



PRIME MINISTER

FOR MEDIA

1 JULY 1983

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



PRIME MINISTER

CANBERRA

21 JUL 1983

My dear Premier

Now that the High Court has made a decision favourable to the Commonwealth in relation to South West Tasmania, I am writing to inform you of measures of assistance that the Commonwealth is prepared to provide to your Government once work permanently ceases on the Gordon-below-Franklin project.

The measures proposed take account of the discussions between yourself and Senator Walsh in Hobart on 22 June, our discussions in Canberra on 28 June, and subsequent discussions on detailed matters between officers of our two Governments.

I stress that our pre-eminent concern is, as it has always been, the welfare of all Tasmanians and especially Tasmanian workers in relation to the interests of Australia as a whole.

Immediate Employment Aspects

At this stage the prime concern of both Governments must undoubtedly be the livelihood of those persons who have been directly employed on the project. The Commonwealth is therefore prepared to reimburse the State, for a period of one month from cessation of work, in respect of payments made to persons presently engaged in the project area for wages and other award costs attributable to their continued employment. Payments to individuals under this element of the Commonwealth's proposals would of course cease as soon as they had been placed in alternative employment.

During this period it would be expected that the State would make best endeavours to arrange alternative employment, and it would be the Commonwealth's expectation that by the end of that time most would have been provided with alternative employment for an initial period at least. Our Governments would need to review the situation before the month expires.

For contractors currently engaged in the project area, the Commonwealth would reimburse the State in respect of the labour costs of contractors on the same basis as proposed for Hydro Electric Commission employees. As to other expenses to which contractors may be liable as a result of the stopping of the project, the Commonwealth acknowledges an obligation to ensure that contractors are not placed in jeopardy, and would be prepared to cover relevant unavoidable financial commitments. The exact nature of any additional assistance to be provided will need to be considered on a case-by-case basis in the light of the particular terms of each contract

and the obligations faced by the contractors. I suggest that officers of our two Governments get together as a matter of urgency to work out an overall approach to this problem and to develop proposals for dealing with individual cases.

I turn now to the question of alternative employment projects that could be undertaken at short notice. As Senator Walsh has indicated to you, the Commonwealth would be willing to accelerate, where appropriate, works in progress on its own account in Tasmania, and is giving urgent consideration to further works that might reasonably be undertaken. Because of lead times it would be a few months, however, before it would be possible to offer employment on such projects.

I am informed that a significant part of the workforce currently engaged on the project is working on the Crotty Road which was to be the principal access to the Dam site. The Commonwealth would not wish, of course, to continue construction of the road for this purpose, and indeed will not be contemplating any new works in the World Heritage area until the appropriate studies have been completed and decisions made about the future management of the area.

I understand, however, that the part of the Crotty Road on which work is currently proceeding from the Crotty Village end lies outside the World Heritage area, and that there is the possibility of developing it for some distance with a view to the eventual completion of a road to Kelly's Basin. Given the tourist potential of the South-West region, this may well prove to be a sound course to follow, but our Governments would, of course, need to give some detailed consideration to this matter. For the very immediate future, however, I suggest that we allow work to continue in order to maintain the workforce and to keep options open for further development if that is subsequently agreed.

There will also be employment available for some men to put other works that have been undertaken in the project area on a 'care and maintenance' basis in order to minimise potential adverse environmental effects. In order that necessary work of this kind can be undertaken within the World Heritage area, the Minister for Home Affairs and Environment will be taking the appropriate action under the World Heritage Properties Conservation Act 1983 as a matter of urgency.

At your meeting with Senator Walsh on 22 June you put forward a number of possible employment projects, some of which could be started at short notice, in areas of State and local government responsibility. I stress that the Commonwealth's overriding concern for the immediate period ahead is to ensure that alternative work is found as quickly as possible for persons previously engaged on the Gordon-below-Franklin scheme.

With this in mind, we could therefore agree to a number of the proposed projects proceeding forthwith viz the Ring River Railway deviation, Hydro-Electric Commission maintenance projects, Strahan to Zeehan Road, Zeehan to Lower Pieman Road, and the Southern Outlet (Huon Road).

As to the basis on which the Commonwealth would provide funds for projects the Commonwealth would, of course, wish to be satisfied that the cost of such projects are reasonable and does not, for instance, envisage reimbursement of costs that the State would normally pay in any event. I understand that our officers have already held preliminary discussions with regard to costs and have made arrangements for further urgent detailed work.

I anticipate that the Commonwealth would be in a position to forward a draft financial agreement to the State, covering income maintenance payments, payments to contractors and alternative work projects in the near future. This agreement would operate on the basis that the State receive regular and prompt reimbursement of expenditures necessarily incurred by it under the arrangements agreed between our Governments and would include the normal information and audit requirements.

Other Matters for Study

You will recall that, in discussing the State's request for reimbursement of the cost of works already undertaken on the power scheme (including ancillary projects and preliminary investigations), both Senator Walsh and I referred to a number of considerations that the Commonwealth would need to bear in mind before coming to a position on appropriate arrangements. In order that the necessary action can be put in hand, I now formally ask that the State submit a detailed claim, with all necessary supporting evidence.

Another matter which you discussed with us was the State's request for an undertaking from the Commonwealth to meet the difference between unit power costs produced by an alternative energy source and the costs that would have been applicable had the power been generated at the projected Gordon-below-Franklin power station. It will be necessary as a first step for the State to develop detailed proposals which can then be put to study and joint discussion.

Administrative Aspects

I see a need, especially in the early stages, for frequent discussions between officials of our two Governments on the outstanding issues I have mentioned and any others that may arise in respect of the arrangements. To facilitate and formalise this process I suggest that we agree to the establishment of a joint Commonwealth/State working party. From the Commonwealth end I would see the composition of this working party as including officials of the Departments of the Prime Minister and Cabinet, Resources and Energy, Finance and Employment and Industrial Relations, with other Departments co-opted as desirable.

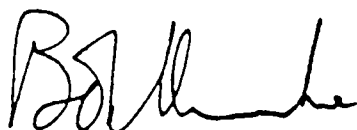
While both Governments would clearly be equal partners in such a working party, it would be necessary that one member be designated as Chairman in order to assist the prompt and orderly despatch of business. I suggest that the Chairmanship might lie with the Commonwealth.

As to reporting by the working party to our respective Governments I would assume that, where matters are agreed by officials on both sides, a joint report to us would be appropriate. Where matters cannot be agreed at working party level, it would of course be for the officers to seek further instructions from their respective Governments.

Substantial matters would, of course, continue to be dealt with at Head of Government or Ministerial level as appropriate.

I would appreciate your early reaction to the proposals I have put forward in this letter.

Yours sincerely



R.J.L. Hawke

The Hon. R.T. Gray, MHA
Premier of Tasmania
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