

PREM 19/2588

PART 2.

Confidential Filing

Anglo-Australian Relations.

Internal Situation.

Trading relations with the EEC.

Governorship of New South Wales.

AUSTRALIA

Part 1: Sept. 1979

Part 2: January 1986

Referred to	Date	Referred to	Date	Referred to	Date	Referred to	Date
3.1.86		7.4.87		28.7.88			
10.1.86		8.4.87		29.7.88			
14.1.86		9.6.87		7.8.88			
24.1.86		10.6.87		22.8.88			
3.2.86		12.7.87		26.8.88			
10.2.86		26.8.87		16.9.88			
13.2.86		7.10.87		18.9.88			
21.2.86		30.10.87		16.3.89			
13.4.86		5.11.87		5.4.89			
24.6.86		6.11.87		23.5.89			
12.8.86		10.11.87		7.1.90			
28.9.86		27.11.87		<div style="border: 1px solid black; padding: 10px; display: inline-block;"> PART CLOSED </div>			
26.9.86		23.12.87					
21.10.86		30.12.87					
25.10.86		23.3.88					
30.10.86		5.4.88					
31.10.86		13.4.88					
20.11.86		22.4.88					
22.12.86		26.4.88					
1.5.87		13.5.88					
19.1.87		19.5.88					
22.1.87		9.6.88					
17.2.87		14.6.88					
13.3.87		4.7.88					
23.3.87		15.7.88					
24.3.87		20.7.88					

PREM 19/2588

PART 2. ends:-

FCO to Australian H/C.

29.12.89

PART 3. begins:-

CSL to FCO 7.1.90



PRIME MINISTER'S

Foreign and Commonwealth Office

PERSONAL MESSAGE

London SW1A 2AH

SERIAL No. I 221A/189

29 December 1989

SUBJECT cc MASTER
OPS

Dear Private Secretary,

The following is the text of a message from the Prime Minister to The Hon. Mr Hawke. I should be grateful if you could arrange for its urgent transmission. I am also faxing a copy of the message to our High Commissioner in Canberra for his information.

"On behalf of the UK Government I wish to express our horror and sadness at the news of the terrible earthquake in New South Wales. It is particularly tragic that it should have occurred at what should be a time for celebration.

Please convey our sympathy to all those injured and to the families of the bereaved."

Yours sincerely,

Richard Gozney

(R H T Gozney)
Private Secretary

PS/High Commissioner
Australian High Commission
Australia House, Strand
London WC2B 4LA

CR



Foreign and Commonwealth Office

London SW1A 2AH

28 December 1989

Charles
0930 on
Wed 6 June

Amanda

Jean Charles,

Amanda
2/1

I really don't
think she can do
this - but she

Invitation to the Prime Minister
from the Premier of New South Wales

Thank you for your letter of 11 December seeking advice on Mr Nick Greiner's invitation to the Prime Minister to attend and speak at the dinner which he will be giving in London on 5 June 1990. We recommend that the Prime Minister accept the invitation if she can fit it in without real inconvenience.

might
offer to
see

Mr Greiner offered the Prime Minister warm hospitality when she visited Sydney in 1988. Unfortunately, she was unable to see Mr Greiner when he passed through London recently, but she expressed the hope then that she would have another opportunity to see him before too long. Mr Greiner is now the only State Premier who is not a member of the Australian Labor Party. He pursues policies which bear similarity to those of HMG.

kin.
Cd. up
and

Attendance at the dinner and a speech by the Prime Minister on the attractions of the UK as a base for Australian firms within the Single European Market would be a useful follow-up to the UK/Australia Trade and Investment Conference in June this year.

30
minutes
about
then?
CGH

I enclose a draft reply to the Australian High Commissioner's letter.

Yours ever,

(R H T Gozney)
Private Secretary

C D Powell Esq
PS/10 Downing Street

Scanned

Draft Letter from PS/No. 10 to HE The Hon Douglas McClelland
Australian High Commission
Australia House
Strand
LONDON WC2B 4LA

Thank you for your letter of 7 December extending to the Prime Minister and Mr Thatcher an invitation from the Premier of New South Wales, Mr Greiner, to be the guests of honour and for the Prime Minister to speak at the dinner which he will be giving in London on 5 June 1990. The Prime Minister and Mr Thatcher are delighted to accept the invitation. I look forward to hearing from you nearer the time the details of time and place.

Spoken PM Conveyed oral message R.H.T.G.

AS

24/12



Foreign and Commonwealth Office

London SW1A 2AH

28 December 1989

Jean Charles,

Earthquake in New South Wales

I enclose a draft message of sympathy from the Prime Minister to Mr Hawke following the earthquake in the area around Newcastle, New South Wales. If the Prime Minister is content with the text, we shall ask our High Commissioner in Canberra to pass the message to Mr Hawke.

Yours ever,

(R H T Gozney)
Private Secretary

C D Powell Esq
PS/10 Downing Street

DRAFT LETTER FROM PRIME MINISTER TO MR HAWKE

United Kingdom

On behalf of the Government and ~~the people of the United Kingdom~~, I wish to express our horror and sadness at the news of the terrible earthquake in New South Wales. It is particularly tragic that it should have occurred at what should be a time for celebration.

Please convey our sympathy to all those injured and ^{to} the families of the bereaved. *It is particularly*



D. McClelland

21/12



10 DOWNING STREET
LONDON SW1A 2AA

From the Private Secretary

Ack/ 11 December 1989

I attach a copy of a letter I have received from Mr. Douglas McClelland.

I should be grateful if you could provide advice and a draft reply, to reach me by Thursday 21 December please.

(C. D. POWELL)

R. N. Peirce, Esq.,
Foreign and Commonwealth Office.



AUSTRALIAN HIGH COMMISSION

129/12

AUSTRALIA HOUSE
STRAND
LONDON WC2B 4LA
01-438 6220

THE HIGH COMMISSIONER

7 December 1989

Mr Charles Powell
Private Secretary
Prime Minister's Office
10 Downing Street
LONDON SW1

Dear Charles

Following our recent telephone conversation about the possibility of the Premier of New South Wales, Mr Nick Greiner, meeting with the British Prime Minister on Saturday 16 November in London, I conveyed to Mr Norman Brunston, the Agent General for New South Wales, Mrs Thatcher's message that it was not possible to arrange a meeting on this occasion because she was out of London on that day, but she had expressed the hope that there may be the opportunity on a subsequent visit.

Mr Brunston has now advised me that Premier Greiner will be here in early June 1990 on an official visit to promote New South Wales. I understand there will be a seminar on Tuesday 5 June, to be followed by a formal dinner that evening hosted by the Premier.

Mr Greiner, through his Agent General in London, has asked me, as the Australian High Commissioner, to extend a warm invitation to Mrs Thatcher and Dennis to be the guests of honour at the official dinner and for the Prime Minister to address the gathering, comprising a large number of prominent businessmen in the City, and I now have the greatest of pleasure in so doing. If they can accept we would be delighted. I assure you that both will receive a hearty Australian welcome.

The venue for the dinner has yet to be determined but presently it is hoped it might be able to be held at the Clothworkers Livery Hall where, of course, there is a close relationship with Australia.

I look forward to hearing from you in the near future.

Warmest personal regards,
Yours sincerely

Douglas McClelland

(Douglas McClelland)

CONFIDENTIAL

FOREIGN AND COMMONWEALTH OFFICE
SOUTH PACIFIC DEPARTMENT
FPA 014/2

DD 1990/8
DESPATCH
SELECTIVE DISTRIBUTION
AUSTRALIA
5 December 1989

CD
1071

AUSTRALIA: IMAGE AND REALITY

THE BRITISH HIGH COMMISSIONER AT CANBERRA TO THE SECRETARY
OF STATE FOR FOREIGN AND COMMONWEALTH AFFAIRS

SUMMARY

AUSTRALIA: IMAGE AND REALITY

1. Australian society is changing rapidly. Is Australian confidence in its superiority well-based? (Paragraphs 1 - 6)
2. The elements of the Australian myth (Paragraph 7) contrasted with the reality.
3. The political system provides genuine democracy but Australia is over-governed. Serious corruption and/or maladministration in state governments. (Paragraphs 9 - 12)
4. The country of the "fair go" may be becoming less fair. The land of "mateship" has its class distinctions. (Paragraphs 13 - 16)
5. Modern Australia is a suburban society with developing inner-city and environmental problems. (Paragraphs 17 - 23). The institution of the family is breaking down. (Paragraph 25)
6. The changing racial composition of Australia is challenging Australian toleration. But the record of absorbing immigrants is impressive. (Paragraphs 26 - 30)
7. The foreign media's image of Australia is defective. Cultural achievement too little recognised. (Paragraph 31)
8. In protecting our interests we must depend less on sentimental ties, more on recognising the modern and rapidly changing Australia for what it really is. The techniques we apply to other foreign countries are just as relevant to Australia. (Paragraphs 32 & 33)

CONFIDENTIAL

BRITISH HIGH COMMISSION
CANBERRA

5 December 1989

The Rt Hon Douglas Hurd CBE MP
LONDON

Sir

AUSTRALIA: IMAGE AND REALITY

1. Her Majesty's Government have invested much effort in the last two years in rejuvenating and redefining Britain's relationship with Australia. Both countries recognised that the effort was overdue. Both, I believe, consider that it has so far succeeded. Following the recent exchange of Prime Ministerial visits and many other Ministerial exchanges there is now a good, working political relationship. Government efforts have made a useful contribution to the rapid expansion of the trade and investment relationship. There has been a satisfactory growth in new schemes of educational and scientific collaboration and in academic and youth exchanges.

2. Britain's extensive interests in Australia are now more clearly seen. British firms have invested more money in Australia than in any other country except the United States. Our balance of visible and invisible trade with Australia is more favourable than with any other country except America. Australia is a significant and growing investor in the United Kingdom, attracted by its advantages as a base for expansion into the Single European Market. British industry is increasingly using Australia as a means of entry into Pacific

/Rim

Rim markets. Diplomatically, the need to keep close to a like-minded country which is so initiative-prone as this one is self-evident. The existence in Australia of over 2 million persons entitled to British passports and, in the United Kingdom, of some 8 million people with relatives in Australia represents an extraordinary richness of personal ties.

3. Australian society is changing rapidly. In order to protect and advance our substantial interests we need to be as aware of the nature of that society as we are of the societies of our European, North American and other allies. But somehow that knowledge does not come so easily in the case of Australia. The British media show little interest in the real problems of this country. Australian writers are not often read in Britain. It is more comfortable and less taxing to assume that Australia is much as it always was and really rather similar to our own country. But the modern Australia is in truth very far removed from the one which sent its troops to fight alongside ours in two World Wars, very different too, from the country portrayed by expatriate Australian comedians or even by "Crocodile Dundee". Nor is Australia quite what many contemporary Australians would have us believe.

The Social Experiment

4. Since the original convict settlement in 1788 inward migration has always been an important determinant of the character of Australian society. Millions of people over the years have come here from the United Kingdom and other European countries, and some Arab and Asian countries. The majority judged that they could achieve a better life for themselves or their families in Australia than by staying in their countries of origin. Economic prospects, quality of life considerations, freedom from political oppression, all played their part. And from early days foreign observers saw Australia as an interesting social experiment. Would a society evolve which avoided the less desirable features of the older industrialised countries of Europe (in particular) but which adopted their more attractive accomplishments?

/5.

5. Some immigrants decided, and still do decide, that they were mistaken and return to their countries of birth. The great majority stay in Australia. Most Australians state that they prefer their life in this continent to that which they see or learn of in other industrialised countries. The strength with which many assert this sometimes arouses the suspicion that they are engaged as much in convincing themselves as others. But it is impossible to doubt that the confidence of most Australians in the superiority of their own way of life is genuine. The question that this despatch attempts to answer is - is that confidence well-based?

The Image

6. All countries have their myths. The Australian myth is that this is the land of opportunity, the land where the class system of Britain and elsewhere does not exist, where no person is better than the next, where everyone is entitled to "a fair go", where the "battler", given a modicum of luck, can achieve the good life and rise to whatever position his talents entitle him. The famous description of Australia, the "Lucky Country", is interpreted by some to mean that it is so rich in natural resources that, however serious economic problems may seem at any given moment, the wheel of fortune will turn and "she'll be right". Nowhere on earth, continues the myth in which most Australians believe, is there a quality of life to match this one. No other country is so blessed with such a combination of sunshine, natural scenery, superb beaches, fine and uncrowded sporting and other public facilities; no other has this abundant space, this cornucopia of good living, this capacity and talent for relaxation and leisure. The problems of other industrialised countries, especially those of urban deterioration and pollution, of street crime and violence, are often said to have been largely avoided. And Australians in their personal relations do not, it is claimed, have the complexes and inhibitions which mark the behaviour of so many in the older societies; human contact is altogether more relaxed, more genial, more tolerant.

7. The confidence that Australia is best is a constant in the daily scene here. Non-Australian companies who wish to sell successfully

/are

are well-advised to portray an Australian image, a point not lost on Toyota, Nissan or, I am glad to say BP, and other British firms who perform well in this market. The Australian audience loves to be told that this or that Australian achievement has no equal. When the Australian Prime Minister was preparing to make a statement on the environment earlier this year it was actually trailed by the Government's official information services as "The World's Greatest Environment Statement". It is not so long either since a prominent magazine dubbed his principal lieutenant, Paul Keating, as "The World's Greatest Treasurer". Not all Australians would agree but few see such descriptions as absurd. Much of the impetus which drives Australia to its excellence in sport is fired by a national determination to assert Australianness against the rest of the world.

The Reality

8. How valid are Australian claims of achievement? The natural reaction to much of the hyperbole is to attempt to puncture the claims, an easy temptation for a Briton in Australia since it is with the appropriate British parallel, for historical or psychological reasons, that the comparison is frequently made. But my purpose is the more difficult and more useful one of attempting to see Australian society clearly.

The Political System

9. Australians have no natural respect for authority and are often contemptuous of their governments and politicians. But they are quick to counter any suggestion that their political system is inferior to anyone else's. Yet if there is one major feature of British society which Australians rarely criticise it is our parliamentary democracy. The Australian style of parliamentary procedure and debate has evolved differently from our own and there are aspects of the Westminster style which Australians would not wish to emulate. But the fundamental features of our parliamentary system are freely and uninhibitedly praised by Australians and the debt owed by Australian parliaments to our own is very evident, even if some aspects of Australia's parliamentary practice are more American than British.

/10.

10. Australia's democracy is genuine. The fate of governments is determined in the end by popular opinion. Public debate is probably freer and more open than anywhere in Europe. Australia now has nine governments and nine parliaments (one Federal, six State and two Territory), all subject to regular elections. It is the multiplicity of governments which leads to the frequent charge that Australia is over-governed. The brash, go-getting Aussie entrepreneur has his part in the myth but in reality Australians depend more than most people on government. Despite the much expressed contempt for governments this is in some ways the greatest Nanny-State of all. By any standards nine governments for 16 million people must be too much and most Australians feel it to be so. But most, for reasons of history and geography, would jib at giving up their own state government. When the previous Governor-General suggested in his farewell speech earlier this year that Australia needed to move towards a more centralised system his words fell on stony ground. Many Australians feel loyalty to their state before their country and regard Canberra as an incestuous bureaucratic/political think-tank divorced from the realities of ordinary people.

11. The major charge which can fairly be levelled against public administration in Australia is that of corruption. At the Federal level I know of no evidence of serious corruption and would be surprised to hear of any. But it is the States who control expenditure in the kind of fields where there is scope for corruption and some of the States are notorious. In Queensland earlier this year there was a major enquiry into corruption in the police, government and civil service. Many heads rolled. The distaste of Queenslanders for the type of government to which they have been subjected has just swept the Labor Party into power for the first time in 32 years. The New South Wales Minister for Police told me some time ago that if there was ever an enquiry into corruption in his own police force it would make the Queensland affair look like a children's tea-party - and since he spoke an Independent Commission against Corruption has been established in New South Wales. There was a scandalous case in

/South

South Australia where a prominent official in charge of the State's anti-drug campaign had to go when he was found to be personally involved in a drug racket. I do not know that a charge of actual corruption can fairly be made against the governments of Victoria and Western Australia but their involvement in unsound and wasteful financial and commercial schemes certainly merits the charge of bad government.

12. Australian democracy is thus full-blooded and in many ways, especially at the Federal level, admirable. Many innovations in democracy such as the ballot-box and women's franchise were introduced in Australia before any other country. But the long-established corruption and maladministration in the States are a bad blemish on the country's political system. The quality of government at State level is generally poor. Yet I do not find that surprising. The population base of 16 million is too small to provide politicians of high quality to man political parties in nine separate political units.

A "Fair Go"?

13. Article One of the Australian Creed is that everyone should have a "Fair Go". It is a principle invoked by politicians of all parties and by public opinion in general. Its historical roots lie deep in the unfairness, class divisions and political oppression of the societies from which many of Australia's migrants have come in the last two hundred years. They did not come to Australia to continue to endure the unfairness which they had left behind them.

14. Yet last April a newspaper opinion poll suggested that 83% of those questioned believed that Australia was becoming a less fair society. A study by a Research School of Social Studies has recently concluded that "Australia is not as just as it was and is certainly not as just as many countries with which it compares itself". If justice means a generally equitable level of income distribution (and that is the yardstick this and similar studies have used) then there is something in the argument. A 1988 World Bank Report showed that in 1975/76 5.4% of total household incomes in Australia went to the

/less

less well-off 20% of families while 30.5% of the total went to the top 10%. (Figures for the UK were 7% and 23.4% respectively). The 1984 Household Expenditure Survey stated that household income for the rich was in that year 8.2 times that of the poor, and the figure grew in 1985/6 to 9.7. Department of Social Security figures suggest that the proportion of people living in poverty (by the Department's definition) increased from 8.2% to 12.5% in the years 1972-82.

15. The desirable pattern of income distribution is of course a matter for debate. But my point is a different one - that despite the obeisance paid in the Australian myth to the concept of fairness and the associated concept of social equality, most Australians now apparently doubt how fair that society is. The same Australians would probably bridle at any suggestion that the outlines of a class system can be discerned in their country but an examination of the richer suburbs, the clubs and boardrooms of Melbourne, Sydney and other cities, might discomfit them. The lack of class distinction is one of the least convincing elements in the Australian myth; class divisions arose soon after the original settlement. This land of "mateship" and democracy has more private schools than Britain. Even though there are special factors, such as the existence of cheap Catholic schools, the fact is that one in three secondary school pupils are in private schools, one of the highest rates in the world.

16. The concept of the "fair go" was evolved in a male-dominated society. Women have made big strides to equality in recent years but the average hourly pay of a female worker is still only 65% of that of a male (compared to 76% in Britain).

Town and Bush

17. Large parts of the Australian myth were shaped by the experiences of the early settlers, the pioneers whose struggles to tame a hostile environment have inspired a whole corpus of Australian literature. That was the context which gave rise to the concept of mateship and which spawned the distaste for authority, and with it governments and politicians, which is still a marked feature of Australian attitudes. It produced, too, the notion of the "battler", a term

/originally

originally applied to a person who acquired and worked land at the margins of the cultivation, but later applied to anyone who shows unusual courage in adverse circumstances (and now debased to describe anyone for whom life is not plain sailing). The environment which fostered all those ideals was the Bush, that undefined but vast area of Australia which lies outside the areas of urban settlement. Romanticisation of the Bush is still the Australian habit; the frontier image is still much cultivated by many who have never been there; and the two "Crocodile Dundee" films and television series such as the "Flying Doctors" have probably persuaded many foreigners who have never been to this country that the "real Australia" is still Outback Australia.

18. The facts are otherwise. Australia has one of the highest urban populations in the world. Five out of six Australians are town-dwellers. Over 90% of the people of the most populous state, New South Wales, live in towns. Western Australia is two-thirds the size of India but of its 1.5 million inhabitants over 85% live in towns. Some of the most-quoted lines in Australian poetry are: "I love a sunburnt country, a land of rolling plains". But their author, Dorothy McKellar, abandoned the rolling plains for a life in Sydney and the lines are now chiefly heard in a television advertisement for Toyota.

19. And the "battler"? An experienced foreign observer who has visited Australia for over 30 years told me that in his opinion the people of this country have become "soft". There are still people in the Outback for whom life remains hard but they are a small minority. The effects of easy living on the majority of Australians are all too apparent in the relative absence of the work ethic and in denigrating attitudes towards achievement and productivity.

20. Australia's cities are, in my view, one of her best achievements. The area around Sydney harbour is one of the great urban landscapes of the world; Melbourne's charm is less obvious but it is there in the leafy suburbs; Adelaide and Perth and others have strong qualities. But urban development has brought problems here as

/elsewhere.

elsewhere. Not many Sydney-siders have homes within sight of the great harbour; it is in the sprawling suburbs of Sydney and Melbourne that today's "typical" Australian lives, probably 5 million people all told. Modern Australia is largely a suburban society; it is to that society that Australian politicians and advertisers must direct their main appeal. The soap-opera "Neighbours" is a more accurate picture of Australia than the "Flying Doctors" - but the erosion of the Australian family (see below) suggests that "Neighbours" is more as Australians like to see themselves than how they are. The spacious suburban life which most of the later migrants sought is becoming less easy to achieve. Earlier this year Australia's Treasurer (Chancellor of the Exchequer) questioned whether the country could any longer accommodate the Australian dream of a young family setting up in a detached house on a quarter-acre block with a backyard swimming pool and a garden for the inescapable barbeque. Much of inhabited Australia is now crowded. Property prices are formidable. Young couples are finding it increasingly difficult to own their own houses; currently the rate for a new mortgage is 17% and there is no tax relief.

21. Australia is developing its own inner-city problems. In 1987 over 90% of those who responded to a Gallop Poll believed violent crime to be on the increase. The Australian Institute of Criminology found that between 1973 and 1987 incidents of rape had increased from 6 to 15 per 100,000, that serious assaults had gone up from 20 to 80 per 100,000 and robbery with violence from 25 to 50. The Chief Constable of Glasgow told me after a visit to Melbourne that the homicide rate in that city was 50% higher than in his own. Organised crime is also a serious problem, with the Mafia and other groups involved. There is, in Australia as elsewhere, considerable concern about drug trafficking. In 1988 Australia was estimated to have 1180 confirmed cases of Aids which at 6.67 cases per 100,000 put it sixth in the world's league table after the United States, Switzerland, France, Canada and Denmark, but before the United Kingdom with 3.27 cases per 100,000. By November this year 1529 cases had been reported, 814 had died and it was estimated that 15,000 were infected by the aids virus.

/The Environment

The Environment

22. Despite its abundant space and low population Australia has not avoided the pollution and environmental degradation of the older industrialised countries. Concern about the environment is growing as quickly here as elsewhere. Mr Hawke's environmental statement earlier this year (see paragraph 7 above) pointed to serious problems of soil degradation in nearly two-thirds of Australia's arable land, 18 species of mammals and 100 species of flowering plants have been wiped out in the last 200 years. Another 40 mammals and 3300 plant species are now rare or endangered. In Queensland rainforest is being destroyed before it has been explored.

23. Probably the most compelling image of Australia outside its borders is that of the perfect sun-soaked, spotlessly-clean beach, populated by surfers and other bronzed, young Australian men and girls. The most famous such beach is Bondi in Sydney, a byword for Australian love of the outdoor life. Swimming at Bondi and many of Sydney's other beaches can now be dangerous because pollution of the sea by the city's sewage has reached the point where health is at risk. Sydney is the worst case but not the only one; there are other examples of serious pollution and the water supplies of some of the principal cities are suspect. Of course, this continent still has thousands of miles of unspoilt beaches but one is forced to the conclusion that that is not due to some special Australian virtue but only to the fact that people do not yet live close enough to them in sufficient numbers to pollute them.

24. The claims made for the merits of the Australian climate are also not self-evidently true. That parts of Australia have some lovely sunny periods is true enough. But the chief quality of its climate seems to me to be its unpredictability. The droughts, bush fires, floods and cyclones which dog the life of the Australian farmer are perhaps well enough known. But it is harder to square the traditional image with the fact that Sydney suffered 75 wet days out of 120 between last January and April, the Australian summer. Exceptional, no doubt - but there are too many exceptions for that picture of sun-soaked Australia to be sustainable.

/The Australi

The Australian Family

25. I have stated above that most Australians now live in suburbs. Recent statistics throw a good deal of light on how they live. The family as an institution would appear to be breaking down. The Australian Bureau of Statistics tells us that about 20% of households are now single people, a rise of 15% in 10 years. This would suggest that about 1 million Australians, out of a population of 16 million or so, now live alone. Only 36% of all families identified in the 1986 Census were the traditional nuclear family, i.e. a couple with dependent children. Among Australian women between the ages of 25 and 29 the de facto relationship is now more common than marriage. 18% of all children are now born out of wedlock (up from 8% 20 years ago) and 8% of all families are single-parent families. The growing problem of the homeless is causing concern. Recent reports have identified between 25,000 and 50,000 children and youths as homeless or at risk of becoming so, a phenomenon described by one leading newspaper as "the heart of the Australian nightmare". A further depressing statistic is that of suicide among the young. 24 in every 100,000 men aged between 15 and 24 committed suicide in 1987, a figure which gave rise to the comment here that Australia was "matching, if not passing, other industrial nations in the number of young people who choose to escape modern problems through suicide".

A Tolerant Society?

26. Australians like to regard themselves as more tolerant and easy going than others. This claim is being tested by the changing racial composition of Australian society. The original Anglo-Saxon character of post-1788 Australia has been steadily modified in the period since the Second World War as large numbers of Southern and Eastern Europeans, Arabs, Asians and others have settled here. The "White Australia" policy of earlier Australian governments is a thing of the past. Australian political parties now adhere to a policy of "multiculturalism". This term has no clear or generally accepted meaning in the Australian context. At a minimum it means accepting the fact that Australia now is and will continue to be a multi-racial /society.

society. For the current Australian Labor government and for many Australians, it means more, a policy of encouraging the ethnic communities to foster their own traditions and aiding that process by special measures of financial and other support for the various communities. A recent study suggests that financial support is distributed to the ethnic communities less according to need than to voting power.

27. Nearly 70% of the Australian population would trace their ultimate origins to the UK and Ireland though for most that would be a less important fact than that they are now Australian. About a fifth of the current population was born overseas and of that three and a half million nearly one and a quarter million were born in the UK or Ireland (the two countries are often coupled together in Australian statistics).

28. While Anglo-Celtic culture is the strongest cultural influence in Australia, and American influence is also powerful, things are changing. In the year ending June, 1989, the 23,900 immigrants who came from the UK represented 16.6% of the total inflow. It is true that the number of New Zealanders who arrived was larger still but the 52,000 Asians who came in that year were 36% of the total. The Department of Immigration predicts that by 2021, on present trends, Asians will constitute the largest overseas-born group in Australia.

29. The pattern of immigration is a sensitive subject here and the public debate is of low quality. When a few years ago one of Australia's finest academics suggested that the rate of Asian immigration was too fast for public opinion to tolerate he was pilloried as "racist" by both the Hawke government and the media. When the former Leader of the Opposition, John Howard, hinted last year that a future Liberal Government might wish to limit the Asian intake, he too was bitterly attacked by the same sources. There is no doubt that many Australians, especially of the older generation, are disturbed by the increasingly complex racial mix of Australian society. The generally tolerant attitudes of most Australians on most questions are often seriously strained by this issue. It goes

/to the

to the heart of the dilemma of a mainly Anglo/Saxon society living in Asia. Australian governments and others put a great deal of energy and resources into trying to solve the problems of the 230,000 Aboriginal inhabitants of Australia; but there are plenty of Australians who believe this effort to be excessive and misdirected, and the situation of most Aborigines remains hapless. There are areas in Sydney and other large cities where racial tension is frequently high, the Vietnamese often being a particular object of antipathy. Immigrants do not always leave behind them the divisions of their homelands. Serbs and Croats continue their vendettas here, as do North and South Vietnamese and others.

