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PRIME MINISTER

FOR MEDIA

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The Prime Minister, Mr. Hawke, confirmed today that the Federal Government would be terminating financial assistance to Tasmania for construction of the Crotty Road.

The Crotty Road, which leads off the Lyell Highway east of Gormanston, had been intended as the principal access to the Gordon-below-Franklin dam, and a significant part of the workforce engaged on the dam project had been working on the road at the time of the High Court's decision of July 1.

Mr. Hawke said: "In the letter I wrote to the Tasmanian Premier, Mr. Gray, on the day the High Court's decision was announced, I suggested that our two Governments allow work on the Crotty Road to continue for the very immediate future, in order to maintain the workforce and to keep options open for further development if that were subsequently agreed.

"Since that time, Mr. Gray has informed me that his Government would be opposed to the road being extended to Kelly Basin, on Macquarie Harbour.

"Mr. Gray has also informed me that, consequent on the Tasmanian Government's recently announced intention to proceed with the King River hydro scheme, the road would in time be partially flooded.

"In the light of that advice, the Commonwealth has had little option but to end its assistance to the State for construction of the road.

Mr. Hawke said the Government realised the decision would cause some disruption and uncertainty for those who had been working on the Crotty Road.

"I regret that very much, but the circumstances have made it unavoidable.

"I assure them that the Commonwealth is pressing ahead with the preparation of co-operative arrangements with Tasmania for alternative work opportunities for those formerly employed on the Gordon-below-Franklin project, and I am sure that, with goodwill on all sides, present problems will soon be overcome."

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Mr. Hawke said in the meantime, the Federal Government had agreed to extend for another month the arrangements for income maintenance for HEC employees and for financial assistance for contractors, including assistance for contractors' employees.

"There is therefore no need for concern on that account."

Mr. Hawke said that there would be need for appropriate clearing-up activities on the Crotty Road project, and officials of the two Governments would be conferring urgently to determine what was to be done.

Officials would also be examining, on a case-by-case basis, the situation of contractors affected by the termination of work on the Gordon-below-Franklin project, including the phasing out of work on the Crotty Road.