



**PRIME MINISTER**

E. & O.E. - PROOF ONLY  
PRESS CONFERENCE - PRIME MINISTER AND MR GRAY, TASMANIAN PREMIER  
26 JUNE 1984

MR SARMA, TVT 6:  
PRIME MINISTER, COULD YOU TELL US ARE YOU SATISFIED YOU'VE SATISFIED TASMANIANS IN THEIR NEEDS OVER THIS DAM ISSUE?

MR HAWKE:  
WELL I OF COURSE AM SATISFIED, BUT WHAT'S MORE IMPORTANT IN A SENSE THAN ME BEING SATISFIED IS THAT THE PREMIER OF TASMANIA, MR GRAY, HAS SAID AND HAS SIGNED THAT THE COMMONWEALTH HAS NOW MET ITS COMMITMENTS. I'D JUST LIKE TO MAKE THE POINT THAT, AND I AM PLEASED THAT THERE IS A CLEAR AND UNEQUIVOCAL UNDERSTANDING. I WOULD JUST LIKE TO REMIND YOU THAT ON THE NIGHT OF THE 5th OF MARCH 1983, IN ACCEPTING THE DECISION OF THE AUSTRALIAN ELECTORATE, THEN I WENT OUT OF MY WAY TO SAY THAT WHILE WE'D RECEIVED A BIT OF A SLAP FROM THE TASMANIAN VOTERS, THAT WE WOULD HONOUR OUR COMMITMENT TO TASMANIA AND OUT OF THE LONG DISCUSSIONS THAT THE PREMIER AND I HAVE HAD OVER A PERIOD OF TWELVE MONTHS FROM THE 1ST OF JULY, WE'VE REACHED THAT POSITION.

QUESTION:  
MR HAWKE, DO YOU BELIEVE THAT YOUR OFFER TO THE STATE IS BETTER THAN THAT WHICH MR FRASER....?

MR HAWKE:  
IT'S NOT FOR ME TO ENTER INTO THAT ANALYSIS. WHAT WE'VE DONE IS TO SAY THAT WE HAD AN OBLIGATION TO MEET, THE EMPLOYMENT OBLIGATION, THE PEOPLE WHO WOULD HAVE BEEN EMPLOYED ON THE GORDON-BELOW-FRANKLIN, TO MEET OUR OBLIGATIONS IN REGARD TO ENSURING THAT TASMANIANS WOULD NOT BE DISADVANTAGED IN THE COST OF ELECTRICITY THAT WILL NOW BE GENERATED IN WAYS IT WOULD BE MET BY THE FRANKLIN - THOSE ARE THE COMMITMENTS AND WE'VE MET THEM. THE PRESENT COST IN TERMS OF WHAT WE'VE HANDED OVER TO MR GRAY AND WHAT WAS.... \$277 MILLION, BUT APPRECIATES IT IN RESPECT OF THE \$200 MILLION, WHICH IS TO SUBSIDISE THAT 112 MEGAWATTS FROM THE ANTHONY AND KING SCHEMES AND THAT WILL BE INDEXED, SO WHILE ITS \$200 MILLION NOW THAT WILL BE INDEXED ANNUALLY BY THE NON DWELLING CONSTRUCTION IMPLICIT.... OF THE NATIONAL ACCOUNTS. SO IN TIME IT WILL BE SOMEWHAT MORE THAN THAT.

QUESTION:  
WHAT ABOUT YOU MR GRAY? ARE YOU SATISFIED THAT THIS DEAL IS GOING TO HELP TASMANIA IN THE FUTURE OR DO YOU THINK IT'S A BAD THING?