30. Yet on balance the Australian record of absorbing immigrants, some 4.6 million since the Second World War, is impressive. The comparative lack of serious friction between the various ethnic communities is a tribute to the generally enlightened attitudes of Australian governments and the population at large. The ordinary Australian is a tolerant person. There is an easiness and openness in personal relationships which distinguishes this country and which, I believe, most visitors find attractive. Whatever the divisions of wealth and class, there is a basic egalitarianism in attitudes. Christian names are used at once, on first encounter, and it does not matter who the owner is. This is still a country of opportunity. There are countless examples of individuals who have risen from nothing to positions of great wealth and influence. But it is a pity that the fact of achievement is not more readily praised by ordinary Australians. There is a curious contrast between their readiness to acknowledge achievement in the sporting arena but to express cynicism about it elsewhere. The desire to cut down tall poppies is a weakness in the Australian make-up.

31. If the Australian myth has its inaccuracies, the image of Australia fostered by the foreign media, insofar as the two things are different, is often defective too. The philistine, iconoclastic, beer-swilling Aussie exists but the Australian does not have a monopoly of these qualities. Far too little recognition is accorded abroad to Australian cultural achievement, to their world-class opera singers

/and

and ballet, to their novelists whose success in capturing international literary prizes is so impressive, to their film producers or to the massive investment in high-quality cultural facilities and festivals in pretty well all the state capitals. And in assessing the Australian achievement, whether cultural or other, it is always as well to remember that, vast as this country is, its population is a mere 16 million.

CONCLUSION

32. In this attempt to compare the reality of Australian society with the Australian myth I have not consciously sought to seek out the bad or the good but simply to let the facts speak for themselves. Some features of Australian society seem to me admirable. Some of its problems are peculiarly Australian but most are common to all the industrialised countries of the West. And just as the rate of social change tends to increase in Europe, so it does here. The rapid transformation of Australia has implications for British policy and British interests. As Australia has developed its sense of nationhood, as it has more actively cultivated its Asian neighbours, as immigration has changed the composition of Australian society, so Australian attitudes to Britain have changed. For many recent migrants the Australian connexion with Britain has no special meaning. Many young Australians, unlike their parents, have no knowledge of, and no natural predilection for, Britain. The web of family ties which links the two countries is bound to diminish over time. Less and less shall we be able to depend on ties of sentiment. More and more we shall have to recognise Australia for what it really is: an independent state with a powerful sense of nationhood, an urbanised society with most of the problems of similar societies elsewhere, a country hesitantly adapting to its Asian environment, not wanting to weaken its traditional links with Britain, Europe and America but keen to establish with those traditional partners a modern political and commercial relationship which fits the aspirations and sentiments of the Australia of today. The emphasis which Her Majesty's Government have placed in the last eighteen months or so on its wish to create a mature and modern relationship with Australia is, I am sure, the

/right

right approach and has been warmly received. The maintenance of that relationship will require the same techniques of analysis, policy adjustment, trade promotion and diplomatic cultivation which we customarily apply to other similar foreign countries but which we have, perhaps, not consistently applied to Australia.

33. I am copying this despatch to the High Commissioner in Wellington.

I am, Sir,
Yours faithfully

John Cole.

*Subject cc Master
Ops.*

RESTRICTED

file

055015
MDLOAN 8371

PRIME MINISTER'S
PERSONAL MESSAGE
SERIAL No. T212(i)/89

RESTRICTED
FM FCO
TO ROUTINE CANBERRA
TELNO 826
OF 302310Z NOVEMBER 89

1. PLEASE CONVEY TO MR HAWKE THE FOLLOWING MESSAGE FROM
THE PRIME MINISTER FOR HIS 60TH BIRTHDAY ON 9 DECEMBER.
BEGINS
CONGRATULATIONS AND BEST WISHES ON YOUR 60TH BIRTHDAY.
THE FIRST 60 YEARS ARE THE WORST. I LOOK FORWARD TO ANOTHER
GOOD YEAR IN ANGLO/AUSTRALIAN RELATIONS IN 1990.
ENDS

HURD

YYYY

DISTRIBUTION 23

MAIN 23

LIMITED
SPD
PS
PS/LORD BRABAZON

PS/PUS
MR GILLMORE
MR MCLAREN

NNNN

RESTRICTED



me h
ck

10 DOWNING STREET
LONDON SW1A 2AA

From the Private Secretary

30 November 1989

BIRTHDAY GREETINGS FOR THE PRIME MINISTER
OF AUSTRALIA

|| Thank you for your letter of 29 November covering a short message of congratulations from the Prime Minister to Mr. Hawke on his 60th birthday. This may be despatched.

C. D. POWELL

R.N. Peirce, Esq.
Foreign and Commonwealth Office.

RESTRICTED

CP

① *celk*



Foreign and Commonwealth Office

London SW1A 2AH

29 November 1989

Sir John

*Agree to send John's message (attached)? Or
John's prefer something less jocular?
CD 29/xi*

Birthday Greetings for the Prime Minister of Australia

Bob Hawke will be 60 on 9 December this year. He will be celebrating his birthday privately. Sir John Coles has advised that a short message of congratulations and good wishes from the Prime Minister would please Mr Hawke and serve to reaffirm our wish to sustain the new, closer, more modern bilateral relationship as we start another year.

If the Prime Minister wishes to send a message, it might be along the lines of the enclosed text.

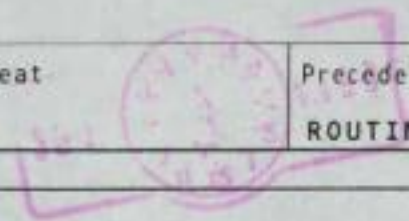
*Yours ever
R N Peirce*

(R N Peirce)
Private Secretary

C D Powell Esq
10 Downing Street

OUT TELEGRAM

		Classification	Caveat	Precedence
		RESTRICTED		ROUTINE
ZCZC	1	ZCZC		
TC	2	RESTRICTED		
CAVEAT	3			
FM	4	FM FCO		
TO	5	TO ROUTINE CANBERRA		
TELNO	6	TELNO		
OF	7	OF Z NOVEMBER 89		
AND TO	8			
	9	1. Please convey to Mr Hawke the following message from		
	10	the Prime Minister for his 60th birthday on 9 December.		
	11	BEGINS		
	12	Congratulations and best wishes on your 60th birthday.		
	13	The first 60 years are the worst. I look forward to another		
	14	good year in Anglo/Australian relations in 1990.		
	15	ENDS		
	16			
	17	HURD		
	18			
	19			
	20	YYYY		
	21	MAIN		
	22	MINIMAL		
	23	SPD		
	24	PS		
	25	PS/LORD BRABAZON		
///	26	MR GILLMORE		
//	27	MR MCLAREN		
/	28			
	29	NNNN		
<div style="border: 1px solid black; width: 100%; height: 50px; background: repeating-linear-gradient(45deg, transparent, transparent 2px, black 2px, black 4px);"></div>				
YYYY			Catchword:	
MAIN	File number	Dept SPD	Drafted by (Block capitals) A R THOMAS	Telephone no 3270
ADDITIONAL	Authorised for despatch by:		Initials	Date/time
NNNN	For COO use only	Comcen reference	Telegram number	Processed by



RESTRICTED



Foreign and Commonwealth Office

London SW1A 2AH

21 November 1989

Dear Charles

Visit of the Prime Minister of New South Wales

The Prime Minister may wish to be aware that Mr Nick Greiner, Prime Minister of New South Wales, will be in London over the weekend of 15/17 December.

Our Consul General in Sydney has received a formal request from Mr Greiner's office for a courtesy call on the Prime Minister as a means of renewing links and of reviewing recent initiatives to expand commercial relations. You will recall that Mr Greiner gave the Prime Minister warm hospitality when she visited Sydney in August last year and that Mr Greiner's Government pursues policies which bear similarities with HMG's. Nevertheless, given the short notice, the inconvenient timing of the visit and the Prime Minister's probable absence from London at the time, we do not recommend that she should receive Mr Greiner.

Yours ever
R N Peirce

(R N Peirce)
Private Secretary

C D Powell Esq
10 Downing Street

RESTRICTED



ape
LW

10 DOWNING STREET
LONDON SW1A 2AA

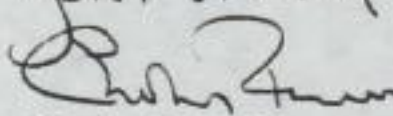
From the Private Secretary

21 November 1989

Dear Bob,

VISIT OF THE PRIME MINISTER
OF NEW SOUTH WALES

Thank you for your letter of 21 November about the visit of Mr. Greiner. I have already explained to the Australian High Commissioner that the Prime Minister very much regrets that she cannot see Mr. Greiner on this occasion but hopes there will be another opportunity before too long.

Yours sincerely,

(C. D. POWELL)

R. N. Peirce, Esq.,
Foreign and Commonwealth Office.

MRS. PONSONBY

Charles

I have already
told the FCO
that the PM
will be out of
London all week

VISIT OF THE NEW SOUTH WALES PREMIER

AP
19/11

The Premier of New South Wales, Mr. Greiner, is visiting London very briefly in December. You will recall that he was the Prime Minister's host during her visit to Sydney and she was very impressed by him.

Most inconveniently, Mr. Greiner is arriving about 6pm on the evening of Friday, 15 December and departing on the afternoon of Sunday, 17 December. I have made clear it is most unlikely that the Prime Minister will be able to see him. But I feel bound to mention his visit to her, given his own hospitality. Are there in fact good reasons why it would be completely impossible for her to see him?

C.D.P.

CHARLES POWELL
17 NOVEMBER 1989

Told Australian High
Commissioner that this
simply could not
be possible.

C.D.P.
20/11

c:greiner.mrm



Original on:
COMMONWEALTH
Chocm, Part 16

FILE
3/16

10 DOWNING STREET

LONDON SW1A 2AA

19 October 1989

From the Private Secretary

PRIME MINISTER'S MEETING WITH THE PRIME MINISTER OF AUSTRALIA

The Prime Minister had a meeting with the Australian Prime Minister over breakfast in Kuala Lumpur this morning. Mr. Hawke was accompanied by Mr. John Bowen.

Bilateral Relations

The Prime Minister referred to the success of Mr. Hawke's visit to the United Kingdom in the summer. It had been very useful and given great pleasure to people in Britain. Mr. Hawke said that he had been very happy with the visit and believed that the follow-up was going well.

Antarctic Minerals Convention

The Prime Minister said that the Antarctic Minerals Convention had gone through both Houses of Parliament and would shortly be ratified. She was convinced that it offered the best and most effective guarantee against unconstrained exploitation of Antarctica's mineral resources in Antarctica. The case for the Convention had been particularly well put by Lord Shackleton in his letter to Mr. Hawke.

Mr. Hawke said that he understood the United Kingdom's position. He accepted that it was very aggravating that, after many years of negotiation, Australia should have changed its views. But public attitudes on environmental questions had changed enormously since the issue of Antarctic minerals was first raised and governments had to move with them. There was now to be a special meeting of Antarctic Treaty States next year and he hoped this would help to bring views closer together. It seemed logical to him that, if the intention was to prevent mining in Antarctica, there should be an outright ban.

The Prime Minister said that, if the Convention did not come into force, there would be a vacuum in which unconstrained exploitation of minerals could take place. The existing Convention had taken nearly a decade to negotiate and there was no guarantee that negotiation of an alternative would not take as long. Mr. Hawke doubted that it would be so difficult: in any event, he did not believe there was any immediate danger of mining activity starting. There were strong economic and political

arguments against it. This was one issue where Britain and Australia must agree to disagree. His information was that ratification by the United States Congress was far from certain. He hoped it would be possible to achieve a consensus at the special meeting next year. The Prime Minister commented that she had not heard from Mr. Hawke any serious argument for failing to ratify what had already been agreed even if it was possible to make improvements to it later.

CHOGM

Mr. Hawke said there were likely to be some difficulties in the debate on South Africa, although he hoped that we would not find ourselves too far apart in the final analysis. He would welcome the Prime Minister's assessment of President de Klerk.

The Prime Minister said that Mr. de Klerk knew that he had to make major changes in South Africa, although he did not yet have a clear programme for bringing them about. He seemed to be engaged in a process of talks about talks with Nelson Mandela and others. His election marked a sea-change in South Africa's politics.

Mr. Hawke said the crucial question was whether de Klerk accepted one man, one vote. The Prime Minister disagreed: what mattered was the structure of the state in South Africa, within which the principle of one man, one vote could be accommodated. She did not think that de Klerk had done too badly so far. The Commonwealth should not make his task more difficult. Mr. Hawke said that he accepted there had been changes: it would be churlish not to recognise them. He agreed also that South Africa's future had to be settled by the South Africans themselves. But external pressures had an important part to play and the action taken by the Commonwealth had been very significant. The Prime Minister said she disagreed profoundly with that judgment. When some-one was doing the right thing, it did not help to beat them about the ears.

The Prime Minister continued that she thought the prospects in South Africa would be much influenced by what happened in Namibia. SWAPO's behaviour had been appalling. Mr. Hawke said that he would not attempt to defend SWAPO. If they failed to accept the outcome of the election, South Africa would be justified in drawing appropriate conclusions.

Mr. Hawke said that he was prepared to accept that de Klerk was genuine in his intention to make changes. But these must lead quickly to negotiations. This was why he himself would be prepared to endorse the Harare declaration. There was no longer any great difference in practice between it and the EPG concept. The Prime Minister made clear that we would not under any circumstances endorse the Harare declaration, which was unsatisfactory in several respects. The Commonwealth should abide by its own agreed position.

Hong Kong

The Prime Minister said that we had been disappointed that Australia had not invited Hong Kong to participate in the meeting of Asian-Pacific regional Ministers to be held in November. This was particularly regrettable at a time when every effort needed to be made to restore Hong Kong's confidence. Mr. Hawke said that his original view had been that 'all three Chinas' should be involved, but this had changed following the events in Tiananmen Square. It had therefore been decided not to invite any of the Chinas to the preliminary meeting in November. But he believed there would be a place for them in subsequent meetings. The Prime Minister said that Hong Kong needed every bit of help and moral boosting possible. Mr. Hawke said that he fully accepted that and Australia would do everything it could.

The Prime Minister thanked Mr. Hawke for Australia's helpful role over the Vietnamese boat people.

China

Mr. Hawke said that he had met Zhao Ziyang's personal secretary recently. According to his account, Zhao was still being protected by Deng, was allowed a certain freedom of movement and had access to a number of State papers. There was still an outside chance that he could come back. That would depend on how long Deng himself lasted. The Prime Minister recalled that Lee Kwan Yew had taken a rather different view in his remarks to CHOGM the previous day, saying that Zhao had demonstrated weakness at a crucial time and therefore had no future.

Gallipoli

Mr. Hawke reminded the Prime Minister of his suggestion that she should join him in attending the ceremonies to mark the Gallipoli Landings in Turkey next year. The Turks attached great importance to this. The Prime Minister said she had it firmly marked in her diary and hoped to attend.

I am copying this letter to Brian Hawtin (Ministry of Defence) and to Trevor Woolley (Cabinet Office).

(C. D. POWELL)

Stephen Wall, Esq.,
Foreign and Commonwealth Office.

UNCLASSIFIED
FM CANBERRA
TO DESKBY 210800Z FCO
TELNO 614
OF 210630Z JUNE 89

IMMEDIATE FOR SIR JOHN COLES, C/O HEADS OF MISSION SECTION

THE POLITICAL SCENE
SUMMARY

1. PEACOCK PLEDGES A NATIONAL REVIVAL UNDER A COALITION GOVERNMENT. THE COALITION LEADS BY 6 PERCENT IN THE LATEST POLL. IN ANOTHER POLL, MRS THATCHER IS RATED MORE HIGHLY THAN MR HAWKE.

DETAIL

2. THE LIBERAL PARTY FEDERAL COUNCIL MEETING OPENED LAST NIGHT WITH A SPEECH BY PARTY PRESIDENT JOHN ELLIOTT. HE PAID GLOWING TRIBUTE TO DEPOSED LEADER JOHN HOWARD WHO, HE SAID, HAD SHARPENED THE PARTY'S POLICY FOCUS AND SHOULD BE A SENIOR MINISTER IN A FUTURE COALITION GOVERNMENT. MR ELLIOTT SAID THAT THE LIBERAL PARTY HAD BEEN RE-INVIGORATED BY THE LEADERSHIP CHANGE AND STOOD ON THE THRESHOLD OF VICTORY AT THE NEXT FEDERAL ELECTION, WHICH HE EXPECTED TO BE EARLY NEXT YEAR. BUT HE HAD ONE CAVEAT - THE PUBLIC REJECTED CATEGORICALLY DISUNITY AND PUBLIC SQUABBLING. OPPOSITION LEADER PEACOCK, IN HIS OPENING SPEECH, HAS OFFERED AUSTRALIA 'NATIONAL REVIVAL' IF THE COALITION WINS THE NEXT ELECTION. HE SAID THAT AT THE END OF THE FIRST 3 YEARS OF A COALITION GOVERNMENT, TAXES AND INTEREST RATES WOULD BE LOWER AND HOME OWNERSHIP RESTORED AS AN ACHIEVABLE GOAL FOR YOUNG AUSTRALIANS.

3. AN OPINION POLL PUBLISHED IN THE AUSTRALIAN TODAY SHOWS THE OPPOSITION'S LEAD OVER THE GOVERNMENT TO HAVE INCREASED BY ONE POINT (45 TO 39) WITH THE DEMOCRATS ON 9 AND OTHERS ON 7. MR HAWKE'S RATING HAS DROPPED TO 40 PERCENT SATISFIED AND 53 PERCENT DISSATISFIED, MR PEACOCK'S HAS RISEN TO 27 PERCENT SATISFIED, 46 PERCENT DISSATISFIED WITH 27 PERCENT STILL UNCOMMITTED.

4. IN ANOTHER POLL (BY THE BULLETIN), 57 PERCENT OF THOSE INTERVIEWED HAD A GOOD OPINION OF MR HAWKE (AND 40 PERCENT 'NOT SO GOOD'),

AS AGAINST 67 PERCENT WHO HAD A GOOD OPINION OF MRS THATCHER (24PERCENT NOT SO GOOD) AND 72 PERCENT OF MR GORBACHEV (14 PERCENT NOT SO GOOD). EVEN AMONG LABOR VOTERS 57 PERCENT HAD A GOOD OPINION OF MRS THATCHER AND ONLY 33 PERCENT A NOT SO GOOD OPINION.

DOUGAL

YYYY

DISTRIBUTION

94

MAIN 88

LIMITED
SPD
WED
ECD(E)
NEWS
INFO
PUSD

PLANNERS
PS
PS/MRS CHALKER
PS/LORD GLENARTHUR
PS/PUS
MR GILLMORE
MR MCLAREN

ADDITIONAL 6

~~PS NO 10~~
PS/S OF S DTI

PS/S OF S MOD

NNNN

no

dti

the department for Enterprise

ccp

The Rt. Hon. Lord Young of Graffham
Secretary of State for Trade and Industry

R N Peirce Esq
Private Secretary to the
Foreign Secretary
Foreign and Commonwealth Office
London SW1

C 88
146

Department of
Trade and Industry

1-19 Victoria Street
London SW1H 0ET

Switchboard
01-215 7877

Telex 8811074/5 DTHQ G
Fax 01-222 2629

Direct line 215 5422
Our ref PBLBKZ
Your ref
Date 12 June 1989

See BS

**AUSTRALIA - UK TRADE AND INVESTMENT CONFERENCE: STUDY BY
COOPERS & LYDRAND**

As you know, my Secretary of State and his Australian opposite number, Senator Button, jointly commissioned a study from Coopers & Lybrand earlier this year in preparation for the Australia-UK Trade and Investment Conference on 22 June. The consultants were asked to analyse the trade and investment between the UK and Australia, and to identify obstacles to and opportunities for further development of trade and investment between the two countries.

Coopers & Lybrand have now submitted their study, and a copy of the Executive Summary is attached. My Secretary of State wanted the Foreign Secretary to be aware of its contents, and of how he intends to respond to the suggestions in Chapter 7 for Government action, before the Conference.

The study contains the welcome conclusion in section 1 that a new dynamic Potential began to emerge in the bilateral trading relationship in the late 1980s. It states clearly in section 4 that the UK has advantages over the rest of Europe as an investment location for Australian companies, both in itself and as a springboard (or expansion into the Single European Market. The study also concludes in section 5 that Australia offers UK companies advantages as an operating base for attacking the Asia-Pacific markets. These conclusions are as welcome to us as I expect they will be to the Australian Government.

the
Enterprise
initiative



the department for Enterprise

Section 6 of the summary gives the consultants' recommendations to businesses - to take advantage of the new trading opportunities offered by 1992 and the expansion of the Asia-Pacific region they need a change in perceptions and strategic thinking. In brief, they need to consider whether collaboration with other firms would be advantageous.

The study suggests, in section 7, that the UK should continue to press for reforms in the Common Agricultural Policy through the European Community; and that the UK and Australian Governments should lobby through GATT negotiations for reductions in manufacturing and especially services protection. The report also suggests that there are a number of areas of mutual interest which could form agenda items for a strengthened relationship between the DTI and DITAC (Senator Button's Ministry) and the Australian Trade Commission. The first two of these suggestions are in line with existing Government policy, and the third is acceptable. My Secretary of State will respond positively to them in his keynote speech at the Conference.

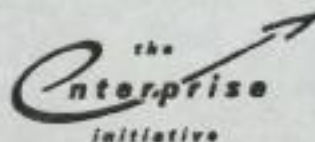
The only possibly contentious suggestion in section 7 of the report is that "both the UK and Australia need to communicate better their rules regarding competition policy and mergers and acquisition activity and, where these are demonstrated to be restrictive on trade and investment flows, to seek to reduce the restrictive elements". My Secretary of State thinks this is just about acceptable, but he intends to include a major passage in his opening speech to the Conference making it clear, as he has done in previous speeches, that foreign investment is welcome and that UK competition rules do not restrict it.

I am copying this letter to Charles Powell at Number 10 and Duncan Sparkes at the Treasury.

Yours ever

Ben Slocock

BEN SLOCOCK
Private Secretary





AUS UK

AUSTRALIA – UNITED KINGDOM
TRADE AND INVESTMENT INTO THE '90s

**A STUDY OF
AUSTRALIA-UNITED KINGDOM
TRADE AND INVESTMENT**



AUSTRALIA - UK TRADE AND INVESTMENT

SUMMARY OF A REPORT

PREPARED BY COOPERS & LYBRAND (UK AND AUSTRALIA)

FOR

THE UK DEPARTMENT OF TRADE AND INDUSTRY

AND

THE AUSTRALIAN TRADE COMMISSION

1 AUSTRALIA – UK TRADE AND INVESTMENT: MARKET DYNAMICS

Respective traditional strengths provided the historic base for trade. But in the 1970s the two countries focused on different markets – the UK on Europe and Australia on the Asia – Pacific markets. A new dynamic potential began to emerge in the bilateral relationship in the late 1980s.

Traditional strengths

- Australia's vast agricultural and mineral resources were the foundation for exports to the UK dominated by primary products and processed food and minerals (agricultural products, materials and coal represented some 50% of Australian exports to the UK in 1987).
- The UK's strength was in machinery and equipment, chemicals and consumer products, serving the Australian consumers with their import requirements (chemicals and machinery and transport equipment comprised 60% of UK exports to Australia in 1987).

Changing Regional Focus

- From the early 1970s the relative importance of trade between the two countries declined dramatically. 17% of Australian imports came from the UK in 1973; by 1987 the figure was 7%; over the same period the Australian share of UK imports fell from over 2% to less than 1%. What happened?
- As a result of the UK's accession to the EC in 1973, both countries became more closely aligned with their different regional markets. The UK's trade shifted to Europe (half its exports going to Europe in 1987) while Australia looked more closely at the rapidly growing Asia – Pacific markets (half its exports went to these markets in 1987) where it could exploit its natural resource advantages.
- The UK's major investment presence in Australia was founded mainly on natural resources and services. Here too there was relative decline as other locations became more important to UK investors and other countries sought to take advantage of Australian opportunities. The UK share of overseas investment fell by one half from 40% in 1970 to 20% in 1987. The UK was replaced by the US as Australia's largest overseas investor. But it remained the second largest investor in Australia.

Changing Pattern of Exports

- Something began to happen in the Australian pattern of exports to the UK in the mid 1980s. Over 12% of Australian exports of electrical machinery went to the

UK in 1987 – double the 1973 share. Whilst the UK pattern of exports remained broadly unchanged, other EC countries seemed to be adjusting to new opportunities in the Australian market.

- There were some significant developments. New products based on Australian natural resources appeared on the shelves of British stores. Equipment such as electrical power machinery found its way onto the British shop floor. Australian components featured in British products. And Australian consumer goods such as furniture began to be sold in the shops.
- Australian business increased its direct investment in the UK from a small base (from virtually nothing to nearly 12% of total foreign direct investment flows in 1987). Most of this was in the services (finance, media and transportation) and brewing sectors. The increase was dramatic both in the numbers and in terms of the public profile.
- Australian manufacturing and services were looking outwards from the domestic market just as the 1992 process of European integration unfolded.
- These developments present the potential for a new dynamic relationship in Australia – UK trade and investment based on complementary activities in serving respective regional markets.

Into the 1990s

- The 1992 process of European Community integration will reinforce the changing focus of UK trade and investment on Europe; but it will also open up opportunities for Australian exporters and Australian business investing in the UK perhaps as a springboard into Europe.
- The Asia – Pacific region is expected to continue to be the fastest growing area of economic and trade growth. Australian business focus on the region is likely to be reinforced; but the substantial UK investment base in Australia could provide a platform for export expansion into the region.
- The Uruguay Round will have implications for Australia – UK trade and investment relations but, given the complexities, the outcome must be regarded as uncertain at this stage. The UK and Australia may find common cause on European agricultural reform and on deregulation of services. Any reduction in tariffs and non-tariff trade barriers could have mutually beneficial effects in encouraging outward looking and complementary strategies for both Australian and UK companies.

The UK is in many ways a natural market for Australian business. It offers a variety of advantages. Australian exporters are seizing the opportunities in non-traditional as well as traditional export categories. Our case-studies provided insights into the general advantages of the UK market, the constraints on exporting to the UK and the successful strategies needed to overcome the latter in order to make the most of the former.

The case studies were taken from the following categories:

- Traditional areas of Australian advantage in primary products, eg wool and copper;
- New areas of advantage but based on natural resource endowments, such as wine;
- New areas of specialised high value-added manufactured products, such as automotive components, medical and scientific equipment, telecommunications equipment;
- Services based on Australian business experience in serving a geographically large but thinly populated domestic market, for example transport and communications, financial services and computer software.

Advantages of the UK Market

- The size of the market offers the prospect of significant Australian sales and profits.
- Successful market entry enhances credibility in other European markets, Japan and North America.
- Common language, culture, education, legislation and legal processes, business and financial environment.
- Access to technology; the UK is at the leading edge in a number of technologies and physical presence in the market can be used for technology transfer.
- Relatively low Australian labour costs and the high quality of its human resources provide the basis for serving the requirements of the UK market for advanced, skill intensive products and services.
- Multinational enterprises (MNE) are a major feature of the UK market; establishing credibility with an MNE either in Australia or the UK can provide Australian businesses with the opportunity for entry into other markets.

Constraints

- UK market conditions presented constraints: well-established purchasing patterns and strong competition in the highest quality goods and services from the USA, Japan and Europe, increasing market entry difficulties for Australian exports; the disruption and financial costs and risks of establishing a physical presence in the UK market; low profit margins available in the UK compared with Japan and North

America (especially on sales to the public sector): Just-in-Time management techniques being adopted in the UK requiring close contact with component suppliers to the relative disadvantage of Australian business; increased importance being placed on after-sales service needing the local presence of well-trained staff.

