the exact amount of the advances which will be required and the final terms and conditions for the servicing of the loan. The offer is, of course, conditional on the State being able to satisfy the Commonwealth that it can attract a viable export-oriented industrial complex in central Queensland with a demand appropriate to the output of that part of the station which the Commonwealth contribution is intended to finance. Should this proposal come to completion I believe it will provide a great strengthening of Queensland and of the Commonwealth as a whole.