GRAY:  
WE'RE SATISFIED THAT THE PRIME MINISTER IS NOW, BY VIRTUE OF THE AGREEMENT THAT WE'VE ENTERED INTO, AND WHEN THAT AGREEMENT IS PUT INTO EFFECT,... HONoured THE UNDERTAKING HE GAVE TO TASMANIA. THE \$270 ODD MILLION THAT HE REFERS TO OF COURSE ONLY REFERS TO THE FIRST 112 MEGAWATTS. THE \$25 MILLION HAS BEEN SPENT ON THE GORDON-BELOW-FRANKLIN AND THE JOBS THAT THE COMMONWEALTH HAVE HELPED PROVIDE. THERE IS OF COURSE THE QUESTION OF THE \$68 MEGAWATTS OF POWER WHICH THE PRIME MINISTER HAS UNDERTAKEN THAT HE WILL REDUCE THE COST OF THAT POWER TO THE SAME PRICE AS IT WOULD HAVE BEEN PRODUCED BY THE GORDON-BELOW-FRANKLIN POWER SCHEME AND THAT OF COURSE ADDS APPRECIABLY TO THE OVERALL COMPENSATION THAT WILL BE PROVIDED WHEN THE POWER IS REQUIRED, AS YOU WOULD KNOW MAX, THE TASMANIAN GOVERNMENT RECOGNISES THAT IT WILL NEED THAT POWER IN THE 1990s, WHETHER IT'S IN 1991 OR 1995, ULTIMATELY IT WILL BE NEEDED. OUR VERY FIRM ADVICE APPEARS THAT IT WILL BE NEEDED IN ABOUT 1991, WE WOULD THEN EXPECT THE COMMONWEALTH TO COMMENCE PAYING THE SUBSIDY ON THAT 68 MEGAWATTS OF POWER.

## QUESTION:

AT WHAT POINT WILL YOU BEGIN TO PAY THAT SUBSIDY?

## HAWKE:

AS THE PREMIER SAID, IT'S NOT CERTAIN AT WHAT POINT, WHAT WE'VE UNDERTAKEN AND WHAT THE PREMIER ACCEPTED THAT WE WILL MEET AN OBLIGATION IF AND WHEN THAT EXTRA 68 MEGAWATTS IS REQUIRED. NOW, THE COMMITMENT IS TO MEET THE DIFFERENCE IN THE COST BETWEEN WHAT IT WOULD HAVE BEEN IF THE GORDON-BELOW-FRANKLIN HAD GONE AHEAD AND WHAT THE ADDITIONAL COST WOULD BE FROM THE ALTERNATIVE SOURCE OF GENERATION.

NOW IT'S MY BELIEF, I THINK THAT THE PREMIER SHARES THAT BELIEF, THAT WE WILL BE ABLE IN CONSULTATIONS BETWEEN US TO WORK OUT THE QUESTIONS IN REGARD TO THAT 68 MEGAWATTS AS TO THE TIME AND THE METHOD. WE BELIEVE THAT WE'VE SHOWN THAT WE CAN WORK THESE THINGS OUT, IT MIGHT HAVE BEEN A BIT ROUGH AT TIMES, BUT WE GOT THERE, AND THERE IS A PROVISION IN THE AGREEMENT THAT IF THE COMMONWEALTH AND TASMANIA CAN'T WORK OUT THE QUESTION, THEN THERE IS PROVISION FOR THE ESTABLISHMENT OF A COMMONWEALTH STATE INDEPENDENT COMMISSION TO ADDRESS THAT ISSUE.

## QUESTION:

DO YOU ACCEPT THAT IT'S A FAR TOO GENEROUS OPEN ENDED COMMITMENT ON THE 68 MEGAWATTS?

## HAWKE:

NO I DO NOT ACCEPT THAT IT'S TOO GENEROUS AND OPEN ENDED. WE'VE BEEN VERY CAREFUL ABOUT IT. AS I SAY THE AGREEMENT REFERS TO THE 68 MEGAWATTS IN TERMS OF IF AND WHEN THAT IS NEEDED, IN TERMS OF TASMANIA'S DEMAND FOR ADDITIONAL ELECTRICITY. SO THAT'S WHAT..... IF AND WHEN AND WE ACCEPT THE COMMITMENT. THEN WE ACCEPT THAT WE WILL CONSULT, NEGOTIATE BETWEEN US, IN THE MUTUAL BELIEF THAT WE CAN WORK THAT OUT BETWEEN US, PREFERABLY, IF WE CAN'T THEN THAT'S THE REASON FOR AN INDEPENDENT COMMISSION. I THINK THAT'S A RESPONSIBLE EXERCISE OF MY RESPONSIBILITIES ON BEHALF OF THE COMMONWEALTH, AND I THINK ON BEHALF OF THE PREMIER ON HIS BEHALF.