- Australian supply conditions presented difficulties: a small, fragmented domestic market and industry; a lack of outward looking strategies of Australian management, especially in manufacturing; an inadequately developed venture capital market; surface transport problems giving rise to high shipping and dock handling costs; the lack of exporting strategies reflected in (and exacerbated by) shortages of competent marketing and export managers.
- General factors: exchange rate fluctuations after a long period of relative stability; European Community legislation and regulations and restrictions on imported processed agricultural products; uncertainty about the 1992 process and its implications for Australian exporters.

Strategic Opportunities

- The appropriate market entry strategies for exporting goods have tended to involve niche positioning based on specialised technology and skill-intensive resources, and on careful product differentiation and a long-term marketing strategy. In some cases, experience in supplying multinationals in Australia has been helpful.
- Australian automotive component manufacturers built on their credibility in operating flexible short production runs with MNEs in the Australian market.
- Australian wine is a recent success story in the UK market. Here, the Australian producers overcame consumer resistance and competed with the established advantage of European wine producers with a marketing strategy which demonstrated the quality and value for money of Australian wines.
- Successful exports of Australian services were dependent on establishing a reputation for quality and reliability. The 'Australian' image was not always an immediate advantage in this respect. But particular attention to intra-company culture, the use of joint-ventures and success of Australian products have changed the Australian image. Exposure to Australian problems of distance, a low regard for established practice and lateral thinking have been cited as competitive advantages in Australian service exports.
- Australian computer software has built on the sophistication of the Australian insurance and finance industries and now has a reputation for excellence and innovative thinking in the market.

The regional repositioning of the UK after accession to the EC caused its share of sales to the Australian market to fall dramatically. Yet the UK has relative export advantage in products and services for which demand is likely to grow in Australia. Other EC countries have shown that European companies' sales penetration into the Australian import market can be increased. British business may be missing export opportunities.

UK Export Advantage

- From our statistical work, relative UK export advantage was identified in a range of products, including defence and aerospace, chemicals, machinery (especially for processing material inputs, such as food processing machinery) and consumer products like books, furniture and textile fabrics.
 - There were sectors where the UK was less successful in selling to the Australian market than it was to the rest of the world, such as vehicle components, computer equipment and instruments.
 - Even where the UK had relative export advantage, it still lost ground in Australian import markets whilst other EC countries were increasing share, for example in chemicals and pharmaceuticals, paper and board, non-electrical machinery, furniture and travel goods.
- #### Australian Market Growth
- The Australian market presents opportunities for renewed UK export penetration. It is the second

largest market in the Asia-Pacific region – the Republic of Korea is the next largest but only half the size. It has had GDP and private consumption growth rates in the 1980s which exceeded the average for industrialised countries. And it has levels of per capita private consumption higher than the average of European OECD countries.

- Demand growth for capital goods is likely to be sustained in areas where UK companies are strong such as defence and aerospace, mining and transport equipment, process plant.
- Increasing affluence is creating and increasing consumer market growth in areas where there are strong UK products such as quality food and drink, fabrics and furniture.
- Increasing demand growth for services especially in education and health, entertainment and tourism provides the opportunity for UK exports of services as well as the manufactured goods that support these service sectors.
- AUSTRALIA has identified a range of products and services in which strong potential exists for Australian export growth. Many of these are in areas of traditional UK export advantage. So, while they represent a potential source of competition, they also represent an opportunity for complementary trade. Software, communications equipment, processed food and mining machinery may offer specific opportunities of this kind.

4 THE UK AS A DESTINATION FOR AUSTRALIAN INVESTMENT: SPRINGBOARD INTO EUROPE?

The UK has advantages over the rest of Europe as an investment location for Australian companies. However, there are constraints, some of which can be influenced and overcome provided Australian companies are prepared to be flexible.

UK Advantages

- Commercial advantages are realised because parallel legal, accounting and fiscal systems reduce 'transaction costs' of entry and operation in the UK.
- Parallel institutions and practices also make certain products and services more easily transferable from Australia.
- Common language and similar culture provide real commercial advantages for the UK as a location for Australians.

Commercial Obstacles; Possible Solutions

- Among the commercial obstacles to investment encountered in the UK are:
 - the need to control a business from 12,000 miles away;
 - the current image of Australian companies and the focus on their financial substance and degree of commitment by some UK banks and business service providers.
- There is no perfect solution to the first of these; some companies have developed culture and management systems that they can impose from long distances; others have addressed the problem by having all strategic decisions taken from Australia.
- The second obstacle derives partly from an image problem which can be influenced and will change over time and partly from different attitudes to business risk. Australian companies may need to package their UK financial structure to take account of these differences.

Institutional Obstacles

- Institutional obstacles to investment expansion in the UK include restrictions on foreign ownership in certain industries (eg media, airlines). There is also a perception in some quarters of adverse UK attitudes to large, hostile takeovers by Australian companies.
- These factors cannot be influenced in the short term, but they will not affect many Australian companies seeking to invest in the UK. The companies that are affected may need to think creatively about co-operative arrangements and strategic alliances with UK companies.

UK Advantage as a Springboard

For Australian companies already established in the

UK there appear to be strong reasons for directing their European expansion effort from this base. The same reasons could provide an incentive for other Australian companies to consider the UK as a springboard for European expansion. The advantages of a UK location are:

- Easier access to the financial community and greater visibility in the financial centre of Europe is possible.
- The impact of different legal, accounting and other institutional arrangements and systems can be minimised.
- The scale economies achievable by grouping certain regional corporate activities, such as planning, treasury and financial management, can be maximised in a UK location.
- 1992 harmonisation proposals will not change many of the cultural, legal, financial and accounting practices in the UK - thus, it is likely to remain an efficient entry and financial management point for Australian business.
- Apart from the low transaction costs of establishing in the UK, other advantages (relatively low labour costs, sophisticated capital markets) will also not change significantly in the medium term as a result of 1992.

The Need for a European Strategy and Wider Appreciation of 1992 Implications

- The challenge for Australian companies expanding into continental Europe from a UK base is to integrate their managerial and product/service related skills with local knowledge and contacts in the local markets, while ensuring effective control mechanisms from the UK.
- Companies like Elders IXL and TNT seem to be taking the approach in some of their recent moves that joint ventures might be the best way of dealing with this trade-off in the short term even where full control is the ultimate objective.
- An integrated European market may provide greater opportunity for deploying transferable skills from Australia derived from operating in a larger geographic market (eg skills of logistics, retailing, network management).
- Post 1992, entry into more European markets may mean that more management resources have to be located in the local markets. Whilst financial and other HQ management functions might best be located in the UK, closeness and familiarity with local markets will probably require a distributed management structure and inputs from local management.
- Australian companies in the UK appear to be well informed about the 1992 process, but perhaps need to

focus more on its effects on customers and suppliers, rather than just on the effects on themselves.

- They also need to recognise that 1992 is more than a set of directives: it is about changes in attitudes.

- Broadening the meaning of '1992' in this way means that companies will have to adopt a systematic process for identifying which sources of change are important: few Australian companies appear to have done this.

The UK is the second largest investor in Australia. But are opportunities being missed which other investors are seizing?

UK Investment: Growing in Value; Declining in Share

- UK investment in Australia is growing in value terms but its share of total investment is falling – by one half in the last 17 years.
- There are a number of reasons for this: the increasing importance of other markets, notably the USA and Europe, for UK investors; the removal of Australian investment rules preferential to the UK and elimination of investment restrictions in certain sectors – levelling the playing field; the deregulation of the financial markets and removal of exchange controls; relatively high growth rates in the mid 1980s requiring overseas capital to supplement domestic savings at a higher rate than previously. More open access has inevitably eroded the dominant and somewhat protected position of UK investment.
- Yet better than average growth of direct investment inflows was achieved by the UK in finance and investment, transport and equipment, agriculture, chemicals and mining.

Australia as Springboard to the Asia - Pacific?

- The Asia - Pacific region is expected to continue to expand faster than the rest of the world. But as a market it presents difficulties: a variety of protectionist measures; cultural diversity; cultural differences with US, European and Australian business practice; the multiplicity of small markets; considerable differences between markets.
- Australia offers advantages as an operating base for attacking the Asia - Pacific markets: politically stable; language, cultural and other similarities with the UK; sizeable consumer market; good business infrastructure (except shipping); favourable access to

material inputs and energy; high education levels and a skilled workforce.

- But there are disadvantages too: cultural, business practice differences with other Asia - Pacific markets; distance from the markets; small domestic market (for capital and industrial goods); high labour costs relative to other Asia - Pacific locations; high coastal and international freight rates.
- The balance of advantages and disadvantages is likely to vary by company, sector and country of origin. The Australian springboard has been used mainly for processed primary products (such as foodstuffs, non-ferrous metals, knitted yarns and fabrics) but also for automotive components and communications and office equipment.

UK Strategies for Using the Springboard

- A review of companies operating out of Australia in the Asia - Pacific markets concluded that this was most successful where: Australia is already the biggest, domestic market for a company's product in the region; and the most substantial manufacturing plant in the region is or could be located in Australia to which other corporate functions could be added.
- Many UK companies established subsidiaries in Australia behind the tariff barriers but did not look beyond the local market nor considered transferring acquired skills to other subsidiaries.
- Several reasons were given for this: lack of infrastructure in the companies to manage exports or research and development; no mandate from central HQ to develop products beyond that necessary to meet local standards; and a lack of a defined role for Australian subsidiaries in a regional or global strategy.
- So, Australia can provide a springboard to Asia - Pacific markets. UK companies have the presence in the Australian market necessary to make this possible. But to date they have generally lacked the outward and regional strategy required to make it happen.

Our study has persuaded us that there have been significant changes and new opportunities emerging which could transform Australia - UK trade and investment relations. To take advantage of these opportunities a change in perceptions and strategic thinking is required based on a broader and longer term perspective.

Australian Companies

- More outward looking export strategies have emerged in Australian manufacturing and services: a lagged response to currency depreciation and wage restraint; the use of new manufacturing techniques and technology; an increasingly open trading framework; the emergence of a growing cadre of dynamic managers prepared to take on export markets.
- 1992 presents significant potential for further broadening of Australian businesses' outward strategies. But it requires a wider perspective extending beyond the 'directives' and embracing effects on customers and suppliers.
- To sustain the development of outward strategies and to exploit the opportunities presented by 1992 may require management training and experience, perhaps through joint ventures, specifically in integrating distributed local knowledge and skills with effective central management control mechanisms.

UK Companies

- Generally, UK companies do not appear to be making the most of the more liberalised trading environment in an expanding Australian market.
- The strategies of those UK companies already present in Australia seem to be focused on the domestic market.
- The expansion of the Asia - Pacific region and the

uncertainty of the Hong Kong role after 1997 would suggest that consideration should now be given to Australia as a potential location for UK companies wishing to serve that region; it will not be suitable for some, but it should at least be considered as an option.

Complementary Collaboration

- There is emerging evidence of increasing complementarity between the two economies. One form this can take is strategic alliances.
- Such alliances have to date been largely confined to the primary sector. But we regard alliances in other areas to be potentially significant based on risk and technology sharing and on complementary and mutual support in respective regional markets.
- We have identified potential alliances in the following categories:
 - materials, minerals and agricultural processed products, combining Australian resource endowments with UK processing and marketing expertise, eg in tanning, food and wool processing;
 - input products based on Australian resource advantages and UK strengths, eg in pharmaceuticals and processing equipment such as food processing machinery and mining equipment;
 - services based on Australia's ability to cope with the 'tyranny of distance' and utilising UK marketing and technology strengths, as in transaction processing and financial services;
 - collaborative R&D and technology transfer arrangements to exploit complementary specialised research strengths, as in medical and scientific equipment, biotechnology and computer software;
 - mutually beneficial marketing arrangements based on multinational enterprise connections, such as automotive and aerospace components.

Our study has persuaded us that there is the potential for a new dynamic in Australia - UK trade and investment. It will require more outward looking strategies on the part of UK and Australian business. The respective Governments can assist by liberalising and facilitating.

Further Liberalisation

- The Australian Government has recently announced that wide-ranging tariff reductions and the elimination of quotas will be completed by 1995.
- Over the past six years the Australian Government has floated the currency, eliminated exchange controls and liberalised the financial sector.
- The UK should continue to press for reforms in the CAP through the EC; Australia should continue to lobby through the Cairns Group.
- Both the UK and Australia need to communicate better their rules regarding competition policy and M&A activity and, where these are demonstrated to be restrictive on trade and investment flows, to seek to reduce the restrictive elements.
- The UK and Australian Governments should lobby through GATT negotiations for reductions in manufacturing and especially services protection.

Governments' Facilitating Role

- The UK Government, through the Department of Trade and Industry (DTI), sees its role as creating a

suitable policy framework conducive to the development of company level initiatives.

- The Australian Government through the Department of Industry, Technology and Commerce (DITAC) and the Australian Trade Commission (AUSTRADE) has a more proactive role including formulating industry strategies for targeted sectors.
- In practice there are a number of areas of mutual interest which could form agenda items for a strengthened relationship between the DTI and DITAC/AUSTRADE:
 - The provision and dissemination of information on the benefits of the UK as a location for Australian investment and as a springboard into Europe; on the 1992 process to dispel any misconceptions held by Australian business; on Australia as a springboard into Asia - Pacific markets; on the encouragement of joint ventures through the exchange of information on areas of complementary trade;
 - The exchange of information between the DTI and DITAC/AUSTRADE on policy matters of mutual interest such as collaborative R&D and inward investment and acquisition policies;
 - The promotion of trade, investment and collaborative (especially technological) opportunities;
 - The maintenance of the renewed interest at senior Government level in Australian - UK trade and investment.



DEF (2)
Prime Minister

EDP
23/5.

PRIME MINISTER

I have just completed an interesting and successful visit to Australia and New Zealand. I thought I would write to you with a thumbnail sketch of my impressions.

AUSTRALIA

1. Political

Bob Hawke continues to dominate the political scene. I had quite a long meeting with him during which he made clear he is looking forward to his visit to the UK with his team of senior Ministers. He is glad that more British Ministers are taking a closer interest in Australian affairs.

One is very much aware of the presence of major British industrial and commercial interests in Australia. I think British companies handle nearly a quarter of all Australian exports.

I spoke to Bob Hawke on the day when both the Leaders of the National Party and the Liberal Party were deposed by their Backbenchers. Howard gave way to Peacock in the Liberal Party and, Sinclair to Blunt in the National Party. Hawke has already defeated Peacock in an election and I think he relishes the prospect of fighting him again. His comment to me on Peacock was that a Leader of a Party could be lazy and he could also have a third-rate mind but he should not be both!

Hawke gave me the impression that there was not going to be an early election for he wants to let the Australian public see Peacock in action.

2. Economy

The Australian economy has some of the problems we are facing: high inflation, their mortgage rates are 17.5%, and a growing trade deficit. They have, however, compounded their difficulties by recently introducing a tax-cutting budget as they were concerned that the real wages of many of their supporters has fallen over the last two years. This may provide some opportunities for the Opposition.

3. Science

Hawke has now turned very 'green'. Both Australia and New Zealand are affected by the hole in the ozone layer.

We have set up an arrangement whereby Australian, New Zealand and British scientists will meet later this year to talk about how they can cooperate on global environmental research. As you know we have a large commitment in the Southern hemisphere including the British Antarctic Survey. The Australians undertake research themselves and we could do things together.

We have also offered five fellowships to Australian post-graduate scientists to be administered by our Royal Society. The Australians will come to work in Britain for a period of two years. We will call these 'Endeavour Scholarships'. They were very much welcomed by Bob Hawke and you can announce them when he comes here.

4. Education

I visited several schools and colleges. They have introduced a charge for tuition fees at universities: representing about 20% of the cost. This will be repaid by all students through a graduate tax which is repayable over a long period. No benefit directly accrues to the student as a result of this and needless to say it is proving to be very unpopular in Australia.

We have about 170 teachers exchanging with Australians each year, both ways. I met about 20 British teachers in Sydney. They are not over-impressed by the Australian education system. They think there is a lot of 'chalk and talk' and not much practical work. They find the children much more difficult to handle than British children.

One of the overwhelming impressions, not only in education but in the whole of Australia, is the very powerful position the unions have. This is something which the Hawke Government has not attempted to tackle. Indeed, as the Labour Party they can't. But the position certainly takes its toll in terms of the general efficiency of the country and the education system.

NEW ZEALAND

1. Political

The Opposition, lead by Jim Bolger, is 33 points ahead in the opinion polls. Even so, he didn't come across as particularly confident!

2. Economy

This is going through the phase we passed some four or five years ago: very high levels of unemployment which are likely to get worse, stagnant investment rates, and generally a low level of activity.

Roger Douglas, the former Finance Minister, applied a form of supply-side economics but not too thoroughly. He has been sacked by Lange and there seems to be no chance of him coming back.

There is a good deal of disenchantment amongst the Labour Ministers I met. There is a lot of speculation that Lange may not survive as leader and that some time over the next two months there could be a spill motion similar to what happened in

Australia. On the other hand, Lange is still a vivid personality and there doesn't seem to be anybody who could topple him.

On the Opposition side there is a younger figure coming up called Winston Peters. He is half-Maori and people were talking very highly of him. Unfortunately he was in London during my visit.

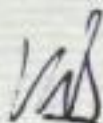
3. Science

We can do some work with the New Zealanders on environmental matters, particularly on oceanography. We are prepared to offer one fellowship alongside the Australian fellowships. This means a post-graduate New Zealander coming to the UK.

4. Education

Lange has adopted and developed our ideas. Schools are to have delegated budgets from October 1st. The Department of Education, which runs all the schools i.e. their LEA, is to be abolished and each school is in effect to become grant-maintained. This sounds quite dramatic but in fact they are not going to have as much delegated power as our schools with delegated budgets or, our GM schools. The costs of staffing are not to be delegated owing to a concession to the unions. Even so, there is a large mass of reform going through which is very much along our lines.

Needless to say the British are still very popular and welcome in New Zealand.



KB
DEPARTMENT OF EDUCATION AND SCIENCE

23 May 1989

RESTRICTED

FILE

KK



bc PC

10 DOWNING STREET
LONDON SW1A 2AA

From the Private Secretary

17 May 1989

PREMIER OF WESTERN AUSTRALIA

Thank you for your letter of 17 May about Mr. Dowding's visit. The Prime Minister is, of course, in Brussels for the NATO Summit on 29/30 May and has Prince Sultan and President Bush on 31 May and 1 June. I really do not think I can ask her to take on any more foreigners in that period and I should be grateful if the situation could be explained to Mr. Dowding.

(C. D. POWELL)

R. N. Peirce, Esq.,
Foreign and Commonwealth Office.

RESTRICTED

A red handwritten mark, possibly a signature or initials, consisting of a vertical line with a hook at the bottom and a small loop.

RESTRICTED

OK



Foreign and Commonwealth Office

London SW1A 2AH

17 May 1989

*Answer
Par your give
me a good
reason to
say no to
this.*

Dear Charles

Call on the Prime Minister by the
Premier of Western Australia

The Premier of Western Australia, Mr Dowding (Labor) will visit Britain from Monday 29 May to Sunday 4 June. Despite an outstanding invitation to come to Britain as an FCO Category I sponsored visitor, Mr Dowding's visit will be under the auspices of his own State Government.

The Foreign Secretary believes that the case for Mr Dowding to call on the Prime Minister is a marginal one but on balance recommends that the Prime Minister should receive him if she has time, principally because he was the Prime Minister's host when she visited Western Australia last year. He is likely to remain Premier for some time and British firms have substantial interests in Western Australia.

Mr Dowding would be able to call on the Prime Minister at any time between 29 May and 3 June with the exception of the morning of Tuesday 30 May.

Yours ever

R N Peirce

(R N Peirce)
Private Secretary

C D Powell Esq
PS/10 Downing Street

RESTRICTED



*the pm
cc*

10 DOWNING STREET
LONDON SW1A 2AA

From the Private Secretary

5 April 1989

Dear Paul,

COMMONWEALTH OF AUSTRALIA CONSTITUTION ACT

The Prime Minister was grateful for the Lord Chancellor's recent minute about the Commonwealth of Australia Constitution Act and the suggestion that we should try to meet the Australians' wish by offering to produce an Exemplification. She agrees that we should put this proposal informally to the Australians and seek their reactions, making clear that we cannot go any further with this.

I am copying this letter to the Private Secretaries to members of OD, Michael Saunders (Law Officers' Department) and Trevor Woolley (Cabinet Office).

*Yours sincerely,
C. D. Powell*

C. D. Powell

Paul Stockton, Esq.,
Lord Chancellor's Department.

CONFIDENTIAL

pm

CC PC ①

Prime Minister

CONFIDENTIAL

Prime Minister

Agree that we should offer Mr. Hawke an Exemplification, as

Ref: BPIACH

proposed?

Yes not

CAD
4/4

COMMONWEALTH OF AUSTRALIA CONSTITUTION ACT

1. At the OD Committee meeting on 19 July, Ministers considered a request from the Australians to have permanent custody of one of the two originals of the Commonwealth of Australia Constitution Act 1900, and agreed that neither could be permanently released without primary legislation.
2. In response to that decision our officials, in consultation with the Public Record Office (PRO) the House of Lords Record Office and, where necessary, the Palace have considered other ways in which the Australians' request could partly be met.
3. Following the OD meeting, you asked that the concept should be examined of "lodging" the PRO original with the Australians whilst it technically remained part of our national archives. When Mr Hawke last raised the matter in Canberra you explained the problems involved but said you would investigate further the "lodging" option. We have concluded that the option is not practicable. It raises the same difficulties as a permanent loan of the original document to Australia. If the original were to be lodged in Australia, it would take it out of our jurisdiction with the result that the Lord Chancellor would have no effective control over the facilities provided for its preservation and use, as required under the Public Records Act. A further refinement of the "lodging" option, that the original be deposited with the Australian High Commission in London, has been rejected because it would involve the same constraints and the Australians would be unlikely to be satisfied with having the document available for

CONFIDENTIAL

inspection by only a minority of Australians visiting London.

4. We have however identified an alternative option which might go some way towards meeting the Australians' wishes. This is to produce an Exemplification, that is, a copy of the original Act certified by Letters Patent under the Great Seal of the Realm. This would be a revival of a practice which was quite common for Acts of Parliament until the eighteenth century and was used for Chancery orders until at least the late nineteenth. To highlight the significance of the document, it is proposed that the Exemplification be authenticated by HM The Queen's Sign Manual.
5. There would be two constituent parts to the final document. The first would be Letters Patent, on vellum using the UK style and title, signed by The Queen and certifying that the copy of the Act annexed is a true copy. A copy of the proposed text of the Letters Patent, adapted from suitable precedents, is attached to this minute. The second part would be a photographic copy with the appearance of vellum of the Act in the Public Record Office, similar to the facsimile which has already been presented to Australia. The two constituent parts would then be brought together with cords in the Australian national colours and sealed with the Great Seal. The Australian government could be invited to suggest an artist to illuminate the Exemplification at the UK's expense. We believe that this would produce an attractive document carrying its own historical significance which would be worthy of permanent display. If it is agreed that the Australians should be offered an Exemplification and they accept, it would be presented this year either when Mr Hawke visits the UK in June or when I (Mackay) visit Australia in the summer.
6. The Australians have not raised the matter since the end of the Bicentenary. But that should not be taken as an indication that they have lost interest. The long summer holiday has intervened and the Australians almost certainly regard the ball as in our court, since you undertook to consider the question further when it was raised with you during your visit. Our High Commissioner believes that Mr Hawke is bound to revert to the issue in June unless it has been settled beforehand.

CONFIDENTIAL

7. It is difficult to judge how the Australians would react to an offer of exemplification. Throughout the Prime Ministerial correspondence, Mr Hawke has sought "permanent possession of the original document". It is the original which carries historical significance for Australia and it is unlikely that the Australians will be fully satisfied with anything less. Sir John Coles believes that even if they accept the offer, they will continue their efforts to secure one of the originals, either now or as the centenary of Federation and of the Constitution Act itself approaches in 2001. He nonetheless takes the view that it would be worth making the offer if we really cannot provide an original.
8. On balance we recommend that the Australians be offered an Exemplification of the Commonwealth of Australia Constitution Act. We are agreed that this is the only available option (beyond a straight rejection) which would preserve the Lord Chancellor's responsibility in respect of UK public records, and that the offer might at least earn us some good will. If you agree we will ask Sir John Coles to put the proposition informally to the Australians and seek their reactions. He would at the same time make it clear that no other solution will be put forward.
9. Copies go to members of OD, the Solicitor General and Sir Robin Butler.

M1C

Lord Chancellor's Department
FOREIGN AND COMMONWEALTH OFFICE

Draft of an Exemplification of the Australian Constitution Act

[Royal Sign Manual]

ELIZABETH THE SECOND by the Grace of God of the United Kingdom of Great Britain and Northern Ireland and of Our other Realms and Territories Queen Head of the Commonwealth Defender of the Faith

To all to whom these Presents shall come, GREETING:

WHEREAS by the desire and at the request of the Government of the Commonwealth of Australia We have inspected a certain Act passed in the Parliament held in the sixty-third and sixty-fourth years of the Reign of Our Royal Predecessor Queen Victoria and in the year of Our Lord One Thousand Nine Hundred and recorded in the Rolls of Our Chancery entitled AN ACT TO CONSTITUTE THE COMMONWEALTH OF AUSTRALIA

NOW KNOW YE THAT We have seen fit to exemplify the said Act of Parliament and Do by these Presents certify the Act hereunto annexed to be a true and perfect exemplification of the Act hereinbefore referred to and We have caused these Our Letters Patent to be made and have signed them AND WE WILL AND COMMAND Our well beloved and faithful Counsellor James Peter Hymers Lord Mackay of Clashfern Chancellor of Great Britain to seal these Our Letters with the Great Seal of Our Realm

In Witness whereof We have caused these Our Letters to be made Patent

Witness Ourselves at Westminster the day of
in the year of Our Reign

By The Queen Herself Signed with Her Own Hand

OULTON



File mem

10 DOWNING STREET
LONDON SW1A 2AA

From the Private Secretary

16 March 1989

I enclose a copy of a letter to the Prime Minister from Mr. Hawke thanking her for Britain's participation in the Australian Bicentennial celebrations.

C. D. POWELL

R. N. Peirce, Esq.,
Foreign and Commonwealth Office

an

ca/c



AUSTRALIAN HIGH COMMISSION

AUSTRALIA HOUSE
STRAND
LONDON WC2B 4LA
01-438

CD
17/3

15 March 1989

ca
no.

Have we not
seen this already?
CD

ben black.

I should be grateful if you would bring to the attention of the Prime Minister the attached letter from the Australian Prime Minister, Mr Hawke, expressing his warm thanks for the extensive and generous participation by the British Government and people in the Australian Bicentennial celebrations.

Kind regards,

David

(David Evans)
Acting High Commissioner

Mr C D Powell
Private Secretary to the Prime Minister
(Overseas Affairs)
No 10 Downing Street
LONDON SW1A 2AA

PRIME MINISTER'S
PERSONAL MESSAGE
SERIAL No. 47Ai/89



Ria Hunter (3)
COP
17/3

mf

PRIME MINISTER
CANBERRA

SUBJECT
CE MASTER
OPS

Dear Margaret,

- 6 MAR 1989

Now that our Bicentennial year has passed, I write to express the sincere appreciation of the Government and people of Australia for your country's imaginative and generous response to our Bicentennial celebrations.

Australians saw the Bicentenary not only as a significant national celebration but as a celebration of our friendship with other nations. We were delighted by the enthusiasm with which the United Kingdom involved itself in our celebrations, an involvement which reflected the close and warm bonds of friendship between our two peoples.

We were honoured that you and Denis were able to visit Australia in August.

We appreciate that Britain's high profile in Australia during 1988 was in no small measure due to the work of the Britain-Australia Bicentennial Committee which set an ambitious agenda for Britain's involvement in the Bicentenary. I would be grateful if you would convey my own thanks, together with those of the Government and people of Australia, to Sir Peter Gadsden and the members of the Committee.

