



PRIME MINISTER

FOR MEDIA

5 August 1983

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

PRIME MINISTER

CANBERRA

5 August 1983

My dear Premier

I have your letter of 3 August protesting about the Commonwealth's decision to terminate funding for the Crotty Road project, and your telex of that date in which you seek a meeting between Commonwealth Ministers and myself on the one hand, and yourself, the Commissioner of the Hydro-Electric Commission and State officials on the other.

It is putting it mildly to say that I regret that you have chosen to write in this way and to impugn, totally without foundation, the approach of the Commonwealth to this matter. There has never been any question of our intention to ensure that the workers of the Gordon-below-Franklin scheme are not disadvantaged, and there should be no need for me to have to repeat it. I believe our actions have been entirely consistent with this aim.

It seems to me, however, that your view is that our mutual objectives of finding alternative employment for the workers can be pursued without any regard to the interests of the Australian community as a whole. If this is not so, I would like very much to know how you would expect the Commonwealth to justify to the general taxpayer, in Tasmania and elsewhere in Australia, expenditure on the Huon Southern Outlet road project that would employ only 10 men for a matter of months at an annual cost per man approaching \$200,000. I would also like very much to know how you would expect the Commonwealth to justify continued expenditure on construction of a road - I refer, of course, to the Crotty Road - on which our Governments have clearly been unable to agree as to its ultimate function and which your Government has now announced will in any event be partially submerged by the waters of the proposed King River hydro scheme. I say quite forthrightly to you that I cannot see how any such justification can possibly be found.

Let me remind you again of the nature of the original Commonwealth offer contained in my letter of 1 July, for it appears to me that you have either misunderstood it or have chosen to misrepresent it. In doing so may I also remind you of the extraordinarily difficult circumstances in which the Commonwealth was placed in this matter by the

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refusal of your Government, until the eleventh hour, to discuss even in the most general terms the possible form of an alternative works program. These great difficulties notwithstanding, we were ready on the day of the High Court's decision to put proposals to you for at least starting the process of protecting the interests of the workers.

In regard to the Crotty Road, my letter of 1 July states, after noting issues to which our Governments would need to give some detailed consideration, "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 subsequent development if that is further agreed." It is now clear that, for the reasons I have already given in writing to you and in subsequent public statements, that there is no such agreement on subsequent development. Our action in terminating the project has been totally consistent, therefore, with what I wrote to you on 1 July.

As to the Huon Southern Outlet project, my letter of 1 July stated "... we could (my underlining) therefore agree to a number of the proposed projects proceeding forthwith ... (including) the Southern Outlet (Huon Road)." I went on to say "As to the basis on which the Commonwealth would provide funds for projects the Commonwealth would, of course, wish to be satisfied that the costs of such projects are reasonable ..." (my underlining). You will know that, when cost data on the projects I referred to in that letter was subsequently received by my Government, we expressed a general concern about the high cost per man directly employed - see my letter of 15 July. In respect of the Huon Southern Outlet project, this cost was so high as to make it quite obvious that, in the terms of my letter of 1 July, the Commonwealth could not be satisfied that the cost of the project was reasonable. It therefore had no option but to refuse to fund it.

In these matters the Commonwealth has at all times acted fairly and honourably, in the interests of the workers, of Tasmania, and of Australia as a whole. That some lines of approach we had hoped to be able to pursue later proved to be unworkable is regrettable, but the prime responsibility for that situation must rest squarely on your Government for its failure to co-operate in the development of proper contingency plans, despite repeated requests from the Commonwealth to do so. If this had been done it would have been possible to organize a smooth transition to alternative work projects, and the present difficulties could have been avoided.


I must say that I had hoped that there would have been no need for further exchange between us on this matter. You have left me with no choice, however, but to put the record straight. Now that that has been done I hope you will agree that recriminations should stop and that we should now set about the task before us in a renewed spirit of co-operation, and in the interests of those whose livelihood has been affected. That has always been the Commonwealth's aim.

As to your proposal for a meeting, I have to say that while I am always ready to discuss matters with you if there is any prospect of our mutual aims being advanced, I am not sure that a meeting on the lines you appear to have in mind would assist materially at this time. I am furthermore reluctant to agree to such a meeting in view of the misrepresentations you have made about our discussions on 25 July when you agreed, in the presence of your officials and mine, that construction of the Crotty Road should not proceed.

As I have indicated in my various letters to you, we are working as rapidly as possible towards the development of suitable arrangements under which our two Governments can operate, and expect to be in a position in the near future to put further proposals to you. I suggest that the possibility of a further meeting, and the nature of that meeting, should be deferred until after that time, when it could, if you then still wish, be re-examined. In the meantime I would expect the opportunity to be taken for further useful discussions between our Ministers, such as those recently held by Mr Cohen and Mr Pearsall, and between officials of our two Governments.

There would in any event be practical problems in seeking to arrange a meeting in the near future. As you will recall from our discussions on 25 July, I have commitments in Queensland next week and I understood from you that you would be unavailable in the following week, which in any event is likely to be a busy one for me as it is the week leading up to the opening of the Budget Sittings of the Parliament.

Yours sincerely



R.J.L. Hawke

The Hon. Robin Gray, MHA
Premier of Tasmania
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