## QUESTION:

MR GRAY, IT HAS BEEN...QUOTED IN THE LAST FEW DAYS IN THE TASMANIAN PRESS THAT SUBSIDISATION OF ADDITIONAL 68 MEGAWATTS COULD BE WORTH \$500 MILLION OVER 50 YEARS. IS THAT FIGURE... THE ONE THAT THE COMMONWEALTH AGREED TO?

MR. GRAY:

It's fairly clear to us that we will need that extra 68 MW about 1991 and from thereon and even if projection were proved to be optimistic the latest we believe we would need it would be about 1992. I think the Commonwealth have made an independent assessment about that and suggested that it's 1994, as I said before I think it matters much as to when it is the commitment is there from the Prime Minister that when we need the power it will be subsidised. Now on the basis on the alternatives which we know are presently available to Tasmania and basically that is only a coal fired thermal station the guarantee which the Prime Minister has provided is equivalent to about 12.5 million dollars per year, you can do your own arithmetic as to what that comes to.

QUESTION:

Mr. Gray do you believe that you have got the best deal for Tasmania. You have quoted figures in the past that you wanted more money for what it's already done, more money for resources in the South West.

MR. GRAY:

I believe we've got a fair arrangement for Tasmania. Obviously when the High Court ruled against us and I don't think any Tasmanian really believed that the High Court was going to rule against us, but they did, we accepted that decision, that was the decision of the highest court in Australia and we accepted that and we then had to set about negotiating with the Prime Minister to obtain compensation. Mr. Fraser as you know had offered a figure of \$500 million in round terms which probably came back in present day values to a bit over \$300 million we were starting at the 1st July last year virtually from a very deep bargaining position I think you would agree Prime Minister and we therefore made some ambit claims

MR. HAWKE

No Premier has ever had a fairer bargaining context to operate in then you did Robin.

MR GRAY:

But we managed to sort it out and negotiate it over the last twelve months.

QUESTION:

Premier with that respect did it mean better to accept Mr. Fraser's offer?

MR GRAY:

Oh no, on all the advice that we have from our advisors, the Prime Minister's offer is worth twice Mr. Fraser's offer.

MR. HAWKE:

I've stayed out of this question of observations about the figure and the implications over \$277 million dollars which is there on the table and it's understandable that Mr. Gray is going to have his figures to throw around. Let me remind you that when we started this exercise that the claim was three and half billion dollars was necessary, he'd make a good Trade Unionist.

MR. GRAY:

That was a trick you taught me when you was President of the ACTU.

MR HAWKE:

Yeah, all I can say is that we don't accept the calculations that the Premier is using, he is entitled to for his own political

to try and put figures upon us. I point out that in respect of 112 MW that is being produced by the King and Anthony that the subsidy involved there is still \$100 million my course that it probably be provided in a different fashion the 68 MW but all I can say our people haven't been entirely slacking in their calculations as to what will be involved, it's no where near the figure that's being circulated.

QUESTION:

Mr. Gray all hope is going to build that dam in the future, do you believe that the dam might be built one day?

MR GRAY:

I think in fact that in time we will see a reassessment of these conservation questions. What will happen in the future I can't say. There is now 70% of Tasmanian hydro electric resources, unused resources locked up in the World Heritage area and that's why power will not be able to be provided from cheap sources like the King and the Anthony scheme for the 68 MW. But ultimately I believe that common sense will prevail and we will see the utilisation of those resources, I might be an old man before it happens but

MR HAWKE:

Tasmania will have a lot of money to pay back then

QUESTION:

Mr. Hawke can you tell me what calculations under 68MW, what sort of period are you talking about the 68 MW being subsidised?