We are especially grateful for Britain's generous gift of the sail training vessel 'Young Endeavour' which took part in the Tall Ships event; and that Britain was able to participate in the Bicentennial Naval Salute, the Bicentennial International Air Show, the Bicentennial Military Tattoo, World Expo 88, the International Mathematical Olympiad, the Youth Skill Olympics and numerous sporting events, cultural activities and international conferences.

I take this opportunity to add my personal thanks and warmest greetings.

Yours sincerely
Bob

The Rt Hon Margaret Thatcher, MP
Prime Minister
LONDON

dti

the department for Enterprise

②
CCPCPrime Minister
cap
16/9.

PRIME MINISTER:

VISIT TO AUSTRALIA AND NEW ZEALAND

Lady Young and I paid an official visit to Australia from 29 August to 3 September. We then visited New Zealand as guests of the Government from 3 September to 8 September.

AUSTRALIA

My objective in Australia was to build on the success of your visit, and, in particular, to maintain the momentum in the fields of trade and investment.

All the ministers and businessmen I met spoke warmly of your visit. It was also clear that the ministers welcomed your initiative in proposing a return match next summer. In my meeting with Hawke, he agreed that it would be a good idea to organise a conference of British and Australian businessmen to coincide with the ministerial visit. Indeed, a similar suggestion had been put forward by the Australian equivalent of the CBI. I intend to write to my Australian counterpart in the next few weeks proposing outline arrangements for the conference and an outline agenda.

It came as something of a culture shock to find a Labour Government fostering such sensible economic policies. I met several ministers as well as Hawke, including Keating (Treasurer), Duffy (Minister for Trade Negotiations) and Senator Button (Minister for Industry, Technology and Commerce). My discussions covered a wide range of aspects of economic, industrial and trade policy. They could not have been conducted

in a more constructive and friendly atmosphere. Australian ministers were appreciative of our efforts in pressing for reform of the CAP. Obviously, however, they would prefer it if the pace of change could be accelerated.

In my speaking engagements and in my meetings with businessmen, I concentrated on the success of the British economy and the opportunities for trade and investment flowing in both directions. I built on your message that Australia and the UK have much to offer one another, in particular pointing out the advantages of using the UK as a gateway into Europe and of using Australia as a springboard into the Pacific rim.

My decision to refer the Goodman Fielder Wattie bid for Rank Hovis McDougall to the Monopolies and Mergers Commission was, not surprisingly, misunderstood by many people as a political act designed to prevent a British household name from falling into Australian hands. This might well have detracted from my message that the UK would welcome investment from Australia and New Zealand. I therefore took every opportunity to explain the concerns about competition in the bread market which led to the referral. I covered the point at some length in one of my speeches, which was reproduced in the influential Australian Financial Review.

There is no suggestion that the Australians will react to the GFW decision by seeking to block British investment in Australia. It was helpful that I was able to explain the genuine - if indirect - competition concerns which led to the referral. But the issue was raised at nearly every meeting and I believe that this illustrates how important it is that merger decisions are taken primarily on competition grounds. If we are seen to react to jingoistic political pressure, our companies will quickly find overseas investment opportunities blocked to them.

NEW ZEALAND

In contrast to Australia, there is much pessimism about the state of the New Zealand economy. Output is stagnant and unemployment is rising fast. But this masks impressive achievements. The New Zealand Government has reduced inflation from 25% to 3% and is successfully tackling the problems of overmanning and inefficiency in its nationalised industries, as a preparatory step towards wholesale privatisation. The situation is very similar to the UK's in the early 1980s. I was constantly asked, both by businessmen and ministers, about the measures we had taken in the UK to stimulate new businesses and to reduce unemployment.

The main external issue on New Zealanders' minds is the state of world trade in agriculture. New Zealand is concerned that its preferential access to the British and European markets for butter and for sheep meat should be maintained. I was able to assure them that Britain wished to see a satisfactory outcome to these issues.

Australia and New Zealand are both likely to play an important role in bridging the gap between the EC and the US on the liberalisation of trade in agriculture during discussions in the current GATT round. As this is likely to be one of the most important issues discussed at the GATT mid-term meeting in Montreal in December (which I shall attend), it was very useful to have had a series of meetings with the ministers who will be leading both the Australian and New Zealand delegations. It was also helpful to be able to assure ministers in both countries that the completion of the single market in Europe will not lead to any new barriers being erected externally.

It appears likely that the New Zealand privatisation programme will involve many sales of assets to overseas investors because the New Zealand capital markets are not developed enough to absorb so much stock so quickly. I pressed the case for British companies being allowed a fair crack at the whip, particularly the case of British Airways who are in competition with Qantas to buy a stake in Air New Zealand. A decision on this is imminent.

I should place on record my appreciation of the efforts of John Coles and Robin Byatt and their staffs for making such excellent arrangements for my visits.

I am copying this minute to Nigel Lawson, Geoffrey Howe and John MacGregor.



DY

16 September 1988

Department of Trade & Industry

UNCLASSIFIED

016100
MDLIAN 2324

UNCLASSIFIED
FM CANBERRA
TO PRIORITY FCO
TELNO 694
OF 260347Z AUGUST 88
AND TO PRIORITY DTI, HM TREASURY
INFO ROUTINE BANK OF ENGLAND, ECGD, UKDEL IMF/IBRD, UKDEL OECD,
INFO ROUTINE WELLINGTON
INFO SAVING WASHINGTON, TOKYO, SYDNEY, MELBOURNE, PERTH, BRISBANE

DTI FOR (OT4/2).

mb

(CULL)

AUSTRALIAN FEDERAL BUDGET 1988/89
SUMMARY

1. BUDGET MAINTAINS GOVERNMENT'S EFFORTS TO ENCOURAGE ECONOMY TO RESTRUCTURE AND BECOME MORE PRODUCTIVE AND INTERNATIONALLY COMPETITIVE. CONTINUED FISCAL RESTRAIN WITH LARGE SURPLUS, ZERO PSBR AND FURTHER DECLINE IN FEDERAL GOVERNMENT SPENDING. RENEWED ATTACK ON INFLATION. MODEST REDUCTIONS IN INDIRECT TAXATION. PERSONAL TAX CUTS PROMISED NEXT YEAR BUT SIZE TO BE LINKED TO LEVEL OF NEXT YEAR'S NEGOTIATED NATIONAL WAGE INCREASE. EXTRA EXPENDITURE ON EDUCATION AND WELFARE PROGRAMMES FOR THE POOREST. A TAX ON GRADUATES. FURTHER BANKING DEREGULATION. OVERSEAS INVESTMENT STRONGLY ENCOURAGED. 3.5 PER CENT GDP GROWTH FORECAST. PACKAGE GENERALLY WELCOMED.

DETAIL

2. PRESENTING HIS SIXTH BUDGET TO PARLIAMENT THIS WEEK MR KEATING PAINTED AN ENCOURAGING PICTURE OF AN ECONOMY NOW EMERGING FROM SEVERE ECONOMIC CRISIS AND ON AN IMPROVING TREND WITH INFLATION, THE CURRENT ACCOUNT DEFICIT AND UNEMPLOYMENT FALLING, RESTRUCTURING IN PROGRESS AND GROWING INTERNATIONAL COMPETITIVENESS. TO ENSURE THAT THE GAINS WERE CONSOLIDATED IT WAS ESSENTIAL TO STICK TO THE GOVERNMENT'S TOUGH POLICY MIX.

MAIN FORECASTS

3. THE BUDGET FORECASTS GDP GROWTH AT 3.5 PER CENT FOR 1988/89, ABOUT THE SAME AS LAST YEAR. THE WHOLE OF THIS WILL COME FROM DOMESTIC DEMAND, THE LARGEST COMPONENT BEING INVESTMENT IN PLANT AND EQUIPMENT FORECAST TO RISE 12 PER CENT IN REAL TERMS. INFLATION IS FORECAST TO FALL TO 4.5 PER CENT BY MID 1989 FROM ITS CURRENT

ANNUALIZED RATE OF JUST UNDER 7 PER CENT. THE CURRENT ACCOUNT DEFICIT IS FORECAST TO FALL FROM DOLLAR 11.9 BILLION LAST FY TO DOLLAR 9.5 BILLION (3 PER CENT OF GDP), MAINLY BECAUSE OF PREDICTED CONTINUED BUOYANCY IN COMMODITY PRICES.

EXPENDITURE

4. PUBLIC EXPENDITURE IS TO FALL BY A FURTHER 1.8 PER CENT IN REAL TERMS, MAINLY AS A RESULT OF PREVIOUS SPENDING CUTS. MR KEATING CLAIMED THAT NO MAJOR OECD COUNTRY HAS REDUCED THE SIZE OF THE GOVERNMENT SECTOR ON THE 'VAST SCALE' ACHIEVED IN AUSTRALIA SINCE 1984/85. (HE ALSO CLAIMED THAT AUSTRALIA'S RATE OF JOB GROWTH WAS 'UNMATCHED IN THE WESTERN WORLD'.)

5. SOME MODEST INCREASES IN SOCIAL WELFARE PROGRAMMES WERE ANNOUNCED AIMED AT HELPING PARTICULARLY DISADVANTAGED GROUPS INCLUDING LOW INCOME AND SINGLE PARENT FAMILIES AND ABORIGINALS, TOGETHER WITH NEW SCHEMES TO ENCOURAGE THE LONG TERM UNEMPLOYED TO RETRAIN AND SINGLE PARENTS TO RE-ENTER THE WORK FORCE, AND INCREASED SPENDING ON HOSPITALS. 40,000 NEW TERTIARY EDUCATION PLACES ARE TO BE CREATED OVER NEXT THREE YEARS.

REVENUE

6. A 2.1 PER CENT INCREASE IN REAL TERMS IS FORECAST MAINLY OWING TO BUOYANT INCOME TAX RECEIPTS.

7. CUTS IN INDIRECT TAX COSTING DOLLAR 400 MILLION IN 1988/89 ARE TO BE INTRODUCED, MAINLY INVOLVING REDUCED SALES TAX ON BEER, COSMETICS, PHOTOGRAPHIC MATERIALS AND COMPUTER SOFTWARE. THE TAX TREATMENT OF BEER IS RADICALLY ALTERED WITH IMMEDIATE EFFECT BY INTRODUCING A SALES TAX OF 20 PER CENT WHILE DRASTICALLY CUTTING EXCISE DUTY WITH MORE FAVOURABLE TREATMENT FOR LOW ALCOHOL BEER DESIGNED TO ENCOURAGE ITS CONSUMPTION. AS A RESULT THE PRICE OF BEER WILL FALL SIGNIFICANTLY.

8. A 'HIGHER EDUCATION CONTRIBUTION SCHEME' IS TO BE INTRODUCED UNDER WHICH GRADUATES WILL BE REQUIRED TO REPAY ABOUT ONE FIFTH OF THE COST OF THEIR COURSES BY AN ADDITION TO INCOME TAX OF 1 PER CENT WHEN THEIR INCOME REACHES AVERAGE EARNINGS, WITH PROGRESSIVE INCREASES APPLYING AT HIGHER INCOME LEVELS UP TO A MAXIMUM TAX OF 3 PER CENT.

BUDGET SURPLUS AND PUBLIC SECTOR BORROWING REQUIREMENT

9. THE PROJECTED BUDGET SURPLUS IS DOLLAR 5.5 BILLION. THE SURPLUS WILL EXCEED THE FORECAST COMBINED BORROWING OF ALL STATE AND LOCAL GOVERNMENT AUTHORITIES AND PUBLIC ENTERPRISES THUS REDUCING NET PSBR TO ZERO, 'AN ACHIEVEMENT WITHOUT PRECEDENT IN OUR HISTORY'.

ANTI-INFLATION STRATEGY

10. MR KEATING DESCRIBED INFLATION AS AUSTRALIA'S NUMBER ONE ECONOMIC DISEASE. ITS ERADICATION WAS A FUNDAMENTAL OBJECTIVE. THE INDIRECT TAX CUTS WOULD HELP BRING IT DOWN (BY ABOUT ONE HALF PER CENT), AS WOULD THE WAGE/TAX TRADE-OFF TO BE NEGOTIATED WITH THE UNIONS. IN RETURN FOR CONTINUED WAGE RESTRAINT THERE WILL BE CUTS IN PERSONAL TAX TO BE INTRODUCED FROM 1 JULY 1989, THE SIZE OF THE CUTS TO BE RELATED TO WAGES GROWTH DURING 1988/89 AND THE QUALITY OF THE TRADE-OFF. (THE APPRECIATION OF THE DOLLAR THIS YEAR IS ALSO EXERTING DOWNWARD PRESSURE ON THE INFLATION RATE: THE TRADE WEIGHTED INDEX HAS RISEN 20 PER CENT SINCE JANUARY AND THIS IS FORECAST TO TAKE ABOUT 1.5 PER CENT OFF THE INFLATION RATE.)

AUSTRALIAN INVESTMENT ABROAD

11. MR KEATING REFERRED WITH WARM APPROVAL TO THE RAPID GROWTH OF OVERSEAS INVESTMENT, WHICH HAD RISEN FIVE TIMES IN VALUE SINCE THE DOLLAR WAS FLOATED AND EXCHANGE CONTROLS REMOVED IN 1983. AND NOW TOTALLED 34 BILLION DOLLARS. THIS INVESTMENT ACTED AS A COUNTER-WEIGHT TO THE DEBT BURDEN AND WOULD CONTRIBUTE TO HIGHER LIVING STANDARDS. IT WAS EVIDENCE THAT THE ECONOMY HAD ENTERED A 'NEW AGE OF AUSTRALIAN INTERNATIONALISM'.

BANKING DEREGULATION

12. THE DISTINCTION BETWEEN TRADING AND SAVINGS BANKS IS TO BE ABOLISHED AND THE STATUTORY RESERVE DEPOSIT ARRANGEMENTS UNDER WHICH TRADING BANKS ARE REQUIRED TO MAINTAIN DEPOSITS EQUIVALENT TO 7 PER CENT OF THEIR DOLLAR DEPOSITS AT AN ARTIFICIALLY LOW RATE OF INTEREST IS TO BE REPLACED OVER THREE YEARS BY A MUCH LESS ONEROUS SYSTEM UNDER WHICH ALL LICENSED BANKS WILL HAVE TO HOLD DEPOSITS EQUIVALENT TO 1 PER CENT OF TOTAL LIABILITIES. THESE MOVES WILL REMOVE DISTORTIONS IN THE BANKING SYSTEM AND EXERT DOWNWARD PRESSURE ON INTEREST RATES.

OPPOSITION REACTION

13. THE BUDGET HAS BEEN GENERALLY APPROVED BY MOST MAJOR INTEREST GROUPS AND OPPOSITION ATTACKS HAVE RUNG HOLLOW. THEY HAVE CONCENTRATED ON CRITICISING THE SURPLUS AS BASED MORE ON HIGH TAXATION THAN REDUCED EXPENDITURE, CHALLENGING SOME OF THE FORECASTS AS UNDULY OPTIMISTIC, ATTACKING THE PACE OF STRUCTURAL REFORM AS TOO SLOW AND CLAIMING THAT THE CUTS IN PERSONAL TAXATION SHOULD HAVE BEEN MADE NOW AND THAT THE DELAY UNTIL NEXT YEAR IS MOTIVATED BY CYNICAL ELECTORAL CALCULATIONS.

UNCLASSIFIED

016100
MDLIAN 2324

COMMENT

14. ANOTHER EFFECTIVE AND POLITICALLY ADROIT PERFORMANCE BY MR KEATING. THE GOVERNMENT CAN JUSTIFIABLY CLAIM MUCH OF THE CREDIT FOR THE CURRENT IMPROVEMENT IN THE ECONOMY, THOUGH THEY HAVE BEEN GREATLY HELPED BY THE RECENT RISE IN COMMODITY PRICES WHICH HAS NOW RESTORED AUSTRALIA'S TERMS OF TRADE TO 1984/85 LEVELS. ESSENTIALLY THE BUDGET IS A HOLDING OPERATION DESIGNED TO KEEP THE ECONOMY ON COURSE WHILE PREPARING FOR THE WAGE/TAX TRADE-OFF NEXT YEAR WHICH THE GOVERNMENT CLEARLY ENVISAGES AS BOTH ECONOMICALLY IMPORTANT AND A POTENTIAL ELECTION WINNER. MR KEATING INDICATED THIS WEEK THAT HE REGARDS A CUT IN THE TOP RATE OF INCOME TAX FROM ITS PRESENT LEVEL OF 49 PER CENT TO 39 PER CENT AS A REALISTIC TARGET.

15. THE ECONOMY REMAINS FRAGILE. THE PACE OF STRUCTURAL CHANGE IS SLOW, WITH THE SHARE OF MANUFACTURED GOODS IN TOTAL EXPORTS STILL VERY SMALL AND MANY RIGIDITIES IN THE WAGE SYSTEM AND OTHER AREAS. MR KEATING REFERRED IN HIS BUDGET SPEECH TO THE "DEEPLY ENTRENCHED INEFFICIENCIES" IN TRANSPORT AND COMMUNICATIONS, PORTS AND COASTAL SHIPPING WHICH THE GOVERNMENT HAD STARTED TO TACKLE, AS WELL AS EXAMINING "ECONOMIC BOTTLENECKS" IN THE TOURISM AND SERVICES INDUSTRIES AND THE IMPACT OF GOVERNMENT CHARGES ON BUSINESS THE IMPROVING TREND IN THE CURRENT ACCOUNT DEFICIT IS ENTIRELY ATTRIBUTABLE TO THE RISE IN COMMODITY PRICES, AND THE BUDGET PAPERS FORECAST THAT IN VOLUME TERMS IMPORTS WILL CONTINUE TO GROW FASTER THAN EXPORTS.

16. MR KEATING'S STATEMENT HAS BEEN FAXED TO SPD, FCO AND OT4/2, DTI. SETS OF BUDGET DOCUMENTS DESPACHED IN THIS WEEK'S BAG TO FCO ECONOMISTS DEPARTMENT, DTI, TREASURY AND BANK OF ENGLAND.

COLES

FCO PLEASE PASS SAVING TO WASHINGTON, TOKYO

YYYY

DISTRIBUTION

184

MAIN 178

FINANCIAL SPD

ADDITIONAL 4



W
SA
CCPC

10 DOWNING STREET
LONDON SW1A 2AA

From the Private Secretary

22 August 1988

BRISBANE: EXPO 88

The Prime Minister has seen your Secretary of State's minute of 18 August about Brisbane: Expo 88, and has commented that she looks forward to discussing this with him on his return.

P. A. BEARPARK

Neil Thornton, Esq.,
Department of Trade and Industry

SA

PRIME MINISTER

Pirm Brisbane 2

BRISBANE: EXPO '88

Look forward to the

discussion

One of my very first acts on coming to this Department was to confirm the decision of my predecessor not to support a contribution of a quarter of a million pounds from my Export Promotion Vote towards the cost of a British Pavilion at the Brisbane Exposition. I thought it might help if I were to rehearse the reasons why I so decided.

My Department spends about £12 million each year towards encouraging exporters, particularly those exporting for the first time, to venture overseas to show their products at international trade fairs.

The difficulty with Expositions is that they are not directly related to particular products or individual companies' activities. Indeed, as they are aimed at the general public rather than a specialist audience, they are not regarded by industry as particularly effective occasions for promoting our exports.


The clearest market demonstration of this arose from a lunch we funded through the Australia and New Zealand Trade Advisory



the department for Enterprise

Committee. This enabled Tim Eggar to speak to a cross section of businessmen and bankers to invite them to put up financial support in exchange for promotional advertising in some form. I have to report that not one company came forward with an offer.

It may well be that there is a very good but different case to be made for taking space at Expositions. I am just not sure that it is one that should be made out of specific export promotion funds but I shall be visiting Expo '88 with an open mind and would like to take the opportunity to raise this matter with you on my return.



DY

Department of Trade & Industry

18 August, 1988

CONFIDENTIAL

file

ECU



bc HMA Canberra

PC

CC AUSTRALIA relations

10 DOWNING STREET

LONDON SW1A 2AA

7 August 1988

original on file for PA: PM's visit to Australia May 1988

From the Private Secretary

Dear Bob,

AUSTRALIA

Following her visit to Australia the Prime Minister has commented that she thinks Australia deserves greater priority in our foreign policy. She was impressed by the extent of our commercial interests in Australia and by the potential for creating a closer and more productive political relationship.

In order to give a higher profile to the relationship, and to set a target for strengthening ties, the Prime Minister invited the Prime Minister of Australia to visit Britain at a time to be arranged in 1989 and to bring with him two or three key Ministers for talks with their opposite numbers. Mr. Hawke accepted the invitation. The Prime Minister hopes that agreement can now be reached on dates and on which Ministers should be involved. In addition to political talks, she hopes that the possibility of an Anglo-Australian Trade Conference, to be convened in London at the time of the visit, can be examined. She wants the visit to be something out of the ordinary.

The Prime Minister is glad that the Secretary of State for Trade and Industry and the Secretary of State for Defence are to visit Australia, in September and March respectively. She hopes that both visits will underline the new priority accorded to Australia in our thinking and will lead to an increased interest by British industry in the Australian market for both civil and defence exports. She also hopes that Mr. Younger's visit will give fresh emphasis to the more general defence relationship.

It is useful that visits are planned in the next few months by the Speaker, the Lord Chancellor, the Attorney-General, Mrs. Lynda Chalker and Mr. Robert Jackson. These plans will also demonstrate that Australia is receiving full attention in London and will create opportunities for advancing British interests.

The Prime Minister also wishes Ministers concerned to ensure that staff in their Departments are given clear directions to take advantage of the momentum created by her visit, and indeed that sufficient staff are available to do this. This applies in particular to DTI. The Prime Minister wants to be sure that adequate staff are available there to follow up export opportunities. She thinks it short-sighted of the DTI to have declined to contribute to the British Pavilion at EXPO 88.

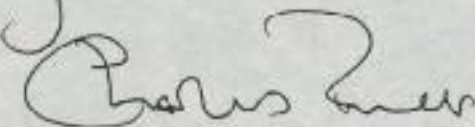
CONFIDENTIAL

CONFIDENTIAL

- 2 -

The Prime Minister would like an interim report of action being taken to follow up her visit by 1 December.

I am copying this letter to Brian Hawtin (Ministry of Defence), Neil Thornton (Department of Trade and Industry), Paul Stockton (Lord Chancellor's Department), Michael Saunders (Attorney-General's Office) and Peter Wardle (Mr. Robert Jackson's office, Department of Education and Science).

Yours sincerely,


(CHARLES POWELL)

R.N. Peirce, Esq.
Foreign and Commonwealth Office.

CONFIDENTIAL



FROM THE PRIVATE SECRETARY TO THE LEADER OF THE HOUSE
AND THE CHIEF WHIP

29 July 1988

Dear Cheryl, ^{20/1/8}

AUSTRALIA CONSTITUTION ACT

at Nat
(20 July)

I have had sight of your letter to Paul Stockton of 25 July. It is not entirely clear whether you still consider the "lodging" of the House of Lords Record Office copy of the Act to be a possibility. Your third sentence, I note, relates only to the PRO copy.

As you will know, the copy kept in the House of Lords Record Office is the "Original Act", endorsed by the Clerk of the Parliaments. It is part of a series dating from 1490. The House of Lords Record Office is, of course, the Record Office for Parliament as a whole. Any attempt to remove the Lords Record Office copy from the Victoria Tower would therefore be likely to arouse the most spirited resistance in both Houses.

I am sending a copy of this letter to Paul Stockton (Lord Chancellor's Department), Stephen Wall (Foreign and Commonwealth Office), Alison Smith (Lord President's Office), Nick Gibbons (Lord Privy Seal's Office), Brian Hawtin (Ministry of Defence), Michael Saunders (Law Officers Department) and Trevor Woolley (Cabinet Office).

Sincerely,
R H Walters

R H WALTERS

C D Powell Esq
No 10 Downing Street

AUSTRALIA : Relations PT 2



CONFIDENTIAL

5



Foreign and Commonwealth Office

London SW1A 2AH

28 July 1988

Dear Charles

*CDP
20/7.*

Australia Constitution Act

In his letter of 25 July, Paul Stockton suggested that it might be consistent with the Public Records Act for one of the originals of the Australia Constitution Act to be "held" by the Australians at the Australian High Commission in London.

We do not think that this would satisfy the Australians. Mr Hawke clearly hoped that one of the originals could remain in Australia on permanent loan, and it seems difficult to believe that he would regard having it "lodged" in one building in London, albeit an Australian one, rather than another as a serious answer to his request.

We still owe a reply to Mr McLeay, the Leader of the Australian Parliamentary Delegation who raised the question of the Constitution Act with the Prime Minister on 13 April (your letter of 13 April to Robert Culshaw). We recommend that we should not say anything to him until after the Prime Minister has seen Mr Hawke in Canberra. You will have noted from Canberra telno 622 that Mr Coles has told the Australian Cabinet Secretary that the conclusion has been reached that we could not meet the Australian request for an original of the Constitution Act.

I am copying this letter to Alison Smith (Lord President's Office), Nick Gibbons (Lord Privy Seal's Office), Brian Hawtin (MOD), Michael Saunders (Law Officers Dept) and Trevor Woolley (Cabinet Office), and Paul Stockton (Lord Chancellor's Department).

Yours ever

R N Peirce

(R N Peirce)
Private Secretary

C D Powell Esq
PS/No 10 Downing Street

FROM THE PRIVATE SECRETARY



cc ~~AC~~
HOUSE OF LORDS,
LONDON SW1A 0PW

RESTRICTED

25 July 1988

C D Powell Esq
10 Downing Street
LONDON SW1A 2AA

C D P
20/7

Dear Charles,

AUSTRALIA CONSTITUTION ACT

Thank you for your letter of 20 July.

We shall certainly see that the Prime Minister's suggestion will be considered, so that one of the originals could be "held" by Australia, or "lodged" with them, in a way which is consistent with the Public Records Act. Holding it at the Australian High Commission in London might be a possibility.

I am copying this letter to Stephen Wall (Foreign and Commonwealth Office), Alison Smith (Lord President's Office), Nick Gibbons (Lord Privy Seal's Office), Brian Hawtin (Ministry of Defence), Michael Saunders (Law Officers Department) and Trevor Woolley (Cabinet Office).

Paul Stockton

AUSTRALIA: *Wabrom*

PT2



CONDENSATOR



RESTRICTED



10 DOWNING STREET
LONDON SW1A 2AA

From the Private Secretary

20 July 1988

AUSTRALIA CONSTITUTION ACT

It was agreed at OD yesterday to give further thought to ways in which the wish of the Australians (and some other Commonwealth countries) to have original copies of their Constitution Acts could be partly assuaged, given we could not meet it in full. One possibility, to which the Prime Minister would like further consideration to be given, is the concept of one of the originals being "held" by Australia (and other Commonwealth Governments) or "lodged" with them. This would mean that the copy would remain part of the PRO's records but lodged outside its premises. This does of course already happen with some other categories of document such as the papers of Prime Ministers. Could this please be added to the various ideas which are to be examined.

I am copying this letter to Stephen Wall (Foreign and Commonwealth Office), Alison Smith (Lord President's Office), Nick Gibbons (Lord Privy Seal's Office), Brian Hawtin (Ministry of Defence), Michael Saunders (Law Officers Office) and Trevor Woolley (Cabinet Office).

(C. D. POWELL)

Paul Stockton, Esq.,
Lord Chancellor's Department.

RESTRICTED

Sir Robin Butler

Yes, please: I
have also written
out on the subject

Ref. A088/2203

SIR ROBIN BUTLER

Miss Bowdery

Mr Powell
I think that the solution to
this problem could lie in the first sentence
of para. 2, rather than in a loan. Pl. let
me know if you would like me to pursue.

REB

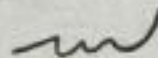
19.7.

Presentation of Constitution Acts

You asked me whether public records could be held outside the Public Records Office and the implications of this for the discussion about the Commonwealth of Australia Act 1900. I have consulted Mr Stevens in Miss Andrews' absence on leave.

