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PRIME MINISTER

FROM THE ACTING PRIME MINISTER, MR LIONEL BOWEN

WEDNESDAY, 23RD NOVEMBER 1983

FOR MEDIA

The Tasmanian Premier, Mr Gray, has created a false impression over the funding of \$5.3 million worth of improvements in the South-West and West Coast of the State.

Mr Gray, through the Tasmanian news media, has suggested that the State Government is injecting the funds into the area.

In fact, the \$5.3 million was allocated in the Federal Budget under the interim financial agreement with Tasmania.

I wrote to the Premier on Tuesday this week, giving final approval for the projects submitted for funding under the agreement by the Tasmanian Government.

The \$1.7 million for the Queenstown sewerage upgrading had been approved in the interim financial package but the Commonwealth had agreed to increase the figure to \$2.1 million after the State had submitted a revised estimate.

The \$3.2 million for tourist facilities was part of \$5 million also approved under the interim financial agreement.

The people of Tasmania should be aware that the \$5.3 million is not extra money, but funds already approved.

The only new development is that specific projects for which it would be used, have now been agreed upon.

It should be made clear that the \$5.3 million is Commonwealth initiated, and the projects Commonwealth funded.

The State Government is required only to suggest projects for approval.

A copy of the letter which was sent to Mr Gray on Tuesday is attached.



ACTING PRIME MINISTER

The Hon. Robin Gray, MHA
Premier of Tasmania
HOBART TAS 7000

12 NOV 1983

My dear Premier

I refer to your letters of 13 October and 10 November in which you put forward, in response to the Commonwealth's offer of \$2 million in 1983/84 and \$3 million in 1984/85, a number of proposals for the development of tourist facilities in the South West.

In considering these proposals the Commonwealth has taken a broad view of the developmental requirements of the West Coast area against the background of the expected increase in tourist interest following the accession of a significant area to the World Heritage List. On this basis, and subject to the following exceptions and observations, we have decided to agree to your proposals.

First, we note that two of the projects put forward in your second letter lie within the World Heritage Area. These are the Cynthia Bay (Lake St Clair) jetty and boat ramp, and the Cradle Mountain power scheme. In view of the Commonwealth's responsibilities relating to protection of the Area it will be necessary, before considering these projects further, to have more detailed information on them in order that their impact on the natural environment can be assessed. I suggest that to this end the Minister for Home Affairs and Environment, the Hon. Barry Cohen, be in touch with his Tasmanian counterpart, the Hon. Geoff Pearsall.

In relation to Strahan port development we take it that the assistance to be provided will be additional to that which your Government has already put in train. I refer here to the 5 year developmental plan for the State's fishing industry, announced in the State Budget, which included \$108,000 in 1983/84 for a port plan, new slipway cradle, and amenities block at Strahan. On the Strahan water supply sewerage proposal, we propose to operate on the basis of the lower figure of \$980,000.

I have noted your comments about the preliminary nature of the proposals and the difficulties of determining the amount of employment that will be created. While I understand this difficulty, I think it is important to recognise that the Commonwealth's principal objective in providing financial assistance under the Interim Financial Agreement for tourism and other short-term projects is to alleviate employment disruption arising from termination of the Gordon-below-Franklin project. In this regard your Government has been offered wide discretion in the selection of tourism projects to be funded under the Agreement, subject only to satisfying the overall employment target of 110 man-years.

In accepting your initial tourist project proposals, the Commonwealth has been motivated by a desire to get action in hand to improve the tourist potential of the South West as quickly as possible. To this end we are thus agreeing to certain proposals - for example, the acquisition of the Imperial Hotel at Queenstown - which in themselves will have no or little direct employment implications.

While some degree of flexibility is appropriate in evaluating the employment-creating potential of individual projects, I believe that, having regard to the Commonwealth overall objectives and responsibilities, it would not be appropriate to vary the employment target of 110 man years which we envisaged in proposing this two-year program. To the extent that some of the above projects may fall short of constituting jobs at the required rate, other projects in the \$5 million program would have to make up the balance.

I might also remark that some of the projects you have nominated would, under normal circumstances, be partly funded by way of user charges of some form or another. This would be appropriate where identifiable users derive most of the benefit of the services or facilities provided. These are essentially management decisions for your Government but it would seem to be in your State's own best interest to seek appropriate cost recovery if for no other reason than to extend more widely the benefits to be derived from the available funds.

I turn now to your letter of 22 September concerning the Queenstown sewerage project in which you referred to an increase in estimated costs from the \$1.7 million offered by the Commonwealth to some \$2.1 million, and suggested that 25 man years of employment would be more appropriate than the 30 man years envisaged in the Commonwealth's proposal. While the comments I have made above are relevant to this project also, we are prepared to accept the revision in the light of the particular circumstances of this case, and on the basis that they are to be treated as final estimates.

The tourism projects and the Queenstown sewerage project will be funded from the Commonwealth appropriation which provides for payments to Tasmania in 1983-84 in relation to the termination of the Gordon River Power Development Stage II. Accordingly, it will be necessary to authorise the expenditure by adding further schedules to the Interim Financial Agreement and making appropriate amendments to Clause 4 of the Agreement. Drafts of the necessary amendments will be forwarded in the near future.

I look forward to your acceptance of the proposals I have put in this letter and to the early commencement of the projects.

I propose that officers of our respective Governments discuss detailed arrangements and, where Ministerial involvement is desirable, that these be between Mr Cohen and Mr Brown for the Commonwealth and Mr Pearsall.

Yours sincerely

LIONEL BOWEN

Lionel Bowen