MR HAWKE:

Well precisely because it is impossible to put figures on that but the agreements that ends in the way it does for the purposes of the people of Tasmania what is important, that I on behalf of the Commonwealth have honoured a commitment in regard to that additional 68 MW if and when it is necessary. Our commitment is there, clear and unequivocal now our definition the Premier and I and our people weren't able to get agreement as to precisely when that obligation will arrive and because we can't do that you can't put figures in. The obligation is there it can be met as we have indicated in correspondence you could have a concept of an annual subsidy, you could have the concept of an up-front capital contribution and it will be a matter for discussion between us both as to when the meeting of the obligation will be necessary and as to how it should be met. We have recognised that is the fact and we have also recognised the possibility that we may not be able to agree, although I believe that experiences shown that we will be able to. If we can't it will be a matter for an independant commission. Quite impossible as we recognise to put figures on it now.

MR GRAY:

I think the wording of the agreement is quite clear and I think as the Prime Minister says it leaves the way open for the matter to be rediscussed. If you look at the agreement it says the Commonwealth undertakes to provide a subsidy to reduce the cost of a further 68MW electricity the balance of capacity that would have been provided by the Gordon-below-Franklin scheme to the level of the cost of the electricity that would have been produced by the Gordon-below-Franklin scheme. If and when the need for the electricity has been demonstrated, and I think that adequately affects Tasmania and it honours the undertaking that the Prime Minister gave in relation to the assuring that Tasmania would not be disadvantaged in terms of electricity costs as a

result of the Commonwealth action.

QUESTION:

But you'd expect that subsidy for something like 60 years, the life of the dam?

MR GRAY:

Well I think the wording is quite clear, that would have been provided by the Gordon-below-Franklin scheme Bruce, so you know how long these Hydro schemes last.

QUESTION:

Mr. Gray are you satisfied that you've got the best deal as far as Tasmanian's perceive it to be, in other words do you think that you will be able to sell this package in Tasmania.

MR. GRAY:

I have no doubt about that. I think Tasmanians recognise that we have had a difficult year as I said earlier that we really started from a position of weakness on July the 1st last year because strictly speaking the Commonwealth didn't have a legal liability and we have negotiated hard it's been sometimes I suppose a difficult Prime Minister but we have continued to negotiate sometime negotiations almost broke down but we got together again and we managed to talk it out and advance the situation and I'm satisfied we got the best deal that could have been got. Certainly better than Mr. Fraser offered and having regard to all the facts and the position from where we started I believe that Tasmanians will be well satisfied and as I say I'm satisfied with the Prime Minister has honoured by virtue of the implementation of this understanding the commitments which he gave.

QUESTION:

Of course you started this as you said from a weak bargaining position would you have been better off if you had started bargaining in a strong position.

MR GRAY:

OH, no not at all. I know the Prime Minister sees himself as generous at time to time but I think we would have a bit of a battle to have got to the figure we got to and we've got to remember this, Tasmanian's wanted that power scheme built, they voted us into government, a very clear mandate to build that scheme and I think their vote at the March 5th election was a clear indication that they didn't agree with the Prime Minister's policy. We had a mandate to build it and if we had not proceeded to the point where we had to stop because of the High Court action then we would have been letting Tasmanian down and Tasmanians wanted us to go on, and I'm sure they realise that all this is all unfortunate that the Government of Tasmania has fought very hard to get a fair deal for Tasmania following the High Court decision.

MR HAWKE:

LET ME JUST MAKE THIS POINT ABOUT THE FAIRNESS AND SO ON . WHEN THE NEGOTIATIONS WERE GOING IN AND WE COULDN'T AT ONE STAGE GET ANYWHERE, THE COMMONWEALTH WAS ... CONVINCED THAT THE FAIRNESS OF OUR APPROACH THAT WE MADE THE OFFER TO TASMANIA TO HAVE AN INDEPENDENT FEDERAL/STATE COMMISSION TO CONSIDER AND DETERMINE ON THESE MATTERS. WE WERE CONFIDENT OF THE FAIRNESS OF OUR POSITION. NOW, IN THE EVENT, TASMANIA, AND I'M GLAD THEY DID, TASMANIA IN THE FACE OF THAT OFFER FROM US TO HAVE IT INDEPENDENTLY DETERMINED PREFERRED TO GO ON WITH THE NEGOTIATIONS, AND IN THE EVENT THE NEGOTIATIONS HAD PRODUCED WHAT WE BELIEVE IS A FAIR POSITION AND WHAT WE SAID WE WOULD BE QUITE HAPPY TO GO TO AN INDEPENDENT COMMISSION.