2. Public records can certainly be held outside the Public Records Office, and many are. The Public Records Act also permits the loan of public records overseas. Mr Stevens was of the view from his perusal of the Act that there was no specific objection to a permanent loan of a public record outside the country. However, this is contradicted by the first sentence of paragraph 7 of OD(88)9. As a layman, I would not necessarily have interpreted the absence of a provision to make a permanent loan as a bar on making such a loan. But the Lord Chancellor's Department are the experts in this area.

3. I think if we wish to pursue this point further, you would need to talk to Sir Derek Oulton. (I understand from Mr Nicholls that discussion at OD centred more on the question of setting precedents and opening floodgates than the legal or other impediments to the document going to Australia.)



T A WOOLLEY

19 July 1988

PRIME MINISTER

PRESENTATION OF CONSTITUTION ACTS

There is to be an OD on Tuesday to look at the question whether we should let Australia - and other Commonwealth countries - have one of the original copies of their Constitution.

The attached paper by the Lord Chancellor and the Foreign Secretary sets out the arguments fairly. It is clear that a short enabling Bill will be required if we decide to hand over the Constitutions.

Historical and archival arguments are against handing them over. The two crucial questions are:

- do the political benefits of offering Australia and other Commonwealth countries their Constitutions outweigh the arguments against breaking up the archive?
- what will be the reaction in Parliament to this proposal? Is there likely to be a strong historical/academic/parliamentary lobby opposed to it (particularly within the Government's own ranks)?

If it is agreed that we should go ahead with legislation, the meeting will need to decide what can be said to the Australians at the time of your visit.

C.P.P.

mt

Charles Powell

15 July 1988

CPU
1/25/69



CONFIDENTIAL

B.0187

PRIME MINISTER

c Sir Robin Butler

PRESENTATION OF CONSTITUTION ACTS
OD Meeting at 12 noon on Tuesday 19 July
OD(88)9

CONCLUSION

Subject to discussion, the Committee might be guided:

a. to agree that:

i. subject to the passage of the necessary empowering legislation, the copy of the Commonwealth of Australia Act 1900 currently deposited in the Public Record Office (PRO) should be presented to the Australian Government on permanent loan;

ii. similar copies of Acts granting independence to other Commonwealth countries should be made available to those countries should they request this;

b. to invite the Lord Chancellor to arrange for the necessary legislation to be drafted.

CONFIDENTIAL

CONFIDENTIAL

BACKGROUND


2. The Australian Government have asked for the permanent loan of one of the two originals of the Commonwealth of Australia Constitution Act. At your meeting on 4 July, you invited the Lord Chancellor and Foreign and Commonwealth Secretary to prepare a joint paper for the Committee which would examine ways in which we might allow Commonwealth countries to have an original copy of their Constitution Act.

3. Two originals are made of each Act: one is deposited in the House of Lords, the other in the PRO. It would be simpler (and quicker) to make the House of Lords copy available: it is not a public record as such and its release requires, at most, merely an affirmative vote in both Houses. Release of the PRO copy would require enabling legislation; this should empower the release of other original Constitution Acts, should the countries in question ask for them (or, in the case of newer countries, copies of the relevant Statutory Instruments), without opening the floodgates for the release of other categories of record.

ATTENDANCE

4. All members of the Committee will be present, except for the Secretary of State for Defence, who will be represented by the Minister of State for the Armed Forces. The Lord Chancellor and Solicitor General have been invited to attend.

[Chancellor
g to
Exchequer
probably
absent].



CONFIDENTIAL

HANDLING

5. The Lord Chancellor and Foreign and Commonwealth Secretary should be invited to introduce the paper. Discussion thereafter should cover the following aspects:

A. The case for release

The breaking of archives going back some 500 hundred years could be criticised. Would this be the first occasion? (Lord Chancellor) Canada was content with a facsimile copy of her Act. Is the release of an original justified in Australia's case? Would permanent loan be preferable to gifting? (Lord Chancellor, Foreign and Commonwealth Secretary)

B. Implications of release

Having agreed to Australia's request it would be very difficult to refuse similar requests. Canada and India could be expected to follow suit. Would a flood of applications be likely? How would the Foreign and Commonwealth Secretary propose to deal with requests from the federal Australian states and Canadian provinces, and from states constituting the former Malayan Federation and Association of West Indian states? (Foreign and Commonwealth Secretary)

C. Version to be presented

The House of Lords version is more authentic than that housed in the PRO and its release should be

CONFIDENTIAL

more straightforward. Is there a case for letting Australia have this version? Might the PRO version be seen as second-best? (Lord Chancellor, Foreign and Commonwealth Secretary) Given the pressures on the legislative programme, the Lord President should say how soon room could be found for a bill empowering the release of originals of Constitution Acts held in the PRO.

D. Nature of legislation

The Memorandum suggests that, in the interests of flexibility, an Act empowering the Lord Chancellor to present a copy of the Constitution Act to the country concerned would be the best legislative approach. The Lord Chancellor should elaborate. Would such a bill be short? Would it be controversial? How difficult would it be to discourage amendments which sought to widen its scope to embrace other classes of record? The Lord President and Lord Privy Seal should also comment. Given that it would be within the discretion of the Government of the day to agree to a request for a particular document, how damaging would it be if a widening amendment were passed? (Lord Chancellor) Is it agreed that it would be tactless to include in any legislation provision for guarantees about proper preservation of

CONFIDENTIAL

the Constitution Act and availability to the public? The Foreign and Commonwealth Secretary should speak on this.

E. Reply to Australian request

If release of the PRO version is agreed, should the Australians be told at this stage? Would it be embarrassing if this became public now? (Foreign and Commonwealth Secretary, Lord Chancellor)

P. J. Weston

P J WESTON

15 July 1988

74 bc PC

SUBJECT CC MASTER



10 DOWNING STREET
LONDON SW1A 2AA

From the Private Secretary

4 July 1988

COMMONWEALTH OF AUSTRALIA CONSTITUTION ACT

The Prime Minister had a discussion this afternoon with the Lord Chancellor and the Foreign Secretary to discuss the Australian request for a permanent loan of one of the two originals of the Commonwealth of Australia Constitution Act.

The Prime Minister said that the birth of a nation was a remarkable event and not to have it legitimised by a birth certificate must be galling, especially when the foster parents had two. She wondered how people in this country would feel if somebody else had two copies of the Magna Carta and we had none. She thought we were being selfish in refusing the Australians, and eventually other Commonwealth countries, one of the two copies of their Constitutions. She recognised the risk that they would press for the return of other documents and artefacts but believed it would be possible to limit any concession to each country's Constitution Act alone.

The Lord Chancellor said that he had a lot of sympathy with the Australian request and had originally thought it right to agree to it. But the Public Records Act of 1958 gave him the responsibility of supervising the care and preservation of the Public Records. He did not believe he could permit the original copy in the Public Records Office (PRO) of such an important document to be given away without a further Act of Parliament. He had considered whether the power given to him in the Act to deposit a document in a place outside the PRO if there were suitable facilities and inspection by the public was assured, but there was no evidence that this power applied outside the United Kingdom. Although it was true that we had two copies, only one was in the PRO: the other was a Parliamentary record and not under his control. He did not like the fiction of a permanent loan: either we should decide to make a gift of the Constitution Act or not.

The Foreign Secretary said that his original reaction had been very similar to that of the Lord Chancellor but also shared his view of the great difficulties. It was instructive

that the Canadians had been presented with a facsimile copy of their Constitution and had not subsequently reverted to the issue of having an original.

The Prime Minister said that it was clear that the instincts of all three of them were the same. In those circumstances, she thought it right to try to find a way around the obstacles. She did not think that we could offer the Parliamentary copies of the Constitution Acts since it was those copies which actually legitimised the Constitutions. The issue only concerned, therefore, the copy in the PRO. It would be important to ring-fence any concession so that it was limited to National Constitution Acts and did not extend to any other documents. There might be difficulties in some cases, for instance where a country had been divided after Independence. But she did not believe these were insurmountable. A short paper should be prepared for OD which should examine ways in which we could provide Commonwealth countries with one of the originals of their Constitution Act, where it was clear who had the legitimate title and subject to guarantees about preservation and availability to the public. The paper should also consider what legislation to give effect to such a decision would involve.

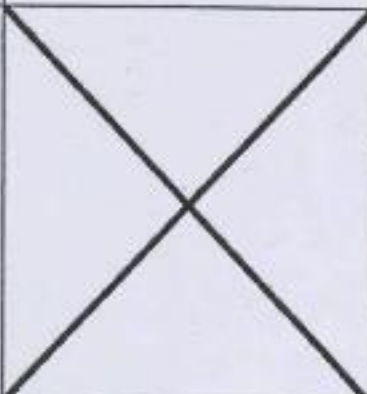
bxn
I should be grateful if a paper could be prepared as soon as possible, with the option of a discussion in OD before the Prime Minister's departure for Australia on 29 July. I imagine it should be a joint paper between the Lord Chancellor's Office and the Foreign and Commonwealth Office.

I am copying this letter to Paul Stockton (Lord Chancellor's Office), Philip Mawer (Home Office), Brian Hawtin (Ministry of Defence), Alex Allan (HM Treasury) and Alison Smith (Lord President's Office). + *Trevor Wooley*

C. D. POWELL

A. C. Galsworthy, Esq., C.M.G.
Foreign and Commonwealth Office

A The National Archives

DEPARTMENT/SERIES <i>PREM 19</i> PIECE/ITEM <i>2588</i> (one piece/item number)	Date and sign
Extract details: <i>Minute from Gradock to Posen dated 1 July 1988, with attachment</i>	
CLOSED UNDER FOI EXEMPTION	
RETAINED UNDER SECTION 3(4) OF THE PUBLIC RECORDS ACT 1958	<i>15 October 2016 PWayland</i>
TEMPORARILY RETAINED	
MISSING AT TRANSFER	
NUMBER NOT USED	
MISSING (TNA USE ONLY)	
DOCUMENT PUT IN PLACE (TNA USE ONLY)	

Instructions for completion of Dummy Card

Use black or blue pen to complete form.

Use the card for one piece or for each extract removed from a different place within a piece.

Enter the department and series,
eg. HO 405, J 82.

Enter the piece and item references, .
eg. 28, 1079, 84/1, 107/3

Enter extract details if it is an extract rather than a whole piece.

This should be an indication of what the extract is,

eg. Folio 28, Indictment 840079, E107, Letter dated 22/11/1995.

Do not enter details of why the extract is sensitive.

If closed under the FOI Act, enter the FOI exemption numbers applying to the closure, eg. 27(1), 40(2).

Sign and date next to the reason why the record is not available to the public ie. Closed under FOI exemption; Retained under section 3(4) of the Public Records Act 1958; Temporarily retained; Missing at transfer or Number not used.



601PC
B89

10 DOWNING STREET
LONDON SW1A 2AA

From the Private Secretary

4 July 1988

UK AUSTRALIA DRUG TRAFFICKING TREATY

Thank you for your letter of 4 July.
I am sure the Prime Minister will be ready
to sign the Treaty during her visit to
Australia, and suggest that we provide
for this in the programme.

Charles Powell

Bob Peirce, Esq.,
Foreign and Commonwealth Office.

✓
Kuo



ccpk

Foreign and Commonwealth Office

London SW1A 2AH

4 July 1988

Dear Charles

UK/Australia Drug Trafficking Treaty

We are now close to reaching agreement with the Australians on the text of a Treaty for the confiscation of drug traffickers' assets. It could be finalised in time for the Prime Minister's visit to Australia on 1-5 August.

It was originally planned that the Treaty be signed in October during the visit of the Australian Attorney-General. We had agreed that the Foreign Secretary and the Home Secretary should sign jointly on behalf of the UK.

The Prime Minister may, however, wish to sign the Treaty during her visit. This would be a timely follow up to the undertakings made at the Toronto Summit on international cooperation in the tracing, freezing and confiscation of drug traffickers' assets. The (very brief) ceremony is expected to be the same as when Mrs Thatcher signed a similar Treaty with Prime Minister Mulroney last month.

Our High Commissioner to Australia will be calling on the Prime Minister on 5 July to discuss her visit. If the Prime Minister agrees this proposal could be included on the agenda.

Yours are

(R N Peirce)
Private Secretary

C D Powell Esq
10 Downing Street

CONFIDENTIAL

PRIME MINISTER

AUSTRALIAN CONSTITUTION

You have a meeting on Monday with the Foreign Secretary and the Lord Chancellor to discuss Australia's request to have one of the originals of its Constitution.

The arguments for are that this is a matter of great pride to the Australians, particularly in this bicentenary year. If you were able to announce a gift of one of the copies of the Act during your visit (or even hand it over), it would add enormously to the impact. Since we have two copies, it can be argued that it would be selfish not to let them have one - indeed apply the same principle to any Commonwealth country which seeks a copy of its Constitution. After all, nothing is more precious and fundamental (imagine how we would feel if some one else had the original of the Magna Carta). The Australians have made clear that they are not interested in a facsimile copy.

The arguments against are principally that we have a continuous archive of such documents and should not allow it to be depleted. If we respond to Australia's request, we shall be confronted with many similar demands from other Commonwealth countries, not only for copies of their Constitutions but other documents and archives, such as the India office library. Can we draw a line at handing over copies of the Constitutions only? Parliament would probably have to be consulted and the issue might well be controversial there.

Further background is in the papers in the folder.

e D?

(C. D. POWELL)

1 July 1988

CONFIDENTIAL



10 DOWNING STREET

Evans

Meeting arranged with
PCS & LC for 1530 on
Monday 4 July

TG
24/6

E/F
Please return this
to me on
1 July
am.



But the point is that we have 2 of each.

Prime Minister

CONFIDENTIAL

Foreign and Commonwealth Office
London SW1A 2AH

Do you wish to pursue this? We seem to have no support.

Dear Charles *of course* *20 June 1988* *original constitution is what to send new country not* *2/6.*

Commonwealth of Australia Constitution Act

Your letter of 9 June asked for the Foreign Secretary's views on the Australian request for the permanent loan of one of the two original copies of the Commonwealth of Australia Constitution Act, on which the Australian Parliamentary group pressed the Prime Minister during their call on her on 13 April. He has seen the Lord Chancellor's views, given in Paul Stockton's letter of 8 June to you.

The Foreign Secretary very much shares the Prime Minister's sympathy with the Australian request, and recognises the force of the suggestion in your letter of 9 June that we might make available one copy of a Constitution Act to any Commonwealth country that asked.

There are, however, real difficulties in meeting Australian wishes and by extension similar demands from other Commonwealth countries. As the Lord Chancellor notes, to do this could expose us to a host of requests from other countries for the permanent loan of originals of documents in British records, including revived claims from former British territories for their independence and pre-independence legislation. The Indians in particular would like to get their hands on originals of British legislation and other papers on India. The Pakistanis and Bangladeshis have lodged similar claims and the Burmese too have an interest in the India office records. The Canadians would certainly make an early bid since we turned down their request in 1981 for an original copy of the British North America Act 1867. (The Canadians were given a fine facsimile copy of their Act, just as we have given the Australians a facsimile of theirs.)

Although we could attempt to be very selective in what we agree to hand over to Commonwealth countries the Foreign Secretary agrees with the Lord Chancellor that it might prove extremely difficult to hold the line on Constitution Acts. The setting of such a precedent (no original and unique document important to UK history has ever been removed from the PRO for permanent retention overseas) is bound to lead to renewed requests for further documents considered to be historically important to these countries. This would add an irritant in our bilateral relationships. Consideration would also have to be given to the furore which could be expected from academics and others, not only in this country but also from overseas; the records of the FCO and its predecessor departments are some of the most heavily consulted in the PRO.

CONFIDENTIAL



CONFIDENTIAL

Thus the Foreign Secretary on balance agrees with the Lord Chancellor that we should continue to resist the Australian request. He is of course happy to attend a meeting about the matter if this is the Prime Minister's wish.

I copy of this letter goes to Paul Stockton (Lord Chancellor's office).

Yours ever

A handwritten signature in blue ink, appearing to read 'R N Peirce', written in a cursive style.

(R N Peirce)
Private Secretary

CONFIDENTIAL

AUSTRALIA : Relahair PT 2



CONFIDENTIAL

132531
MDLIAN 4954

CONFIDENTIAL
FM CANBERRA
TO ROUTINE FCO
TELNO 419
OF 140700Z JUNE 88

MY TELNO 276: AUSTRALIAN POLITICAL SITUATION

SUMMARY

1. LIBERAL/NATIONAL COALITION STILL AHEAD OF HAWKE GOVERNMENT IN OPINION POLLS. BUT LABOR PARTY HAS RECOVERED FROM BYE-ELECTION SETBACKS EARLIER THIS YEAR AND HAS JUST HAD AN UNDAMAGING PARTY CONFERENCE. SPECULATION THAT KEATING WILL SUCCEED HAWKE BUT NO SIGN THAT HAWKE INTENDS TO STEP DOWN.

DETAIL

THE FEDERAL OPPOSITION

2. THE OPINION POLLS CONTINUE TO GIVE THE FEDERAL OPPOSITION A THREE OR FOUR POINT LEAD OVER THE HAWKE GOVERNMENT. BUT THERE IS STILL NO SIGN OF A GROWTH OF CONFIDENCE IN THE CAPACITY OF JOHN HOWARD TO GIVE EFFECTIVE LEADERSHIP TO THE LIBERAL/NATIONAL COALITION. THE LATTER IS STILL PRONE TO DAMAGING INTERNAL DISPUTES AND LACKS THE MACHINERY TO RESOLVE OR CONTAIN THEM.

THE FEDERAL GOVERNMENT

3. THE HAWKE GOVERNMENT HAVE RECOVERED THEIR EQUILIBRIUM IN THE LAST FEW WEEKS, FOLLOWING THE POOR STRING OF BYE-ELECTION RESULTS REFERRED TO IN MY T U R. THE ECONOMIC STATEMENT OF 26 MAY WAS CLEVERLY DESIGNED BOTH TO INCREASE THE LABOR PARTY'S HOLD ON THE BUSINESS/MIDDLE CLASS VOTE AND TO REASSURE ITS TRADITIONAL SUPPORTERS THAT A RISE IN PERSONAL DISPOSABLE INCOME COULD BE EXPECTED IN THE NEXT COUPLE OF YEARS. THE TREASURER (KEATING) TOLD THE LABOR PARTY THAT THE STATEMENT WOULD WIN THEM THE NEXT ELECTION.

4. LABOR'S BIENNIAL PARTY CONFERENCE TOOK PLACE IN HOBART LAST WEEK. PROCEDURAL DEVICES WERE ADOPTED TO POSTPONE DIFFICULT DECISIONS ON PRIVATISATION AND URANIUM POLICY. THE NET RESULT WAS A DULL CONFERENCE BUT A SATISFACTORY ONE FOR PARTY

CONFIDENTIAL

132531
MDLIAN 4954

MANAGERS IN THAT THE OPEN FIGHTS WHICH WERE SO CHARACTERISTIC OF THE ALP IN THE PAST WERE AVOIDED.

5. THE BIGGEST CURRENT TALKING-POINT IS THAT OF THE SUCCESSOR TO HAWKE AS ALP LEADER. IT IS COMMONLY ACCEPTED THAT HIS NATURAL SUCCESSOR IS THE TREASURER (KEATING) WHOSE PRESENTATION OF THE ECONOMIC STATEMENT LAST MONTH WAS MASTERLY AND WHO IS A CONSISTENTLY STRONG PERFORMER WITH THE MEDIA. BUT THE ALP LEADERSHIP ARE DISCOURAGING SPECULATION THAT ANY CHANGE WILL OCCUR BEFORE THE NEXT ELECTION. HAWKE HAS GIVEN NO SIGN THAT HE INTENDS TO STEP DOWN.

THE OUTLOOK

6. THE FEDERAL PARLIAMENT WILL NOW BE IN RECESS TILL ABOUT 22 AUGUST. POLITICALLY, A QUIET TIME MAY LIE AHEAD. BUT AT LEAST TWO ISSUES WILL CONTINUE TO BE DEBATED AND WILL BE VERY MUCH ALIVE WHEN THE PRIME MINISTER IS HERE. THE FITZGERAL REPORT ON IMMIGRATION IS BEING CONSIDERED BY THE GOVERNMENT AND OPENS UP BIG QUESTIONS ABOUT FUTURE IMMIGRATION POLICY AND THE ROLE OF IMMIGRANT COMMUNITIES. SECONDLY, ON 3 SEPTEMBER THERE WILL BE REFERENDA ON A NUMBER OF CONSTITUTIONAL REFORMS. DETAILS ARE BEING REPORT SEPARATELY ON BOTH ISSUES. BUT THE OPPOSITION OBVIOUSLY INTEND TO TURN CERTAIN ASPECTS OF IMMIGRATION INTO A MAJOR ISSUE AND THEY ARE URGING A NEGATIVE VOTE ON ALL FOUR CONSTITUTIONAL REFORMS. WHETHER THE OPPOSITION MAINTAINS ITS LEAD IN THE OPINION POLLS MAY WELL BE AFFECTED BY ITS PERFORMANCE ON THESE MATTERS.

COLES

YYYY

DISTRIBUTION

75

MAIN 65

LIMITED
SPD
PROTOCOL
NEWS
INFO
PLANNERS

PS
PS/MRS CHALKER
PS/PUS
PS/LD GLENARTHUR
MR GILLMORE
MR MCLAREN



SKWBMB

celc

10 DOWNING STREET
LONDON SW1A 2AA

From the Private Secretary

9 June 1988

AUSTRALIA CONSTITUTION ACT

Thank you for your letter of 8 June setting out the Lord Chancellor's views on the Australian request for a permanent loan of one of the two originals of the Australia Constitution Act. The Prime Minister has considered this very carefully and agrees that the points made by the Lord Chancellor are indeed important ones. At the same time she feels that we are not giving enough weight, in our consideration of this difficult problem, to the immense value for Australia of having one of the original copies. Indeed, she thinks we are in danger of being selfish about it. It could be argued that we ought to be prepared to make available one copy of their Constitution Act to any Commonwealth country which sought it, since their Constitution is their most precious inheritance.

BKM
The Prime Minister would like to see further views from the Foreign and Commonwealth Secretary. It may be necessary to hold a brief meeting about it in early July.

I am copying this letter to Bob Peirce (Foreign and Commonwealth Office).

(C. D. POWELL)

Paul Stockton, Esq.,
Lord Chancellor's Department.

Power

C.P.C.



HOUSE OF LORDS,
LONDON SW1A 0PW

Rine Minister

The Lord Chancellor feels
that we cannot agree
to the Australian request
for the original of their
Constitution, without damaging

8 June 1988

Charles Powell Esq
Private Secretary
10 Downing Street
LONDON SW1

ought not we to consider
the immense value to
Australia of having one
of the originals. I think
we have sufficient
are being supplied

an unbroken archival record &
creating a precedent which would be
followed by other Commonwealth countries.
The only point one could make
is that we ought to be prepared to
make such an exception for all
Commonwealth countries, since their

AUSTRALIA CONSTITUTION ACT

I am writing in response to your letters of 13 and 26 April to
the Foreign and Commonwealth Office, which were copied to me,
about the Australian request for a permanent loan of one of the
two originals of the Australia Constitution Act.

I am sorry you have not had an earlier reply but the Lord
Chancellor wanted to have further advice from the Public Record
Office and to look at the matter afresh. He has considerable
sympathy with the request but after careful consideration he
takes the view that it would not be right to depart from the view
set out by Lord Chancellor Hailsham in 1985, that the copy of the
Act which is in the Public Record Office should not be placed on
permanent loan with the Australians.

It might be helpful if I were to rehearse how the two copies come
into existence. When a Bill receives the Royal Assent the
Queen's Printer prepares 2 copies on durable vellum, as well as
the generally available paper copies. One goes to the House of
Lords and is signed by the Clerk of the Parliaments as the
authentic record of what Parliament has passed. The other goes
to the Public Record Office, specifically for the purpose of
becoming part of our national archive.

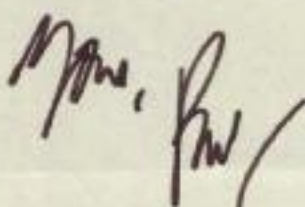
The Australia Constitution Act, like other Acts of Parliament, is
a public record of national importance. It has a natural and
obvious place in the Public Record Office's national archive as a
record of Parliamentary proceedings. It also forms one of an
unbroken series of records going back to the time of Edward I and
so in a sense can be said to be part of an archive which is
common to the whole of the English-speaking world.

Constitution is their
most precious inheritance.
Do you
see
with
no
perme
idea?
or
ought
Lord
Chancellor's
above?
COP
4/6

The Lord Chancellor feels that it would be an unacceptable breach of practice to remove even one item from a series of such significance. Agreement to the Australian request would create a powerful precedent for the permanent loan, or even gift, of other records of national significance from the Public Record Office. Other Commonwealth countries are in a directly comparable position; a similar request from the Canadians for a permanent loan of the British North America Act 1867 was turned down in 1981. Similarly, the Public Record Office holds records of exceptional importance to many other non-Commonwealth countries. The Lord Chancellor sees considerable difficulty in refusing subsequent requests for permanent loans from such sources. He could not allow the national archive for which he is responsible to be eroded in this way.

You know that a facsimile of the Act was presented to the Australian Parliament last year and that the Public Record Office copy is currently on temporary loan in Australia for a period of 6 months. It has been suggested that the request for a permanent loan might be acceded to if the Public Record Office were able to accept a facsimile copy for preservation in its place. The Lord Chancellor has considered this but would not be willing to accept this in view of the importance of preserving such documents within our own national archive as a continuous series.

I am sending copies of this letter to Bob Peirce and Alan Furness in the Foreign and Commonwealth Office, to enable them to add any further advice on the matter from their field of responsibilities.



Paul Stockton



Austracina

Angoa Austracina Reatinis Pt 2

COMPTON

~~DP~~
~~AS~~
MRS. GAISMAN

1600 on
Wed. 20 July

SAC ~~approved~~ Tessa
20/5
25/5

The Australian High Commissioner has asked whether he can call briefly on the Prime Minister before her visit to Australia. He himself leaves on 23 July so we might look for 20 minutes in the period 16/23 July.

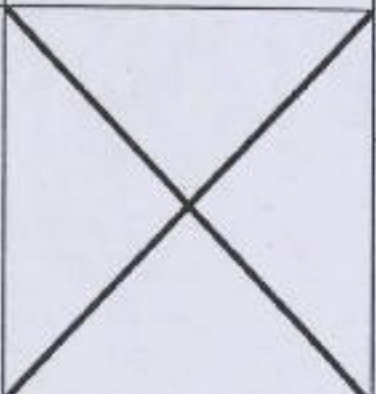
~~C.D.P.~~

(C.D. POWELL)

19 May 1988

Tessa
Thank you. ed.
you possibly
tell the
Australian High
Commissioner's PA
C.D.P. 20/5-

A The National Archives

DEPARTMENT/SERIES <i>PREM 19</i> PIECE/ITEM <i>2588</i> (one piece/item number)	Date and sign
Extract details: <i>Minute from Butler to Powell</i> <i>dated 13 May 1988</i>	
CLOSED UNDER FOI EXEMPTION	
RETAINED UNDER SECTION 3(4) OF THE PUBLIC RECORDS ACT 1958	
TEMPORARILY RETAINED	<i>15 October 2016</i> <i>Wayland</i>
MISSING AT TRANSFER	
NUMBER NOT USED -	
MISSING (TNA USE ONLY)	
DOCUMENT PUT IN PLACE (TNA USE ONLY)	

Instructions for completion of Dummy Card

Use black or blue pen to complete form.

Use the card for one piece or for each extract removed from a different place within a piece.

Enter the department and series,
eg. HO 405, J 82.

Enter the piece and item references, .
eg. 28, 1079, 84/1, 107/3

Enter extract details if it is an extract rather than a whole piece.

This should be an indication of what the extract is,

eg. Folio 28, Indictment 840079, E107, Letter dated 22/11/1995.

Do not enter details of why the extract is sensitive.

If closed under the FOI Act, enter the FOI exemption numbers applying to the closure, eg. 27(1), 40(2).

Sign and date next to the reason why the record is not available to the public ie. Closed under FOI exemption; Retained under section 3(4) of the Public Records Act 1958; Temporarily retained; Missing at transfer or Number not used.

CONFIDENTIAL



file 26
(26)
adil C.

10 DOWNING STREET
LONDON SW1A 2AA

From the Private Secretary

26 April 1988

AUSTRALIAN CONSTITUTION ACT

I enclose a copy of Mr. Coles' telegram No. 279 from Canberra about the Australian request for a permanent loan of one of the two originals of the Australian Constitution Act. The Prime Minister has considerable sympathy with the case, argued by Mr. Coles. I believe that you are pursuing the issue further with the departments concerned. The Prime Minister will wish to see a considered recommendation.

I am copying this letter and enclosure to Paul Stockton (Lord Chancellor's Office).

CHARLES POWELL

A. C. Galsworthy, Esq., C.M.G.,
Foreign and Commonwealth Office.

CONFIDENTIAL

DES

ZCZC
LNCYAN 4169 CEHPAN 3577
CONFIDENTIAL
OO CAOFF
FM CANBE TO FCOLN
260230Z APR
GRS 649

CONFIDENTIAL
FM CANBERRA
TO DESKBY 260930Z FCO
TELNO 279
OF 260230Z APRIL 88
INFO IMMEDIATE CABINET OFFICE

*Yes
OK*
*I assume we have
repeated on enquiries - I
discuss this with the relevant
dept*

CABINET OFFICE PLEASE PASS TO NO. 10 DOWNING STREET (FOR MR CHARLES POWELL)

YOUR TELNO 202 : AUSTRALIAN CONSTITUTION ACT

1. YOUR TUR ARRIVED WHEN I WAS AWAY IN QUEENSLAND. APOLOGIES FOR DELAY IN REPLY.
2. IN MY OPINION THE QUESTION OF LENDING PERMANENTLY TO AUSTRALIA ONE OF THE TWO ORIGINALS OF THE CONSTITUTION ACT SHOULD INDEED BE RE-EXAMINED.
3. THIS IS NOT YET A LARGE ISSUE HERE BUT IT COULD BECOME SO BEFORE OR DURING THE PRIME MINISTER'S VISIT IN AUGUST. GIVEN THE COMPLEX AUSTRALIAN ATTITUDE TOWARDS THE RELATIONSHIP WITH BRITAIN IT IS JUST THE SORT OF ISSUE WHICH COULD AROUSE STRONG FEELINGS. THE AUSTRALIAN PRIME MINISTER HAS RAISED THE MATTER WITH MRS THATCHER FOUR TIMES (THREE TIMES IN WRITING) AND ON THE LAST OCCASION, IN JULY 1986, EXPRESSED HIS INTENTION OF RAISING IT AGAIN. AT MY OPENING CALL ON MR HAWKE ON 24 MARCH ONE OF HIS ADVISERS BROUGHT THE ISSUE UP (MY TELNO 202). SINCE MY ARRIVAL HERE THERE HAVE BEEN REFERENCES IN THE MEDIA BUT AS YET THERE HAS NOT BEEN A MAJOR MEDIA CAMPAIGN.
4. AS AUSTRALIAN BICENTENNIAL CELEBRATIONS PROGRESS, EVENTS SUCH AS THE OPENING OF THE NEW PARLIAMENT BUILDING BY HM THE QUEEN ON 9 MAY WILL FOCUS AUSTRALIAN ATTENTION EVEN MORE ON THIS COUNTRY'S HISTORICAL ORIGINS. ONE CLEAR EFFECT OF THE BICENTENARY HAS BEEN TO STRENGTHEN THE AUSTRALIAN SENSE OF NATIONHOOD. AT YESTERDAY'S ANZAC DAY COMMEMORATION THE CHIEF OF THE NAVAL STAFF TOLD ME THAT HE ATTRIBUTED THE GREATLY INCREASED ATTENDANCE AT THIS EVENT TO QUOTE A NEW SURGE OF AUSTRALIAN NATIONALISM UNQUOTE. IT IS THIS FACTOR WHICH MAKES THE CURRENT ISSUE POTENTIALLY SENSITIVE. AS HAWKE SAID IN HIS LETTER OF 25 SEPTEMBER 1985 TO THE PRIME MINISTER QUOTE THE AUSTRALIAN CONSTITUTION HAS GREAT SIGNIFICANCE FOR THE PEOPLE OF THIS COUNTRY. IT MARKS OUR BIRTH AS A NATION UNQUOTE. IN A COUNTRY WHERE MODERN HISTORY IS SO BRIEF, CONSTITUTIONAL DOCUMENTS ARE OF FAR GREATER EMOTIONAL SIGNIFICANCE THAN THEY MIGHT BE IN OLDER COUNTRIES. YET EVEN WE MIGHT FEEL PRETTY STRONGLY IF WE HAD NO ORIGINAL OF MAGNA CARTA (INCIDENTALLY THE LINCOLN CATHEDRAL ORIGINAL OF MAGNA CARTA WILL BE ON DISPLAY AT EXPO 88, WHICH THE PRIME MINISTER IS DUE TO VISIT, AND COULD REVIVE THE ARGUMENT ABOUT THE CONSTITUTION ACT).
5. A MAIN ARGUMENT WE HAVE USED WITH THE AUSTRALIANS IS THAT IT IS THE COMPREHENSIVENESS OF OUR ARCHIVES WHICH MAKES THEM SO VALUABLE TO RESEARCHERS. BUT INSOFAR AS RESEARCHERS CANNOT MANAGE PERFECTLY WELL WITH PHOTOCOPIES, IS ONE ORIGINAL NOT ENOUGH FOR THEIR PURPOSES? OUTSIDE PARTIES MUST FIND IT VERY HARD TO SEE WHY WE SHOULD KEEP TWO ORIGINALS. I SEE THE DIFFICULTY ABOUT SETTING A PRECEDENT BUT AUSTRALIA IS A VERY SPECIAL CASE AND COULD BE JUSTIFIED AS SUCH. AGAINST THE BACKGROUND OF OUR SHARED HISTORY, ESPECIALLY OUR COMMON SACRIFICE IN WARTIME, AND THE EXTRA-ORDINARY STRENGTH OF PERSONAL AND FAMILY TIES (8 MILLION PEOPLE IN BRITAIN ARE SAID TO HAVE RELATIVES IN AUSTRALIA), AND THE SPECIAL CIRCUMSTANCES OF THE BICENTENARY, A CONTINUED DECISION NOT TO MAKE AVAILABLE AN ORIGINAL PERMANENTLY WILL, I BELIEVE, BE REGARDED AS UNGENEROUS AND INSENSITIVE. I DOUBT WHETHER IT COULD BE SUSTAINED WHEN THE NEXT AUSTRALIAN CELEBRATIONS OCCUR - THE CENTENARY IN 2001 OF THE ESTABLISHMENT OF THE FEDERATION (ESTABLISHED BY THE DOCUMENT IN QUESTION). IT WOULD BE A PITY IF THE ISSUE CONTINUED TO RANKLE TILL THEN.
6. I THEREFORE RECOMMEND THAT WE MAKE A SPECIAL EXCEPTION FOR AUSTRALIA AND AGREE TO A PERMANENT LOAN. IF MINISTERS SHOULD SO DECIDE I DO NOT THINK SUCH A DECISION SHOULD BE CONVEYED TO THE HEAD OF THE AUSTRALIAN DELEGATION WHICH RECENTLY RAISED THE ISSUE AT NO. 10 BUT RATHER THAT IT SHOULD BE CONVEYED DIRECTLY TO MR HAWKE. ON BALANCE I WOULD FAVOUR THIS BEING DONE AS SOON AS POSSIBLE, RATHER THAN DELAYING IT UNTIL THE PRIME MINISTER'S VISIT WHEN IT WOULD BE MORE LIKELY TO APPEAR TO BE A RESULT OF PRESSURE.

COLES

YYYY

CEHPAN 3577

NNNN

CONFIDENTIAL

123777
MDLIAN 1951

CONFIDENTIAL
FM CANBERRA
TO ROUTINE FCO
TELNO 276
OF 220830Z APRIL 88

MY TELNO 269 : AUSTRALIAN POLITICAL SITUATION

SUMMARY

1. FOLLOWING RECENT LABOR REVERSES, THE AUSTRALIAN POLITICAL SITUATION IS MORE FLUID THAN FOR SOME TIME. THE OPPOSITION SCENT A NEW OPPORTUNITY BUT THEY HAVE THEIR OWN PROBLEMS AND THE NEXT FEDERAL ELECTION COULD BE MORE THAN TWO YEARS AWAY.

DETAIL

2. IN VIEW OF THE SERIES OF IMPORTANT MINISTERIAL VISITS TO AUSTRALIA LATER THIS YEAR, AND YOUR INTENTION TO REVIEW ANGLO/AUSTRALIAN RELATIONS, I PROPOSE TO SEND AN OCCASIONAL OVERALL ASSESSMENT OF THE AUSTRALIAN POLITICAL SITUATION TO SUPPLEMENT MORE DETAILED REPORTING FROM THIS POST.

3. ALTHOUGH THE NEXT FEDERAL ELECTION DOES NOT HAVE TO BE HELD UNTIL NOVEMBER 1990, THERE IS ALREADY SPECULATION AS TO WHETHER HAWKE WILL WAIT TILL THEN, WHETHER HE WILL WISH TO LEAD THE LABOR PARTY INTO THE NEXT ELECTION AND WHETHER LABOR CAN REPEAT ITS SUCCESS OF THE PAST THREE FEDERAL ELECTIONS.

4. CERTAINLY, LABOR'S FORTUNES HAVE BEEN SET BACK IN RECENT WEEKS. THE MOST SIGNIFICANT REVERSE WAS ITS DEFEAT LAST MONTH IN THE STATE ELECTION IN NEW SOUTH WALES, LABOR'S TRADITIONAL HEARTLAND. THREE OF THE SIX STATES PLUS THE NORTHERN TERRITORY NOW HAVE NON-LABOR GOVERNMENTS. SEVERAL BYE-ELECTIONS IN RECENT WEEKS HAVE SHOWN A SWING AWAY FROM LABOR OF 8 PER CENT OR MORE.

5. THESE UPSETS HAVE PRODUCED A RATHER STRONG REACTION FROM THE LEFT-WING OF THE LABOR PARTY AND SOME ELEMENTS IN THE TRADE UNIONS WHO ARE CRITICISING THE HAWKE LEADERSHIP FOR PARTING COMPANY WITH LABOR'S GRASS-ROOTS SUPPORTERS AND FOR ITS WAGE RESTRAINT POLICIES. (AVERAGE REAL WAGES HAVE FALLEN CONSIDERABLY IN THE LAST FEW YEARS).

CONFIDENTIAL

123777
MDLIAN 1951

6. HAWKE AND HIS SENIOR MINISTERS ARE NOT YET LOOKING PARTICULARLY DISTURBED BY THESE EVENTS. THEY PROBABLY CALCULATE THAT THEY HAVE PLENTY OF TIME TO RECOVER LOST GROUND BEFORE THE NEXT FEDERAL ELECTION: AND THEY ARE COMFORTED BY THE PERFORMANCE OF THE OPPOSITION.

7. BEFORE THE RECENT LIBERAL PARTY CONFERENCE IN MELBOURNE, THE LIBERAL LEADERSHIP WAS PUBLICLY SPLIT OVER THE ISSUE OF A CONSUMPTION TAX. A VEILED CHALLENGE TO JOHN HOWARD, THE PARTY LEADER BY JOHN ELLIOTT, PARTY PRESIDENT AND LEADING BUSINESSMAN DID NOT HELP MATTERS

THE CONFERENCE PAPERED OVER THE CRACKS BUT THE PAPER MAY PROVE TO BE THIN. THE NATIONAL PARTY (THE LIBERALS' PARTNER IN THE OPPOSITION COALITION) ARE ALSO IN SOME DISARRAY, ESPECIALLY IN QUEENSLAND WHERE THE PREVIOUS PREMIER SIR JOH BJELKE-PETERSEN HAS STARTED TO CHALLENGE THE CURRENT NATIONAL GOVERNMENT.

8. HOWARD TOLD ME ON 21 APRIL THAT THE LABOR REVERSES UNDOUBTEDLY PRESENTED THE OPPOSITION WITH A NEW OPPORTUNITY TO GAIN POWER. BUT IT STILL HAD TO GET ITS OWN HOUSE IN ORDER. HE DID NOT UNDERESTIMATE THE LABOR GOVERNMENT WHO WERE 'A PRETTY COMPETENT BUNCH'. AND THE FEDERAL ELECTIONS WERE A LONG WAY OFF.

9. A NUMBER OF PEOPLE HAVE TOLD ME THAT THEY BELIEVE HAWKE WILL HAND OVER TO A SUCCESSOR (PROBABLY KEATING, THE TREASURER) SOME TIME IN 1989 SO THAT THE LABOR PARTY CAN GO INTO THE ELECTIONS UNDER A NEW LEADERSHIP. THEY ARGUE THAT HAWKE IS TIRING OF POLITICS AND WILL BE CONTENT TO GO ONCE THE BICENTENARY IS OVER. BUT MY VERY EXPERIENCED AND WELL PLACED AMERICAN COLLEAGUE TOLD ME TODAY THAT HE DOES NOT BELIEVE THIS: HE REGARDS HAWKE AS SO WEDDED TO THE LABOR PARTY CAUSE THAT HE WILL STAY IN THE LEADERSHIP, AT LEAST UNTIL THE NEXT ELECTION IS OVER.

10. THE SITUATION IS CLEARLY FLUID. IT IS FAR TOO EARLY TO DRAW CONCLUSIONS FOR THE FUTURE OF THE LABOR GOVERNMENT. BUT THE PROSPECTS FOR THE OPPOSITION HAVE IMPROVED IN RECENT WEEKS.

COLES

YYYY



Foreign and Commonwealth Office

London SW1A 2AH

18 April 1988

John Coles

*CDP
18/4.*

Prime Minister's Meeting with Australian Parliamentarians

In your letter of 13 April, you said that the Australian Parliamentary Delegation had asked the Prime Minister to reconsider the decision not to allow one of the two original copies of the Australian Constitution Act to be presented to Australia.

We had no indication that the Delegation would raise this with the Prime Minister, but the question was recently raised with John Coles in Canberra by one of Mr Hawke's Advisers, and we will look into the question again with John Coles and let you have our recommendation as soon as possible. Meanwhile, it may be helpful if I attach copies of the earlier correspondence between Mr Hawke and the Prime Minister.

I am copying this letter to Paul Stockton (Lord Chancellor's Department).

John Coles

R N Culshaw

(R N Culshaw)
Private Secretary

C D Powell Esq
10 Downing Street

[Red checkmark]

RESTRICTED



10 DOWNING STREET
LONDON SW1A 2AA

SPX/19/4

please let me have a single letter
known on X. I have told Mr
Powell that this subject was not
expected to come up.

cc/PS
PS/hand/General
Mr Gillman
Mr Mahara
LRD

From the Private Secretary

13 April 1988

Dee Robert

PRIME MINISTER'S MEETING WITH AUSTRALIAN PARLIAMENTARIANS

The Prime Minister had a talk with a group of Australian Parliamentarians this morning. The discussion covered Fiji, trade relations with Japan, the prospects for the GATT round and Northern Ireland. The Prime Minister commented that we were grateful to Australia for making arrangements which enabled British ships to continue to visit Australian ports, in contrast to New Zealand. In reply to the delegation's suggestion that British firms should be encouraged to invest in Australia as a good jumping-off point for expanding their activities in the Pacific area, the Prime Minister said that this would depend on the extent to which the trade unions could be brought under control. Her impression was that there was still a long way to go in this area.

Q2
13
w

The delegation pressed the Prime Minister hard on the question of allowing one of the two original copies of the Australian Constitution to be presented to Australia. The Prime Minister said that she had been sympathetic to the original request. But on closer examination, the wider repercussions had proved considerable and we had very reluctantly concluded that we could not agree. In response to continued and repeated questioning from the delegation on this point, she said that she would be prepared to look at the matter again, without giving them any reason to think that our decision would change.

This last point was not covered in briefing for the meeting. I suppose I should have thought of it. But we shall now have to look at the matter again and reply to the leader of the delegation at some point (although not necessarily while they are still here). I should be grateful if you could set this in hand.

| X

I am copying this letter to Paul Stockton (Lord Chancellor's Department).

C. D. Powell
(C. D. POWELL)

Robert Culshaw, Esq., M.V.O.,
Foreign and Commonwealth Office.

RESTRICTED



10 DOWNING STREET

PA *[Signature]* 11
Mr. Thompson + 1
502
1
you
have
20

THE PRIME MINISTER

FFA 227/1	
RECEIVED IN REGISTRY No. 52	
- 7 JAN 1986	
DESK OFFICER	REGISTRY
INDEX	PA Action Taken
<i>[Signature]</i>	<i>[Signature]</i>

3 January 1986
 copy passed to C(2) who have been informed that we have provided it to the former SPA.
 cc PS PS/PUS L W Harding
 S J Ireland & Wilson
 Grateful if you wd arrange transmission WTB/1

Dear

In your letter of 25 September you asked me to consider again whether we could accede to your earlier request for the permanent loan of one of the two original copies of the Commonwealth of Australia Constitutional Act.

This is a very difficult problem. At my request the Foreign and Commonwealth Secretary and the Lord Chancellor have looked afresh for some way in which we could meet your request, which is received here in London with great sympathy. But I am very sorry to have to tell you that we cannot make an exception for Australia by arranging a permanent loan. Our archival collections are rich in the history of the Commonwealth and other countries, and their chief virtue lies in their comprehensiveness. If we began to disperse them, even on so small a scale and for so good a cause, their value to researchers from all over the world who wish to consult them would be diminished.

I should, however, like to repeat the offer in my letter of 30 May, to present to you fine quality reproductions of the Act itself and of the Royal Commission of Assent, in a suitable presentation case. We would also be glad to make arrangements for the temporary loan of the Public Record Office copy for any commemorative exhibition.

I am sorry not to be able to be more helpful, but can assure you that I have been into the problem most carefully.

Yours sincerely
Rajawadeh

The Honourable R.J.L. Hawke, A.C., M.P.



PRIME MINISTER

CANBERRA

Dear Margaret,

27 SEP 85

Thank you for your letter of 30 May 1985. On behalf of the Government and people of Australia, may I thank you for your Government's decision to contribute one million pounds to our Bicentenary. There are strong ties between our two countries underpinned by history, culture, language, values and human relationships, and significant British participation in our celebrations will be warmly welcomed by the Australian people.

I understand that a number of proposals are currently being examined by the Britain-Australia Bicentennial Committee for inclusion in the British program. In themselves, these projects have the potential to forge new relationships and ties between our countries. Like you, I hope that the private sector will follow and build on the lead of your Government, and help make 1988 a most memorable year for both our countries.

At the present time a matter of particular interest to us is the choice of a project to provide an enduring reminder of Britain's relations with Australia. I hope it will be possible in the near future to make some suggestions for consideration by your Government about a project which will be a suitable and lasting legacy of the great and continuing British contribution to our country.

I am grateful for your offer of a temporary loan of an original copy of the Commonwealth of Australia Constitution Act and a gift of a facsimile of the Act. You will understand however that this does not meet the concern which prompted my enquiry concerning a permanent loan of one of the original documents containing the Australian Constitution.

The Australian Constitution has great significance for the people of this country. It marks our birth as a nation. At the same time it is the fundamental document in the continuing operation and development of our federal system of government. Given the relative youth of our political system, the written Constitution takes on a particular importance.

Permanent possession of the original document containing the Australian Constitution is thus a matter of great consequence for all Australians.

It is against this background that I hope that you will find it possible to reconsider my request for a permanent loan of an original copy of the Act. I might add that Australia's Federal Opposition parties are also of the view that at least one original copy of the Act should be kept in Australia.

Yours sincerely

Bolt

The Right Honourable Margaret Thatcher, MP
Prime Minister

CRD for onward transmission
please.

d. PS
SPO

84

85

87

FPA 227/1		
RECEIVED IN THE OFFICE No. 52		
1985		
INDIA	PA	10
✓	✓	✓
THE PRIME MINISTER		



10 DOWNING STREET

22 May 1985

Dear Bob

Reporting back to P.M.
in box. not today (28/5).
surg. Sir J. country quit
on 29/5 - rest to follow.
28/5.

good.
p. 83
28/5

We are much looking forward to Australia's Bicentenary celebrations, and as you know work is going ahead here on Britain's participation in them.

I wanted to let you know personally that we have now decided to make available £1 million as our financial contribution to the Bicentenary. We shall be discussing with the Britain-Australia Bicentennial Committee how this money should be allocated and my officials will keep in close touch with yours to ensure that we are thinking along the same lines.

In making this contribution, we intend that it should serve to stimulate further funds from the private sector for the Bicentenary. I hope that the total British financial contribution will therefore be significantly greater than £1 million.

You wrote to me on 15 February about the loan of one of the copies of the Commonwealth of Australia Constitution Act. We shall be happy to make available to Australia on temporary loan the Public Records Office copy, which is identical to the copy in the House of Lords library. This loan would be for the duration of any commemorative exhibition which might be planned for 1988. In addition, we should like to offer the Australian Government a fine facsimile of the Commonwealth of Australia Constitution Act, authenticated by

Parliament, as well as a facsimile of the separate document which is the Royal Commission of Assent to the Act.

I am sorry that we cannot give you an original version of the Act on permanent loan. The rule on such documents has always been that neither the Public Records Office copy, as the national archive record, nor the House of Lords copy, as Parliament's record of its own proceedings, can be allowed to leave Britain permanently.

But I am delighted that we are able to contribute to your Bicentenary celebrations on a scale that matches the special closeness of the relations between our two countries.

Yours ever
Rayner

The Honourable R. J. L. Hawke, A.C., M.P.

Added
by PS



PRIME MINISTER

CANBERRA

15 FEB 1985,

Dear Margaret,

The approach of Australia's Bicentenary in 1988 is focussing attention on documents marking major turning points in Australia's history. Recent consideration has been given in Australia to the fact that the 'original' document containing the Constitution of the Commonwealth of Australia is kept in London.

I understand that, in accordance with United Kingdom practice since 1849, two copies of the Commonwealth of Australia Constitution Act (with the Constitution set out in its section 9) were printed on vellum and that the 'master copy', endorsed with the formula of Royal Assent and signed by the Clerk of the Parliaments, was deposited with the House of Lords Records. A duplicate copy was, I understand, sent to the Public Record Office.

I believe that it would be a most valuable contribution to Australia's Bicentenary in 1988 if the 'master copy' or the duplicate could be provided on permanent loan to Australia. All necessary measures for the protection of the document would of course be taken.

I should be most grateful for your consideration of this proposal.

Yours sincerely
Bob Hawke

The Rt Hon. Margaret Thatcher, MP
Prime Minister of Great Britain
10 Downing Street
LONDON SW1
United Kingdom.

AUSTRIA: Relazioni PT2.





AUSTRALIAN HIGH COMMISSION

THE HIGH COMMISSIONER

Prime Minister (4)
CR

AUSTRALIA HOUSE
STRAND
LONDON WC2B 4LA
01-438 8220

R1514

April 13, 1988

mt

My dear Prime Minister,

These are just a few short lines to thank you very much for giving the Australian Parliamentary Delegation so much of your time this morning on such a busy day for you at 10 Downing Street.

All members of the Delegation greatly appreciated your generosity. They realise that because of the pressures of your office it is not normally possible for you to meet parliamentary delegations from other countries. Because you had so many other important appointments today they are particularly honoured to know that you went to so much trouble for them.

Might I also add that I personally am most grateful.

Warmest best wishes,

Yours sincerely,
Douglas McClelland

(Douglas McClelland)

The Rt Hon Margaret Thatcher, MP
Prime Minister
10 Downing Street
LONDON SW1

RESTRICTED

SUBJECT
CE MASTER.



SPW BTX
cc/c

10 DOWNING STREET
LONDON SW1A 2AA

From the Private Secretary

13 April 1988

PRIME MINISTER'S MEETING WITH AUSTRALIAN PARLIAMENTARIANS

The Prime Minister had a talk with a group of Australian Parliamentarians this morning. The discussion covered Fiji, trade relations with Japan, the prospects for the GATT round and Northern Ireland. The Prime Minister commented that we were grateful to Australia for making arrangements which enabled British ships to continue to visit Australian ports, in contrast to New Zealand. In reply to the delegation's suggestion that British firms should be encouraged to invest in Australia as a good jumping-off point for expanding their activities in the Pacific area, the Prime Minister said that this would depend on the extent to which the trade unions could be brought under control. Her impression was that there was still a long way to go in this area.

The delegation pressed the Prime Minister hard on the question of allowing one of the two original copies of the Australian Constitution to be presented to Australia. The Prime Minister said that she had been sympathetic to the original request. But on closer examination, the wider repercussions had proved considerable and we had very reluctantly concluded that we could not agree. In response to continued and repeated questioning from the delegation on this point, she said that she would be prepared to look at the matter again, without giving them any reason to think that our decision would change.

This last point was not covered in briefing for the meeting. I suppose I should have thought of it. But we shall now have to look at the matter again and reply to the leader of the delegation at some point (although not necessarily while they are still here). I should be grateful if you could set this in hand.

I am copying this letter to Paul Stockton (Lord Chancellor's Department).

(C. D. POWELL)

Robert Culshaw, Esq., M.V.O.,
Foreign and Commonwealth Office.

RESTRICTED

✓
26

cefk (5)



Foreign and Commonwealth Office

London SW1A 2AH
12 April 1988

Ria Nixon

COO
12/4

Ivan Chasov

Hep

Following Lyn Parker's letter of 11 April about the call of the Australian Parliamentary Delegation on the Prime Minister tomorrow, you asked for further details of recent political developments in Australia.

The Australian Labor Party (ALP) has suffered several setbacks in recent weeks. In a by-election in February, the party lost the Federal seat of Adelaide to the Liberals, with a swing of 9%. Major issues which contributed to this defeat were a Federal Government proposal (subsequently dropped) to time charge local telephone calls and the non-declaration as election expenses of a 10,000 dollar election donation given by the wood-chipping company Harris-Daishowa to Mr Mick Young, the President of the ALP. This was a major factor in the decision a few days later of Mick Young to resign from his position of Federal Minister for Immigration, Local Government and Ethnic Affairs. He subsequently also resigned as ALP President.

A further blow to the ALP followed on 19 March when the ruling Labor Party in New South Wales (led by Barrie Unsworth) was convincingly beaten in the state elections by the Liberal/National opposition (led by Nick Greiner). The swing against the ALP (on a two-party preferred basis) was the highest in New South Wales for 50 years. There were also sizable swings against the ALP on 19 March in state by-elections in Victoria and Western Australia and in the Queensland Council elections.

Mr Hawke has lost a number of able ministerial colleagues in recent months; Senator Susan Ryan (Education and Status of Women) and John Brown (Environment, Tourism and Arts) have both resigned, besides Mick Young. Mr Hawke has attracted increased criticism for spending too much time on the golf course and in the company of the new rich entrepreneurs. The Labor left complain that he has lost touch with the grass roots. Paul Keating, the Federal Treasurer, is said to be undecided whether to leave politics for business or to hang on in the hope of succeeding Mr Hawke as Prime Minister.



A recent poll shows a drop of 10 percentage points in Labor's support since the general election last July. The next Federal Elections are due in mid-1990, but the Labor Government are thought to be considering a referendum on extending the life of a parliament from 3 to 4 years.

At their calls on the Foreign Secretary and Lord Glenarthur this morning, the Delegation urged the desirability of more visits to Britain by parliamentary delegations from Australia, remarking that theirs was the first such delegation to come to Britain for 17 years. They asked why Britain had not signed the Protocols to the South Pacific Nuclear Free Zone Treaty (the Treaty of Rarotonga), but expressed concern about Soviet and Libyan interests in the South Pacific. They spoke in critical terms of the Common Agricultural Policy, but accepted that Britain and Australia had parallel interests in wanting to reform it. They also showed some rather ill-informed interest in British policy in Northern Ireland and our relations with the Irish Republic.