QUESTION:

MR GRAY, A QUESTION DIRECTED TO YOU AND THE PRIME MINISTER RESPECTIVELY. HOW DO YOU SEE THE POLITICAL IMPLICATIONS OF THIS AGREEMENT IN TERMS OF THE ELECTORAL RESPONSE TO IT AND PARTICULARLY IN VIEW OF A COMING FEDERAL ELECTION?

GRAY:

WELL WE HAVE ALWAYS DONE WHAT WE BELIEVE WAS IN THE BEST INTERESTS OF TASMANIA AND WHAT TASMANIANS WANTED TO DO. AS I SAID, WE HAD A VERY CLEAR MANDATE AND TASMANIANS UNDERSTAND THAT THE ONLY REASON THAT WE WEREN'T ABLE TO IMPLEMENT THAT WAS THAT GOVERNMENT IN ANOTHER PLACE DECIDED THAT THEY THOUGHT IT OUGHT TO BE STOPPED AND WERE SUCCESSFUL IN THE HIGH COURT. NOW I'M SURE THAT TASMANIANS RECOGNISE THAT WE DID THE BEST TO IMPLEMENT THE POLICIES THAT THEY WANTED IMPLEMENTED AND I THINK THAT'S ALL THAT ANY GOVERNMENT CAN BE ASKED TO DO, IS TO DO THEIR BEST AND WHEN THEY'VE DONE THAT, AS FAR AS THE FEDERAL ELECTION'S CONCERNED, WELL, THE LIBERAL PARTY WILL HOLD ALL FIVE HOUSE OF REPRESENTATIVES SEATS AND MR HAWKE WILL COME BACK THE ELECTION AFTER AND HAVE ANOTHER GO, I'M SURE.

HAWKE:

WELL I CAN'T AVOID THE TEMPTATION OF RESPONDING TO THOSE LEAD LINES. IT'S VERY PLEASANT TO COME DOWN HERE IN TASMANIA TODAY AND SEE THE HEADLINES ON THE HOBART MERCURY SHOWING THAT WE ARE WELL IN FRONT AS FAR AS FEDERAL SEATS ARE CONCERNED AND QUITE SERIOUSLY I THINK THAT POLL REFLECTS THE FACT THAT THE PEOPLE OF TASMANIA HAVE UNDERSTOOD THE COMMITMENT. THE SOLEMN COMMITMENT I GAVE ON THE NIGHT OF 5th of march, IN RESPECT OF THE PEOPLE OF TASMANIA HAS BEEN HONOURED AND THERE CAN BE NO DOUBT THAT THE ADVERSE ENVIRONMENT THAT WE OPERATED IN IN THE LAST FEDERAL ELECTION HAS BEEN IMPROVED AS FAR AS WE'RE CONCERNED.

QUESTION:

A LOT OF UNDECIDED'S IN THOSE POLLS, THOUGH.

HAWKE:

YOU KNOW HOW POLLSTERS ALLOCATE UNDECIDEDS AND IT USUALLY WORKS OUT WELL. THEY USUALLY ALLOCATE THEM IN PROPORTION TO THE WAY THAT PEOPLE HAVE ALREADY INDICATED. ON THAT BASIS WE HAVE REASON TO BE VERY VERY CONFIDENT AND AFTER TASMANIANS HISTORICALLY HAVE BEEN VERY SENSIBLE IN REGARD TO THEIR FEDERAL VOTING PATTERNS AND THERE HAVE BEEN SLIGHT ABERRATIONS IN 75 - WE ARE RAPIDLY RETURNING TO THE SITUATION WHERE WE WILL HAVE, IF NOT ALL, AT LEAST A FAIR MAJORITY OF THE FEDERAL SEATS. AND AFTER ALL, I ALWAYS BELIEVED AS DISTINCT FROM OTHERS IN THE CONSERVATIVE PARTY, I'VE ALWAYS BELIEVED THAT TASMANIANS ARE AUSTRALIANS, AND THE CLEAR PATTERN OF THE AUSTRALIAN INTENTION IS TO INCREASE THE REPRESENTATION OF THIS GOVERNMENT AFTER THE NEXT ELECTION. TASMANIANS WILL BE LIKE THE REST OF AUSTRALIA.