John

Robert (Culshaw)

(R N Culshaw)
Private Secretary

PS Para 4 above - presumably
the golf is played
on a structure

RN

C D Powell Esq
PS/No 10 Downing Street

AUSTRALIA Relatens p^r 2



PRIME MINISTER

MEETING WITH AUSTRALIAN PARLIAMENTARY DELEGATION

You agreed to see a visiting Australian Parliamentary delegation since it is the Bicentennial Year, and they are coming on Wednesday. Full details of the group are attached. They seem to be predominantly Labour supporters. They are here at the invitation of the FCO and are being shown the best aspects of modern Britain - new technology, job creation, privatisation.

The four subjects they want to cover are:

Northern Ireland

You will want to deal both with the importance of combating terrorism and with the longer term prospects opened up by the Anglo-Irish Agreement. Their own approach is likely to be simplistic: one of the Senators was born in Ireland and is said to be a strong Nationalist supporter. It would be helpful if you could get over to them the complexity of the situation in the province.

South Africa

You will want to take them through the case against sanctions and remind them of how much Britain is doing to help black South Africans and neighbouring countries (in contrast to Australia).

Britain's Role in the Pacific and South East Asia

I am not sure what they will want to hear under this general heading. But you might want to explain our objections to New Zealand's non-nuclear policy. If they ask why we have not signed the Protocols to the South Pacific Nuclear Free Zone Treaty, the answer is that we do not consider it in our wider security interests to do so, and anyway not all the Pacific countries have signed (e.g. Tonga and Vanuatu).

Fiji

You might give the flavour of your recent meeting with Ratu Mara.

You might ask about the bicentennial celebrations and your own forthcoming visit.

CSP

Charles Powell

11 April 1988

DG2CPR



Background Note

DELEGATION OF AUSTRALIAN PARLIAMENTARANS

Led by

Mr Leo Boyce McLEAY MP,
Deputy Speaker and Chairman of Committees,
House of Representatives, Federal Parliament

Canberra

AUSTRALIA

9 - 19 and 29 - 30 April 1988

Seven members of the Federal Parliament of Australia will be visiting Britain and during their stay will be guests of the Foreign and Commonwealth Office. The Central Office of Information is organising a programme for them.

Mr Leo McLeay, MP has been Deputy Speaker in the House of Representatives since 1986. He is a Labour Party representative for the Constituency of Grayndler, New South Wales. Aged 42, Mr McLeay was a telecom technician for 14 years before being elected to the Federal Parliament. He has been Chairman of the Standing Committee on Expenditure since 1983 and is also a member of the Standing Committee on Procedure, member of the Joint Parliamentary Committee on Public Accounts and member of the New Parliament House Committee.

Mr McLeay is a Catholic. He has been to Britain and has travelled widely. During free time he likes sailing and fishing.

Senator Dominic John Foreman has been a Labour Party Senator representing South Australia since 1980. Aged 54, he is a former General Secretary of the Vehicle Builders' Union, South Australia Branch. Senator Foreman is a Catholic. He made an official visit to Britain in 1984, and has also been recently to Japan. During free time he enjoys golf, tennis, football and walking.

Senator James McKiernan has been a Labour Party Senator representing Western Australia since 1985. Aged 43, his former positions include Education Officer with the Amalgamated Metal Workers Union in Western Australia and an official with the Australian Labour Party.

Mr McKiernan was born in Ireland and lived and worked in various parts of England from 1961-69.

Senator Glenister Sheil is a Nationalist Party Senator representing Queensland. Aged 58, he is a medical doctor and before entering Parliament was a Medical Practitioner, a Specialist Physician and a Hospital Proprietor. Senator Sheil is an Anglican. He spent a year in Britain in 1964 working on Post Graduate Medical Studies. He has also visited France, Austria, Japan and China. During free time, Senator Sheil enjoys tennis.

Mr David Cowan, MP is a Nationalist Member of Parliament for Lyne, New South Wales. Aged 62, he is a farmer and businessman and from 1965 to 1979 was a member of the New South Wales Parliament. Mr Cowan is a member of the Church of England. He has made frequent visits to Britain and has also travelled widely throughout the world. Mr Cowan is still recovering from a serious car accident in which his wife died.

Mr Edward Laurence Grace, JP, MP has been a Labour Party Member of Parliament representing Fowler, New South Wales since 1984. He was in the British Merchant Navy and was a self-employed electrician before becoming a Member of Parliament. Mr Grace was educated in Ireland and lived in Britain till 1960 when he emigrated to Australia.

Mr Philip Ruddock, MP has been a Liberal Party Member of Parliament for Dundas since 1973, and is also Deputy Chairman of Committees in the House of Representatives. He is a solicitor and obtained BA and LLB degrees from Sydney University. Mr Ruddock is an Anglican. He has made two official visits to Britain and has travelled widely throughout the world. He is on a low-cholesterol diet and is also a non-smoker and teetotaler.

Other members of the party are Mr John Porter, Personal Private Secretary to the Speaker of the House of Representatives, and Mr Michael Talberg, Senior Committee Clerk of the House of Representatives.

All members of the Parliamentary Delegation will be accompanied by their wives, with the exception of Mr Cowan, who may be joined by his daughter. The ladies will, however, not be taking part in official appointments.

The programme will be a familiarisation tour of various aspects of British life and will include visits to the North West of England, Scotland and Northern Ireland. A day will be spent in Parliament. It is also hoped to arrange meetings in London with the Prime Minister, Lord Chancellor, the Speaker of the House of Commons, leaders of the political parties, the Secretary of State for Trade and Industry, Secretary of State for Foreign and Commonwealth Affairs and the Minister of Agriculture. Requests have been made by the delegation to cover the following subjects:

- New Technology
- Privatisation
- Prospects for the British economy
- Restructuring of industry and job creation
- Trade Unions
- New Towns
- US/Soviet relations

It is also hoped to include a visit to the Australian Studies Centre, Houses of Parliament and a nuclear submarine base.

Programme Organiser: Moya Willis
Overseas Visitors and Information Studies
Central Office of Information
Hercules Road, London SE1 7DU

Direct Line : 01-261 8748
Switchboard : 01-928 2345 Ext 8748

2 March 1988

BACKGROUND BRIEF

AUSTRALIA

Useful Statistics

Population	15.7m	(1985)
UK Exports to Australia	£1,224 m	(1987)
Australian Exports to UK	£674 m	(1987)
UK visitors to Australia	158,900	(1985)
Australian visitors to UK	379,000	(1985)

POLITICS: INTRODUCTION

1. The Commonwealth of Australia came into being on 1 January 1901 as a federation of the six former colonies of New South Wales, Victoria, Queensland, South Australia, Tasmania and West Australia. In broad terms the Commonwealth (Federal) Government is responsible for such matters as defence, foreign affairs, taxation, external trade and immigration; the States are responsible for all other matters not specified in the Constitution. The constitution of Australia, as a federation, provides scope for actions of the Commonwealth and the State Governments in the nation's political life. The tendency of the central Government to expand its activities at the expense of State Governments is an established feature of Australian political life and the tendency is resisted by those who uphold State rights.

2. The Commonwealth Government also administers two internal territories. The Australian Capital Territory was ceded to the Commonwealth Government by New South Wales in 1909 as the site for the nation's capital. The Northern Territory, originally part first of New South Wales and then of South Australia, was taken over by the Commonwealth Government in 1911. It achieved self-government in 1978. Its Chief Minister is Mr Steve Hatton.

POLITICS : THE STATES

3. The State legislatures are independent of the Federal Parliament, and all except Queensland are bicameral. The present administrations are:

New South Wales : Liberal Party/National Party Coalition
Premier Mr Greiner (Liberal)

Queensland : National Party
Mr Ahern

South Australia : Australian Labor Party (ALP)
Premier Mr Bannon

Tasmania : Liberal
Premier Mr Gray

Victoria : ALP
Premier Mr Cain

Western Australia : ALP
Premier Mr Dowding

POLITICS : THE COMMONWEALTH (FEDERAL) GOVERNMENT

4. Members of the House of Representatives are elected for three years and Senators for six. Half the Senators stand for re-election every three years and the intention is that House of Representatives and half-Senate elections should be held simultaneously.

5. The Australian Labor Party, led by Mr Hawke, won a sweeping victory in March 1983. Before that, since 1949, Labor had held office only from 1972 to 1975. Mr Hawke called an early election in December 1984, the widespread expectation being that he would be returned with an increased majority. In the event his majority in the House of Representatives was reduced from 25 to 16. The balance of power in the Senate was held by a small group of 7 Democrats. The ALP held 34 seats and the Liberal/National Party Coalition 33.

6. On 27 May last year, buoyed by favourable poll results, Mr Hawke called an election for 11 July. He said that he had decided on an early poll (it need not have been held until March 1988) because his government needed a fresh mandate to pursue its tough economic policy. The election campaign was rather dull but produced an exciting finish, opinion polls suggesting that Mr Hawke and Liberal leader John Howard were neck-and-neck. In the event Mr Hawke was returned and became the first-ever Labor Prime Minister to enjoy a third term, Labor's majority in the House of Representatives increasing to 24 seats.

7. Australia plays a full part in Commonwealth and UN affairs. She is particularly concerned with developments in South East Asia and the Pacific, is a party to the ANZUS Defence Treaty, and a member of the South Pacific Forum. Australia gave the original impetus to the South Pacific Forum's Treaty on a Nuclear Free Zone in the South Pacific, which came into force on 11 December 1986. She is fostering her relations with ASEAN and the countries of the Pacific, especially New Zealand and Papua New Guinea. Matters of particular current concern in foreign affairs are the situation in Fiji, Libyan and Soviet interest in the Pacific, South Africa, arms control and disarmament and the future of the ANZUS Treaty following the New Zealand Government's espousal of anti-nuclear policies.

THE ECONOMY

8. The two main pillars of the Australian economy are agriculture (wheat, meat, wool and sugar) and primary industry (vast reserves of practically every known mineral).

9. In May 1986 Treasurer Keating remarked in a radio interview - since given wide publicity - that Australians were living beyond their means and that, if prompt corrective action were not taken, the economy would decline to "banana republic" status. Many consider this an over-reaction, but some commentators believe that the economy is indeed on the brink of recession. Unemployment has risen to around 8.3% while inflation has reached 8.4%. The issue of prime concern is the current account deficit. This was averaging more than A\$1.2 billion (£520 million) per month, but fell suddenly in February last year to A\$750 million (£325 million). This improvement, together with the 1.35% real growth in GDP for 1986, was seized upon by Mr Hawke and Mr Keating as evidence that the government's economic policies were correct. The Federal Budget for 1987/88, brought down on 15 September, was to all intents and purposes balanced; a tiny deficit of Aus\$27m is projected.

10. Australia remains one of the UK's major trading partners. In 1987 our exports to Australia totalled £1,224 million, while Australian exports to the UK were £674 million. We are also a major investor in Australia, providing around 25% of total foreign investment. Some 1500 British companies have a presence there.

BILATERAL ISSUES

Bicentenary

11. This year Australia celebrates the bicentenary of the arrival at Botany Bay of the First Fleet and the founding of Sydney, the colony of New South Wales, and what is now the Commonwealth of Australia. The Britain-Australia Bicentennial Committee was established in 1985 under the Chairmanship of Sir Peter Gadsden, a former Lord Mayor of London, to organise and co-ordinate Britain's part in the Bicentenary. In May 1985, the British Government announced that it had committed £1 million towards this event. The bulk of this will go towards Britain's official gift, the sail training ship Young Endeavour.

British Nuclear Tests in Australia

12. There has long been controversy in Australia over the conduct and consequences of the British atmospheric nuclear test programme in Australia in the 1950s and 1960s. Allegations have been made of inadequate safety precautions and of the deliberate exposure of servicemen and civilians in the test area to the effects of radiation. There have also been many unsubstantiated claims of death and injury resulting from this exposure. In July 1984 the Federal Government set up a Royal Commission to look into the conduct of the test programme. The British Government was represented before the Commission from late 1984 and tabled its own final submission before the Commission on 16 September 1985. This submission bears out the view of the British Government that the tests were carefully and responsibly conducted, with the full knowledge of the Australian Government, and that there is no evidence of any person suffering radiation injury as a result of them. The fullest co-operation was given to the Australian Government in making relevant material available. The Royal Commission's report, which made seven specific recommendations, was published in December 1985. The Australian Government, after consultations with the British Government, set up a Technical Advisory Group (including British and American as well as Australian representatives) to study the technical possibilities further. The

Australian Government has embarked with the help of the British Government on six studies, recommended by the TAG, with the costs being apportioned between the two Governments so that they are broadly similar. The results of the studies are not expected to be available until towards the middle of 1990. A Consultative Group has also been formed to consider the views of the interested parties.

South Pacific Department
March 1988



AUSTRALIA: Malabar pt 2

cc PC
BAP

Foreign and Commonwealth Office

London SW1A 2AH

11 April 1988

Dear Charles,

Visit of Australian Parliamentary Delegation

An Australian Parliamentary Delegation will pay a call on the Prime Minister at 1200 on Wednesday, 13 April (I enclose a list of the Delegation). They will have called on the Foreign Secretary and Lord Glenarthur the previous day.

The Delegation are visiting Britain from 9-19 April as guests of the FCO for a programme organised by the CCI. They will see key aspects of modern Britain including new technology, privatisation, industrial restructuring and job creation schemes. They will be calling on the Secretary of State for Trade and Industry and on the Minister of Agriculture. On 19 April, the Delegation will travel to the Irish Republic but return to the UK for a visit to Northern Ireland (22-23 April), organised by the CCI and NIO.

The Delegation have said that they would like to hear the Prime Minister's views on:

- (a) Northern Ireland;
- (b) South Africa;
- (c) Britain's role in the Pacific and S E Asia;
- (d) The chances for Fiji rejoining the Commonwealth.

We assume you do not require detailed briefing on these subjects for the Prime Minister.

The Prime Minister should, however, be aware that several of the members of the Delegation have Irish connections and that in particular Senator James McKiernan, who was born in the Republic, is a fervent Irish Nationalist. She may therefore wish to underline how valuable the Delegation's visit to the Province should be in giving them a clearer understanding of the complexities of the issues with which HMG's policies are designed to deal.

The Delegation may ask why Britain has declined to sign the Protocols to the South Pacific Nuclear Free Zone Treaty. As well as recalling that it would not, in our view, be in our wider security interests to acceded to the Treaty's

/Protocols



Protocols (although we intend in practice to abide by the Treaty's provisions), the Prime Minister might wish to mention that not all the eligible South Pacific states have so far signed the Treaty. (Vanuatu and Tonga have not.)

The Prime Minister may wish to refer to the Australian Bicentenary including Britain's gift, the sail training ship "Young Endeavour" (handed over to Prime Minister Hawke by our High Commissioner on 25 January), and to Britain's participation in EXPO 88 at Brisbane. The Delegation may obviously raise the Prime Minister's own proposed visit.

I attach a background brief on Australia. This includes details of one potential irritant to UK/Australian bilateral relations, the consequences of the British atmospheric nuclear test programme in Australia in the 1950's and 1960's, although there has been no indication that the Delegation intend to raise this.

Yours ever,

(L Parker)
Private Secretary

C D Powell Esq
10 Downing Street

MR. POWELL

Pl. bring forward
with the briefs
OB2

Visit of Australian Parliamentarians
Wednesday, 13 April

The Australian Parliamentarians
will present the Prime Minister with
a gold and opal brooch when they see her
on 13 April.

The Parliamentarians will be
accompanied by the Australian High Commissioner.

Sue

Charles

* At the end of the
meeting.

5 April 1988

Derek

12/4



✓

10 DOWNING STREET
LONDON SW1A 2AA

From the Private Secretary

23 February 1988

Thank you for your letter of 23 February proposing that the Prime Minister should see six visiting Australian Parliamentarians. My own view is frankly that it is a bit much to ask the Prime Minister to take on this sort of meeting. She has nonetheless agreed to see the Parliamentarians given that it is the bicentennial year. We have put them in the diary at 1100 on 13 April for half an hour.

R. ||

Charles Powell

Robert Culshaw, Esq., MVO.,
Foreign and Commonwealth Office.



Prime Minister
I really don't

R 23/2^①

Foreign and Commonwealth Office

London SW1A 2AH

see if you
should see them.

23 February 1988

surely the Lord Privy Seal

and the Lord Chamberlain
can do so. Agree not to

see them?

Six Australian Parliamentarians are visiting the UK from 9-19 April (list enclosed). They will go on to the Republic of Ireland and then return to the UK for a visit to Northern Ireland. Whilst in the UK they will be the guests of HMG. This is not a CPA sponsored visit.

CPA
23/2

The Foreign Secretary would not normally suggest that the Prime Minister should see a delegation of this kind. But as they are coming here during Australia's bicentenary year, when the Prime Minister herself plans to visit Australia and the CPA Annual Conference will take place in Canberra, he believes that exceptionally it would be appropriate for the Prime Minister to receive them.

I had
better see
them in
the
Bicentennial
year
not

If the Prime Minister agreed to do so, we would make clear to the Australians that this should not be regarded as setting a precedent for future visiting parliamentary delegations from Australia.

The delegation will be in London and available to make a call from 11-13 April.

Yours ever

(R N Culshaw)
Private Secretary

Wals 13/4

C D Powell Esq
10 Downing Street

1100

AUSTRALIAN PARLIAMENTARY DELEGATION

VISIT TO THE UK 9 - 19 APRIL

Mr L McLEARY MP,
Labour Party, (Constituency in New South Wales)
Deputy Speaker.
Leader of Delegation.

Senator D FOREMAN
Labour Party, (South Australia)

Senator J McKIERNAN
Labour Party, (Western Australia)

Mr E GRACE MP
Labour Party, (New South Wales)

Senator G SHEIL
National Party, (Queensland)

Mr P RUDDOCK MP
Liberal Party, (New South Wales)



CF

DG
CCFCO
SS

10 DOWNING STREET
LONDON SW1A 2AA

THE PRIME MINISTER

23 December 1987

Dear Mr. Eggleton,

Thank you for your letter of 17 December about my possible visit to Australia. I certainly hope to be able to take up Prime Minister Hawke's invitation, but have no firm plans as yet. I shall certainly bear in mind your kind invitation to meet Liberal Party members and will revert to it when my plans are more advanced.

Meanwhile, I send you and your colleagues best wishes for Christmas and the New Year.

Yours sincerely

Margaret Thatcher

Tony Eggleton, Esq.

001



The Liberal Party of Australia

FEDERAL SECRETARIAT

FEDERAL DIRECTOR
Tony Eggleton

TE
17 December 1987

The Rt Hon Margaret Thatcher, MP
10 Downing Street
London, SW1

Dear Prime Minister,

There are reports in the Australian media that you might possibly visit this country next year in the context of Australian Bicentennial celebrations.

Needless to say, if you do happen to find time to come to this part of the world in 1988, we hope you might reserve a spot or two in your programme for the Liberal Party of Australia.

John Howard, as Parliamentary Leader, and John Elliott, as our new Federal President, have asked me to extend a warm invitation to speak to Liberal audiences if you do undertake an Australian visit.

We recall with much pleasure and satisfaction your previous visits to Australia and your meetings with the Liberal Party.

Meantime, we wish you a very happy Christmas and all the very best for 1988.

Sincerely,

Tony Eggleton

DAILY TELEGRAPH, Thursday, December 17, 1987.

PM asks Maggie to visit next year

BRITISH Prime Minister Margaret Thatcher has been formally invited to visit Australia during next year's bicentennial celebrations.

While a written invitation has yet to be sent, the British PM was invited by Prime Minister Bob Hawke when they last met.

A spokesman for Mr Hawke said yesterday that the dates of Mrs Thatcher's visit had not be finalised, but it "was understood she will be coming".

"Her visit would be of great significance to a large section of the population," the spokesman said.

He said more world leaders, including President Reagan, would also be invited.

"The leaders will be in particular from countries that have contributed to immigration here over the years."

No other details on the visits were released.

The Sun, Thursday, December 17, 1987.

Maggie hopes to visit

LONDON, Wed. — British Prime Minister Margaret Thatcher hopes to visit Australia to celebrate the Bicentenary next year.

Mrs Thatcher said yesterday in the House of Commons that she hoped to receive an invitation from Prime Minister Bob Hawke.

Officials expect she will visit Expo '88 in Bris-

bane, where, among other countries, Britain will be represented.

But a spokesman at Number 10 said details of the trip had yet to be arranged.

A visit to Australia would be the third for Mrs Thatcher.

She previously travelled Down Under in 1979 and 1981.

— SUN BUREAU

RESTRICTED

001514
MDHIAN 7903

RESTRICTED
FM CANBERRA
TO IMMEDIATE FCO
TELNO 757
OF 270600Z NOVEMBER 87

OUR TELNO 755

QUEENSLAND GOVERNMENT

1. MR AHERN DULY APPROACHED THE GOVERNOR ON 26 NOVEMBER WITH A DOCUMENT SIGNED BY 48 PARLIAMENTARY MEMBERS OF THE QUEENSLAND NATIONAL PARTY, IE ALL MEMBERS EXCEPT SIR JOH, EXPRESSING SUPPORT FOR HIM, AHERN, AS PARTY LEADER. THE GOVERNOR, NEVERTHELESS, DECLINED TO WITHDRAW SIR JOH'S COMMISSION AS PREMIER.
2. THE SIMPLEST AND MOST SENSIBLE SOLUTION WOULD BE FOR SIR JOH TO RESIGN BUT HE MAY FIGHT TO THE END. DEVELOPMENTS ARE EXPECTED AT A CABINET MEETING SCHEDULED FOR 30 NOVEMBER AND/OR THE SITTING OF PARLIAMENT FIXED FOR 3 DECEMBER.

LEAHY

YYYY

DISTRIBUTION 58

MAIN 56

LIMITED
SPD
NEWS
INFO
LEGAL ADV
PS

PS/LD GLENARTHUR
PS/MR EGGAR
PS/PUS
MR GILLMORE
MR MCLAREN

ADDITIONAL 2

PS/NO 10 DOWNING STREET

BUCKINGHAM PALACE

NNNN

File
Prime

PRIME MINISTER

YOUNG ENDEAVOUR

You have already been most generous in the support you have given to this ship, which is our gift to the Australians to mark the bicentennial. You will recall that Mr. Weller - whom you received at No.10 - is having to make good the financial short-fall in the enterprise from his own pocket. To help recoup some of the costs, he is having special prints made of the Young Endeavour which he will sell to sailing clubs, sponsorship companies and the like. Ten of these will be specially framed and sold for a substantial amount. He has asked whether you and Mr. Hawke would agree to sign the ten.

I have checked with Robin Catford who sees no objection. I think it would be a nice gesture. Agree to sign?

C. D. Powell

10 November 1987



10 DOWNING STREET

~~Downing Street~~

Any objection
to this? It
seems fine to
me.

9/11

Charles Powell

No objection if PM is
willing.

CP
10/11

RESTRICTED
PERSONAL (CORRECTED VERSION)
FM CANBERRA
TO TELELETTER FCO
TELELETTER FILE REF 227/2
OF 060615Z NOVEMBER 1987

FROM HIGH COMMISSIONER, CANBERRA
PERSONAL FOR CHARLES POWELL ESQ, NO 10 DOWNING STREET

1. I AM CONSCIOUS THAT WE HAVE ALREADY ASKED, AND RECEIVED IN GENEROUS MEASURE, THE PRIME MINISTER'S HELP WITH YOUNG ENDEAVOUR. HER MOST RECENT MESSAGE, WHICH WAS READ OUT AT THE CEREMONY ON BOARD WHEN YE ARRIVED IN FREMANTLE ON 1 ST NOVEMBER, WENT DOWN VERY WELL WITH ALL CONCERNED. I MIGHT ADD THAT THE WHOLE EVENT GOT GOOD TELEVISION COVERAGE HERE AND HAS SERVED US WELL IN FLAG-FLYING TERMS.

2. AT THE RISK OF IMPOSING ON THE PM'S GOODWILL COULD I ASK HER TO CONSIDER DOING US, AND MORE PARTICULARLY, ARTHUR WELLER, ONE MORE FAVOUR? WELLER IS RESIGNED TO MAKING GOOD THE FINANCIAL SHORTFALL INVOLVED IN THE WHOLE ENTERPRISE FROM HIS OWN POCKET - HE IS NOTHING IF NOT A PATRIOT- BUT IS STILL SEEKING WAYS AND MEANS OF REDUCING IT AS FAR AS HE CAN. TO THIS END HE HAS COMMISSIONED A PAINTING OF YOUNG ENDEAVOUR BY A BRITISH ARTIST CALLED IAN HOUSTON (WHO IS GIVING HIS SERVICES FREE) AND INTENDS TO OFFER 200 OR SO GOOD QUALITY PRINTS OF THE PAINTING FOR SALE HERE IN AUSTRALIA TO SAILING CLUBS, SPONSORING COMPANIES AND THE LIKE FOR ABOUT \$200 EACH. HE WOULD LIKE, IN ADDITION, TO HAVE 10 SPECIALLY MOUNTED PRINTS PREPARED, WHICH WOULD BE SIGNED (ON THE MOUNTING) BY BOTH PRIME MINISTERS AND SOLD FOR THE EQUIVALENT OF \$4000 OR THEREABOUTS. (I PERSONALLY THINK THIS IS ASKING A BIT MUCH AND MAY TRY TO PERSUADE HIM TO LOWER HIS SIGHTS.) THE QUESTION IS WOULD MRS THATCHER BE WILLING TO AUTOGRAPH THE 10? I HAVE NOT YET APPROACHED BOB HAWKE BECAUSE I WANTED TO GET HER RESPONSE FIRST.

3. AS YOU MAY KNOW, I AM HANDING YE OVER TO MR HAWKE IN SYDNEY ON 25 JANUARY NEXT AND THE PRINCE AND PRINCESS OF WALES WILL BE PRESENT AT THE CEREMONY. SO WE ARE MAINTAINING A HIGH PROFILE.

4. COULD YOU LET ME HAVE A REACTION SOON, PLEASE, BY PERSONAL TELELETTER? I HAVE NOT THOUGHT IT NECESSARY TO CONSULT

RESTRICTED PERSONAL

(CORRECTED VERSION)

116767

MDTTAN 1741

THE FCO.

SIGNED SIR JOHN LEAHY

YYYY

DISTRIBUTION

NNNN

PAGE 2

RESTRICTED PERSONAL

(CORRECTED VERSION)

SUBJECT
CC OPS
MASTER



file SL3A79

10 DOWNING STREET
LONDON SW1A 2AA

PRIME MINISTER'S
PERSONAL MESSAGE
SERIAL No. T198/07

THE PRIME MINISTER

6 November 1987

My dear Prime Minister,

I am very pleased to accept your kind invitation to visit Australia during 1988, which we discussed during CHOGM. It will be a great pleasure to take part in the celebration of your Bicentenary, when there will be so many reminders of the shared origins, experiences and aspirations of the Australian and British peoples.

I still need to consider the timing of my visit, but I hope it will be possible to follow your suggestion that I should make it during British week at Expo 88 at the beginning of August.

Yours sincerely
Rajiv Gandhi

The Hon R. J. L. Hawke, A.C., M.P.

OTS

cc AC



Foreign and Commonwealth Office

London SW1A 2AH

5 November 1987

Dear Charles

Invitation to Prime Minister to visit Australia

Your letter of 7 October enclosed Mr Hawke's message inviting the Prime Minister to visit Australia in 1988, and the Prime Minister told Mr Hawke at CHOGM (your letter of 12 October) that she would try to do this.