GRAY:

IF THE HYDRO-ELECTRIC COMMISSION HADN'T ALREADY SPENT THIS MONEY AND I HAD IT IN MY POCKET, BOB, I'D PUT IT ON... THE RESULT.

QUESTION:

MR GRAY'S ASKED FOR FAVOURABLE CONSIDERATION OF FISHING LICENCES FOR TASMANIA.... WHY HAVE YOU BEEN DOING THIS?

HAWKE:

WELL, SPEAKING PERSONALLY, I'VE SAID TO MR GRAY THAT I AM WELL DISPOSED TOWARDS THE DESIRE OF TASMANIA TO TRY AND GET SOME SHARE OF THESE NEW FISHING VENTURES, AND TO EXPRESS A PERSONAL VIEW IT SEEMS TO ME THAT TASMANIA DOES HAVE DISADVANTAGES, THROUGH ITS ISLAND STATUS AND THE EXTENT THAT THERE ARE DISADVANTAGES IN THE ISLAND STATUS, IT SEEMS TO ME FAIR IF WE CAN TO GIVE THEM SOME BENEFIT FROM THAT STATUS. I MADE IT CLEAR TO THE PREMIER THAT IN THE DISCUSSIONS WITH THE MINISTER FOR PRIMARY INDUSTRY, THAT THAT ATTITUDE OF MINE SHOULD BE MADE KNOWN. AS THE PREMIER UNDERSTANDS THE RIGHTS OR THE CONCERNS OF OTHER STATES, NEW SOUTH WALES AND VICTORIA, HAVE TO BE, ALSO CONSIDERED, BUT I REPEAT I HAD A DISPOSITION OF THE .... IN THAT RESPECT AS WE POSSIBLY CAN.

QUESTION:

ONE FINAL QUESTION, ARE YOU DISAPPOINTED AT THE .... PAYMENT OF THIS MONEY WITH NO GUARANTEE FROM TASMANIA THAT THE DAM WILL NEVER BE BUILT?

MR HAWKE:

WELL, WITH RESPECT TO THE PREMIER, IT'S NOT IN HIS PROVINCE. THE HIGH COURT AS HE SAYS, IS THE HIGHEST COURT IN THE LAND, HAS RULED ON THIS MATTER, AND THAT IS THE POSITION. NOW I HAVE NO REASON TO BELIEVE THAT THE HIGH COURT OF AUSTRALIA IS GOING TO CHANGE ITS RULING. WHILE THAT RULING STANDS, THEN THE POSITION IS THAT THE DAM WILL NOT BE BUILT, AND THE PREMIER IS NOT QUIBBLING ABOUT THAT. HE ACCEPTS THE DECISION OF THE HIGH COURT.

GRAY:

THAT'S CORRECT SITUATION AND THE ONLY DIFFERENCE IS AS I UNDERSTAND THE SITUATION, THE DECISION RESTS WITH THE MINISTER OF THE DAY AND A FUTURE TIME A DIFFERENT MINISTER MIGHT HAVE A DIFFERENT ATTITUDE, BUT FOR THE TIME BEING AT LEAST, THE DAM WILL NOT BE PROCEEDING AND THAT'S THE SITUATION, WE ACCEPT IT.

QUESTION:

IF THAT DOES HAPPEN IF A FUTURE GOVERNMENT DID APPROVE THE DAM, WOULD YOU GIVE THIS MONEY BACK TO THE COMMONWEALTH?

GRAY:

OH I DON'T KNOW, WE'D HAVE TO TALK ABOUT THAT, WOULDN'T WE.

HAWKE:

ONE THING THAT YOU OUGHT TO LEARN ABOUT POLITICS IS THAT GETTING ENGAGED IN HYPOTHESIS IS A VERY FRUITLESS, UNREWARDING EXERCISE AND I CAN ASSURE YOU YOU'RE IN ..... ANWAY IN TALKING ABOUT THE POSSIBILITY OF THE DAM.

ENDS