The Foreign Secretary believes that the case for the Prime Minister to visit Australia remains as set out in my letter to you of 20 January. His view, following his own visit to Australia in April, was that we had tended to take the Australians too much for granted in recent years and that we should now seek to intensify the relationship at all levels. Official contacts during the year have already been considerably stepped up, and Lord Glenarthur met some key Ministers during his visit to Australia last week. Mr Hawke's invitation to the Prime Minister provides the best possible basis for a visit during Australia's Bicentenary Year, which would promote our interests in Australia and leave no room for any reasonable doubt that we take Australia seriously. This would be particularly so if the Prime Minister's visit could coincide with the planned British week from 2 to 7 August at the Expo 88 at Brisbane.

The Foreign Secretary hopes therefore that the Prime Minister will in due course send a formal reply to Mr Hawke's invitation, on the lines of the attached reply.

Yours ever

(R N Culshaw)

(R N Culshaw)
Private Secretary

C D Powell Esq
10 Downing Street

DSR 11 (Revised Sept 85)

DRAFT: minute/letter/teleletter/despach/note

TYPE: Draft/Final 1 +

FROM: Prime Minister

Reference

DEPARTMENT: TEL. NO:

Your Reference

BUILDING: ROOM NO:

SECURITY CLASSIFICATION

TO: Hon R J L Hawke AC MP

Copies to:

- Top Secret
- Secret
- Confidential
- Restricted
- Unclassified

SUBJECT:

PRIVACY MARKING

..... In Confidence

I am very pleased to accept your kind invitation to visit Australia during 1988, which we discussed during CHOGM. It will be a great pleasure to take part in the celebration of your Bicentenary, when there will be so many reminders of the shared origins, experiences and aspirations of the Australian and British peoples.

CAVEAT

I still need to consider the timing of my visit, but I hope it will be possible to follow your suggestion that I should make it during British week at Expo 88 at the beginning of August.

an sl3ayg

Enclosures flag(s)

AUSTRALIA

Melbourne

1972





*we
from*

10 DOWNING STREET
LONDON SW1A 2AA

From the Private Secretary

30 October 1987

Thank you for your letter of 27 October.
I enclose the message which the Prime
Minister has signed. I see from Canberra
Tel No. 712 that this is urgently required.
Can we please leave it to you to fax it
out to Australia.

P. A. Bearpark

Russell Dixon, Esq.,
Foreign and Commonwealth Office.



*File SLH
CC 100*

10 DOWNING STREET
LONDON SW1A 2AA

THE PRIME MINISTER

On the successful completion of your voyage from Britain to Australia, I would like to congratulate you all most warmly on your magnificent achievement. You and your crew have demonstrated how skill, determination, cooperation and enthusiasm can overcome the most difficult challenges nature can produce. And I am delighted that Britain's gift to Australia has served you so well.

Margaret Thatcher

November 1987

Am



Foreign and Commonwealth Office

London SW1A 2AH

27 October 1987

Dear Chair

Young Endeavour: Britain's Gift to Australia

The British High Commission at Canberra have suggested that the Prime Minister send a message of congratulation to the crew of the Young Endeavour on the ship's arrival at Fremantle on or around 2 November. Mr Hawke is being advised to do the same. The Prime Minister received the ship's crew at No 10 on 10 July, and we hope that she may be willing to issue an appropriate message, for the High Commission to deliver to the captain of the schooner. I enclose a draft.

Jan ev

R N Culshaw

(R N Culshaw)
Private Secretary

C D Powell Esq
PS/10 Downing Street

DRAFT: minute/letter/teleletter/despatch/note

TYPE: Draft/Final 1+

FROM:

Reference

The Prime Minister

DEPARTMENT:

TEL. NO:

SECURITY CLASSIFICATION

TO:

Your Reference

- Top Secret
- Secret
- Confidential
- Restricted
- Unclassified

Captain Blake and the Officers and Crew of 'Young Endeavour'

Copies to:

PRIVACY MARKING

SUBJECT:

.....In Confidence

CAVEAT.....

On the successful completion of your voyage from Britain to Australia, I would like to congratulate you all most warmly on your magnificent achievement. You and you crew have demonstrated how skill, determination, cooperation and enthusiasm can overcome the most difficult challenges nature can produce. I am delighted that Britain's gift to Australia has served you so well.

Starks

Enclosures—flag(s).....

UNCLASSIFIED

067147
M0HIAN 3392

UNCLASSIFIED
FM CANBERRA
TO DESKBY 300900Z FCO
TELNO 712
OF 300100Z OCTOBER 87
INFO IMMEDIATE PERTH

YOUNG ENDEAVOUR - ARRIVAL IN FREMANTLE

1. REDDICLIFFE'S TELELETTER OF 12 OCTOBER TO SIMS, CRD, REFERS.
2. YE IS DUE TO ARRIVE IN FREMANTLE AT 12 NOON ON SUNDAY 1 NOVEMBER (010400Z). GRATEFUL FOR IMMEDIATE ADVICE ON WHETHER THE PRIME MINISTER INTENDS TO SEND A MESSAGE OF CONGRATULATIONS TO THE CREW. WITH 48 HOURS TO GO BEFORE ARRIVAL THERE HAS ALREADY BEEN NATIONAL TV COVERAGE (FILM OF SHIP IN FULL SAIL TAKEN FROM HELICOPTER, SUPPLIES LOWERED ETC) AND WE EXPECT EXTENSIVE PUBLICITY FOR ARRIVAL ITSELF.
3. RECOMMEND TEXT OF ANY MESSAGE BE FAXED TO PERTH (09 481 4755) AND TO CANBERRA (062 733236).

LEAHY

YYYY

DISTRIBUTION 53

MAIN 50

LIMITED	PS
CRD	PS/MR EGGAR
SPD	PS/PUS
NEWS DEPT	MISS PESTELL
INFO DEPT	

ADDITIONAL 3

NO10 DOWNING ST

PAGE 1
UNCLASSIFIED



v6

10 DOWNING STREET
LONDON SW1A 2AA

From the Private Secretary

7 October 1987

I enclose a copy of a message to the Prime Minister from the Australian Prime Minister, inviting her to visit Australia during the bicentennial celebrations next year. You will wish to take account of this in the brief for the Prime Minister's meeting with Mr Hawke in Vancouver, and we shall need a draft reply in due course.

Charles Powell

R.N. Culshaw, Esq., MVO.,
Foreign and Commonwealth Office.

EA

VCE



AUSTRALIAN HIGH COMMISSION
PRIME MINISTER'S
PERSONAL MESSAGE

AUSTRALIA HOUSE
STRAND
LONDON WC2B 4LA
01-4928000X
438 8220

THE HIGH COMMISSIONER

SERIAL No. T182/97

7 October 1987

My dear Prime Minister,

I have been asked to pass to you the following text of a message from the Australian Prime Minister, the Hon R J L Hawke, AC, MP:

Message begins:

My dear Prime Minister

Australia and the United Kingdom share, through our respective histories, a heritage which has shaped our societies and will largely determine our future directions.

It therefore gives me pleasure to extend to you an invitation to visit Australia during 1988, our bicentennial year. It is a year of special significance to us being celebrated by a wide range of national and international activities.

One particularly important event scheduled for next year is World Expo '88, which is to take place in Brisbane, Queensland from 30 April to 30 October 1988. The Government and people of Australia will be host nation for Expo '88, the first to be held in the southern hemisphere this century. You may want to consider coming during British Week at Expo in August.

I hope that you will be able to visit during our bicentennial year and celebrate with us this anniversary in Australia's history.

Yours sincerely

Bob Hawke

Message ends.

*Yours sincerely
Douglas McClelland*

(Douglas McClelland)

The Rt Hon Margaret Thatcher, MP
Prime Minister and First Lord
of the Treasury
10 Downing Street
London SW1A 2AA

SUBJECT CC OPS
MASTER

② CCRC



THE HIGH COMMISSIONER

AUSTRALIAN HIGH COMMISSION
**PRIME MINISTER'S
PERSONAL MESSAGE**
SERIAL No. T1671V7

AUSTRALIA HOUSE
STRAND
LONDON WC2B 4LA
~~01 438 8000~~
438 8220

26 August 1987

Prime Minister

CDP
26/P

My dear Prime Minister,

I have been asked to pass to you the following text of a message from the Australian Prime Minister, The Hon. R. J. L. Hawke:

Message Begins

Dear Margaret

Thank you for your message of congratulations on the return of the Labor Government. I wholeheartedly share your view of the merits of third terms.

The special links between Australia and Britain will be very much in our minds as we approach 1988.

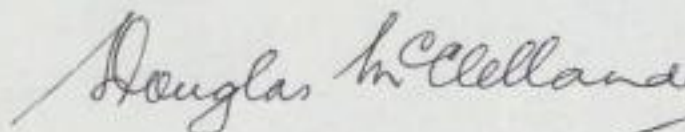
I look forward to seeing you again in Vancouver.

With best wishes,

Bob Hawke

Message Ends

Yours sincerely,



(Douglas McClelland)

The Rt Hon. Margaret Thatcher, MP
Prime Minister and First Lord of the Treasury
Downing Street
LONDON



AUSTRALIA

RENTONS

PTZ

RENTONS

PRIME MINISTER'S

PERSONAL MESSAGE

CONFIDENTIAL

SERIAL No. T1394/87.

66057 - 1

SUBJECT cc MASTER

DCMIAN 6057

CONFIDENTIAL

DD 122300Z CANBE

FM FCOLN TO CANBE

121551Z JUL

GRS 126

OPS

CONFIDENTIAL

FM FCO

TO DESKBY 122300Z CANBERRA

TELNO 384

OF 121551Z JULY 87

FEDERAL ELECTION

1. PLEASE PASS THE FOLLOWING MESSAGE FROM THE PRIME MINISTER TO MR HAWKE AS SOON AS POSSIBLE:

BEGINS

'DEAR BOB

I SEND YOU MY WARM CONGRATULATIONS ON YOUR ELECTION.

THERE IS A LOT TO BE SAID FOR THIRD TERMS.

BRITAIN AND AUSTRALIA SHARE A LONG HISTORY, AS NEXT YEAR'S BICENTENARY REMINDS US, AS WELL AS MANY CURRENT LINKS AND COMMON INTERESTS. I LOOK FORWARD TO CONTINUING TO WORK CLOSELY WITH YOU AND TO SEEING YOU IN VANCOUVER IN OCTOBER.

WARM REGARDS

MARGARET'

ENDS

HOWE

DCMIAN
LIMITED
SPD
Foreign DEPT
NEWS DEPT
CCO
P3
P3/20 GREENANTHON
P3/1Mn EDGMA
P3/1PUS
Mn GILLMIE
Mn M. LARON

COPIES TO:
P3/NO 10 DEPARTMENT ST.

CONFIDENTIAL



10 DOWNING STREET
LONDON SW1A 2AA

12 July 1987

From the Private Secretary

AUSTRALIAN ELECTION

Would you please send the following message from the Prime Minister to Mr Hawke as soon as possible:

"Dear Bob

I send you my warm congratulations on your Election. There is a lot to be said for third terms.

Britain and Australia share a long history, as next year's bicentenary reminds us, as well as many current links and common interests. I look forward to continuing to work closely with you and to seeing you in Vancouver in October.

Warm regards

Margaret"

Charles Powell

Resident Clerk
Foreign and Commonwealth Office.

Free
v6
ape

off Clerk
NO 10



Mr Spole
Assistant Resident Clerk

With the compliments of

FOREIGN AND COMMONWEALTH OFFICE
LONDON, SW1A 2AH

OUT TELEGRAM

CONFIDENTIAL

Copy to

DEQBY 12.2300Z
IMMEDIATE

ZCZC

CONFIDENTIAL

FM FCO

TO IMMEDIATE CANBERRA

TELNO

OF

FEDERAL ELECTION

1. Please pass the appropriate following message from the Prime Minister to ^{MR HAWKE} the new Australian Prime Minister as soon as possible:

(To Mr Hawke)-

BEGINS. Many congratulations on your ^{election} latest victory. Third terms have much to commend them (exclamation mark).

Britain and Australia share a long history, as next year's bicentenary shows, and a wealth of current links and common interests. I look forward to continuing to work closely with you and to seeing you in Vancouver in October. ENDS

Copy to /HOWE

Delivered by (check initials) Telephone no.

SPD

CONFIDENTIAL

IMMEDIATE

HOWE

YYYY

MAIN

LIMITED

SPD

PROTOCOL DEPT

NEWS DEPT

CCD

PS

PS/LORD GLENARTHUR

PS/MR EGGAR

PS/PUS

MR GILLMORE

MR MCLAREN

NNNN



AUSTRALIAN HIGH COMMISSION

CEP
AUSTRALIA HOUSE
STRAND
LONDON WC2B 4LA
01-438 8000

10 June 1987

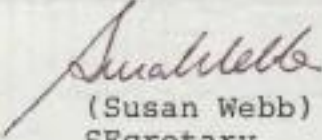
CDP/1/b

Private Secretary to
The Rt Hon. Margaret Thatcher, MP
Prime Minister
10 Downing Street
LONDON W1

Dear Private Secretary,

I am attaching the original letter from the Australian Prime Minister, The Hon. R.J.L. Hawke to The Rt Hon. Margaret Thatcher, a copy of which was forwarded earlier.

Yours sincerely,


(Susan Webb)
Secretary

cc P/C

DW



AUSTRALIAN HIGH COMMISSION

AUSTRALIA HOUSE
STRAND
LONDON WC2B 4LA
01-438 8000

THE HIGH COMMISSIONER

814/6

1 June 1987

cc. ~~FCO~~
CDP
1/6.

The Rt Hon. Margaret Thatcher, MP,
Prime Minister,
10 Downing Street,
LONDON.

My dear Prime Minister,

The Australian Prime Minister, the Hon. R.J.L. Hawke, AC, MP, has asked me to forward to you the attached text of a letter on the occasion of the launching of the "Young Endeavour", the United Kingdom's bicentennial gift to Australia.

Yours sincerely,

(Douglas McClelland).



SUBJECT

CC MASTER
OPS

PRIME MINISTER'S
PERSONAL MESSAGE
SERIAL No. T108/87

PRIME MINISTER

CANBERRA

The Rt. Hon. Margaret Thatcher, MP
The Prime Minister
10 Downing Street
London W1
UNITED KINGDOM

[1 JUN 1987

Dear Margaret,

I would like to convey to you and to the Government and people of the United Kingdom the very best wishes of the Government and people of Australia on the occasion of the launching of the "Young Endeavour" on 2 June 1987. This graceful vessel and her outstanding young British/Australian crew symbolise the warmth and vitality of the links between our two countries and peoples.

Our thoughts will be with the "Young Endeavour" and her crew as the preparations continue for the vessel's departure in August for Australia.

With all good wishes

*Yours sincerely
Bob*

R J L Hawke



AUSTRALIAN HIGH COMMISSION

Prime Minister⁴

THE HIGH COMMISSIONER

AUSTRALIA HOUSE
STRAND
LONDON WC2B 4LA
01-438 8000

21/4
9 April 1987

My dear Prime Minister,

These are just a few short lines to express my great appreciation to you for finding time in your busy schedule to see me yesterday.

I greatly enjoyed the discussion we had, and I very much look forward to my term of office in the United Kingdom.

Yours sincerely,

Douglas McClelland
(Douglas McClelland)

The Rt Hon. Margaret Thatcher, MP
Prime Minister and First Lord
of the Treasury
10 Downing Street
LONDON, SW1



10 DOWNING STREET
LONDON SW1A 2AA

From the Private Secretary

8 April 1987

dated 16-2-87

I enclose a copy of the letter handed over by the new Australian High Commissioner when he paid his official call this morning. Nothing of moment emerged in the brief discussion which took place.

(Charles Powell)

R. N. Culshaw, Esq., MVO,
Foreign and Commonwealth Office.

BM

PRIME MINISTER

MEETING WITH THE AUSTRALIAN HIGH COMMISSIONER

The new Australian High Commissioner, Mr. McClelland, is to pay a courtesy call on you tomorrow. He is a former Labour politician and has recently been President of the Senate. He is close to Mr. Hawke.

There are notes on Mr. McClelland and on Australian-British relations in the folder.

Points which you might discuss are:

- the political situation in Australia. There has to be an election by March 1988. Mr. McClelland is well placed to hold forth on the prospects.
- prospects for the Australian bicentennial (for which we have presented a sail training ship) and EXPO in Brisbane. You have been invited to the latter in August next year.
- our wish to give more substance to relations with Australia. The Foreign Secretary is going there next month.

He may raise our decision - now public - not to sign the Protocols to the South Pacific Nuclear Free Zone Treaty. You can point out that we have said that we do not intend to base or test nuclear weapons in the area.

C.D.P.
C.D. POWELL
7 April 1987

CC/C
CC/B/JP010
Mr Martin
Protocol DepartmentFrom: A E Furness
South Pacific Department

Date: 24 March 1987

CC: PS ^{PS/ N° 10}
APS
PS/Lady Young
PS/PUS
Mr Gillmore
Mr McLaren o.a.
Mr Samuel, ODA
Mr Hervey, Protocol Dept
Mr Macan, CCD

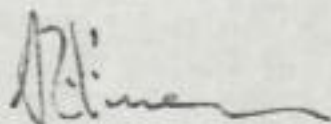
INITIAL CALLS BY NEW AUSTRALIAN HIGH COMMISSIONER

1. As requested in paragraph 5 of your minute of 23 March, I attach a biography of the new Australian High Commissioner, the Hon Douglas McClelland, and a short brief on our relations with Australia.

2. It may be convenient to recall that his programme of calls is:

	<u>Date</u>	<u>Time</u>
Head of SPD	Fri 27 Mar	10.45am
Vice Marshal of the Diplomatic Corps	27 Mar	11.15am
Permanent Under Secretary	27 Mar	11.45am
Deputy Under Secretary (Mr Gillmore)	27 Mar	12.00pm
Minister of State (Lady Young)	Wed 1 Apr	11.00am
Head of CCD (Mr Macan)	1 Apr	11.30am
Secretary of State	Mon 6 Apr	2.30pm
Assistant Under Secretary (Mr McLaren)		To be arranged

3. I shall be submitting to PS/Lady Young shortly about a lunch in honour of Mr McClelland.



A E Furness

McCLELLAND, HON DOUGLAS

Australian High Commissioner in London since March 1987. Born 5 April 1926, Wentworthville, NSW. Educated Metropolitan Business College.

Military Service 1944-47. Former NSW and Commonwealth court reporter. Senator (Australian Labor Party) for New South Wales 1972-1987, latterly "Father of the House". Minister for the media 1972-75. Manager of Government business in the Senate 1974-75. Manager of Opposition business in the Senate 1976-77. Deputy Senate Opposition Leader 1977-80. Deputy President and Chairman of Committees 1981-83. President of the Senate 1983-87.

Although in recent years he has not carried much weight in Labor Party politics (if he ever did), he has the ear of senior government figures, including the Prime Minister. He acquired a reputation and stature as President of the Senate that he failed to achieve as a Minister. Described by the Opposition as an excellent President with a natural sense of fair play.

Friendly and easy-going, but robust when necessary. Plenty of common sense but no intellectual.

Married (Lorna), 1 son and 2 daughters.

Likes gardening, reading, swimming. A very keen rugby league fan, although a former union player.

Foreign and Commonwealth Office
March 1987

CONFIDENTIAL

AUSTRALIA-BRITISH RELATIONS

1. Traditional ties between Britain and Australia remain strong, but Australia looks to many more countries, eg United States, Japan, China, South East Asia, than she did in the past to advance her markets and her interests generally. Britain needs to make a more conscious effort than in the past to maintain links with Australia that are still of benefit to both countries. Australia remains an important market for Britain; British exports in 1986 were worth £1,200 million, and over 1,500 British firms have subsidiaries there. Australian investment in Britain has risen to around £330 million.
2. We are aiming to "thicken" our relations with Australia. The Secretary of State will visit Australia next month (the first visit by a Foreign Secretary since CHOGM at Melbourne in 1981), and a new programme of official level consultations is being launched. Numerous Australian Ministers visited London in 1986, including Mr Hawke, Mr Beazley (Defence), Mr Keating (Treasurer), Mr Hurford (Immigration), Mr Willis (Employment and Industrial Relations), and Senator Evans (Resources and Energy).
3. The British contribution to the Australian bicentennial celebrations and to EXPO 88 at Brisbane should help to revive our links. Britain's gift of the sail training ship "Young Endeavour" (due to be launched in June) has attracted favourable attention in Australia.
4. The British Government's decision, announced last week, not to sign the Protocols to the South Pacific Nuclear Free Zone Treaty has disappointed the Australian Government. They have however taken note of our intention not to test or base nuclear weapons in the region.
5. We are grateful for the Australian Government's support in the Peter Wright case.
6. Both the British and Australian Governments are co-operating in a research programme on the British nuclear test sites, due to be

CONFIDENTIAL

CONFIDENTIAL

completed in 1988, on the practical possibilities for a further clean up, without prejudice to the question who might pay for it.

7. Many Australians express concern about the Australian image in Britain, fostered by Australian comedians and by crude advertisements for Australian products. Australians do in fact make a major contribution to British industrial, economic, academic and artistic life.

8. The next general election in Australia must be held by March 1988. Public opinion polls have shown the Government and Opposition rather close, but Mr Hawke's personal popularity is still well ahead of the Leader of the Opposition, Mr Howard's. The opposition Liberal Party is in disarray and a fresh struggle for its leadership looks likely as Mr Howard has just dismissed Mr Andrew Peacock (the former leader) as his Foreign Affairs Spokesman, following reports that Mr Peacock had made disparaging remarks about him. The second opposition party, the National Party, is also ⁱⁿ disarray, because of a campaign by the Queensland Premier, Sir ^{Jon} Joe Bjelke-Petersen to take over the party leadership and that of the federal opposition to Mr Hawke. Mr McClelland, as a former Labor Senator, will no doubt be happy to explain how this should improve Labor's already good chances at the next election.

South Pacific Department
March 1987

CONFIDENTIAL



With the compliments of

PROTOCOL DEPARTMENT

ent

**FOREIGN AND COMMONWEALTH OFFICE
LONDON, SW1A 2AH**



cc PC

FROM: S W F Martin
Protocol Department

DATE: 23 March 1987

cc: Private Secretary
PS/No 10
PS/Lady Young
PS/Mr Patten
PS/PUS
PA/Mr Gillmore
PA/Mr McLaren (o.a.)
PA/Mr Hervey
PA/Mr Furness
PA/Mr Macan

Mr Furness
SPD

1. The new High Commissioner for Australia the Hon Douglas McClelland arrived in London on Friday 20 March and assumed his functions immediately.
2. An appointment with the Prime Minister to present the Letter of Introduction has been arranged for Wednesday 8 April. An audience of Her Majesty The Queen has been arranged for Thursday 26 March.
3. In due course, you should arrange for the appropriate FCO Minister to give a lunch in honour of the High Commissioner. Protocol Department should be kept informed of this.
4. Appointments for the High Commissioner to pay his initial calls at the FCO have been made as follows:

	<u>Date</u>	<u>Time</u>
Head of SPD	Fri 27 Mar	10.45 am
Vice Marshal of the Diplomatic Corps	27 Mar	11.15 am
Permanent Under Secretary	27 Mar	11.45 am
Deputy Under Secretary (Mr Gillmore)	27 Mar	12.00 pm
Minister of State (Lady Young)	Wed 1 Apr	11.00 am
Head of CCD (Mr Macan)	1 Apr	11.30 am
Secretary of State	Mon 6 Apr	2.30 pm
Assistant Under Secretary (Mr McLaren)	To Be Arranged	

5. For these calls would you please prepare a biography of the High Commissioner and a short brief on our relations with the country. They should be given the following distribution:

Top copy on blue paper to:

Protocol Department - to forward to the Marshal of the Diplomatic Corps for Her Majesty The Queen. This copy should have the date and 'Foreign and Commonwealth Office' typed at the bottom.

Private Secretary (10 Downing Street)

Other copies to:

Private Secretary - for the Secretary of State
 APS to Secretary of State
 Minister of State (Lady Young)
 Permanent Under Secretary
 Deputy Under Secretary (Mr Gillmore)
 Assistant Under Secretary (Mr McLaren, o.a.)
 Assistant Under Secretary (ODA)
 Vice Marshal of the Diplomatic Corps
 Head of SPD
 Head of CCD
 5 copies to Protocol Department for Mr Martin



6. Mr McClelland is a portly dark-haired man of 60, with a ruddy complexion and a ready smile.

S W F Martin

23 March 1987

S W F Martin
Protocol Department

file



✓
T4
17/3

With the compliments of

PROTOCOL DEPARTMENT

**FOREIGN AND COMMONWEALTH OFFICE
LONDON, SW1A 2AH**



Foreign and Commonwealth Office

London SW1A 2AH

13 March 1987

Mr A L Vincent
Acting High Commissioner for
Australia
Australian High Commission
Australia House
Strand
LONDON
WC2B 4LA

By des Tony

I am writing, in confirmation of our telephone conversation this morning, to say that the Prime Minister looks forward to receiving the new High Commissioner, the Hon Douglas McClelland (who is due to arrive on 20 March), at 12.30 pm on Wednesday 8 April. This is in order that he can present to Mrs Thatcher his letter of introduction from the Prime Minister of Australia. I know that you appreciate that the Prime Minister's forthcoming visit to the Soviet Union makes it difficult for her to receive Mr McClelland earlier than the date mentioned above.

As I told you, the Marshal of the Diplomatic Corps will be writing to you separately about the High Commissioner's audience of The Queen on Thursday 26 March.

John Eve

Stanley

S W F Martin
Assistant Marshal of the
Diplomatic Corps

Bcc: Mrs Tessa Gaisman (10 Downing
St)
Mrs Allcock (Private Office)
Mr Furness (SPD) - could
briefing please reach No 10
by the evening of 7 April

PRIME MINISTER

MEETING WITH THE AUSTRALIAN HIGH COMMISSIONER

The Australian High Commissioner is coming in tomorrow to pay a brief farewell call. Mr. Parsons has been here since January 1984. He has been a very congenial and helpful High Commissioner. This is his last post. He is being very coy about what he is going to do next.

There are few current problems in our relations with Australia. Mr. Parsons has been much concerned with the preparations for the bicentenary next year, and deserves credit for helping to stimulate a considerable wave of goodwill for Australia in the approach to this. You will remember that there was some difficulty over Mr. Hawke's request, which we could not accept, for the original of the Australian Constitution. But this has only been a very minor hitch. The UK has given a training ship as a gift to mark the bicentenary.

You will recall that we do not exactly see eye to eye with Mr. Hawke on the question of sanctions against South Africa, but less has been heard of this in recent months.

The Australians have been wary of Mr. Lange's ideas on nuclear ships' visits, and have not emulated him. They have, however, continued to promote the Treaty establishing a South Pacific Nuclear Free Zone. We do not intend to sign this, though have not yet formally told the Australians so.

There were also a number of difficulties over the cleaning up of the Maralinga nuclear test site, but these appear to have been overcome.

You may have noticed that your friend and admirer, Sir Joh Bjelke-Petersen, has decided to launch himself into Federal politics in Australia, disconcerting his colleagues in the

Opposition a good deal more than the Government.

You will recall that Australia was helpful at the time of the Hong Kong Agreement.

You might ask Mr. Parsons about immigration from this country to Australia, the current numbers, and what he sees as the prospects.

Finally, on a small point, you might thank him for his personal help in obtaining visas with a minimum of fuss for Mark and Diane.

CDP

CDP

17 February, 1987.

SUBJECT
cc master
Ops



PRIME MINISTER'S
PERSONAL MESSAGE
SERIAL No. T18A/87

PRIME MINISTER

CANBERRA

Dear Margaret,

16 FEB 1987

The bearer of this letter is the Honourable Douglas McClelland, whom the Australian Government has appointed as its High Commissioner in the United Kingdom of Great Britain and Northern Ireland in succession to Mr Alfred Roy Parsons.

Mr McClelland has had a distinguished career in politics and as a Minister of the Crown. Born in Wentworthville in 1926, he was educated at Parramatta Boys High School and the Metropolitan Business College, served with the 2nd AIF from 1944-47 and was a New South Wales and Commonwealth Court Reporter (1949-61). He has represented New South Wales in the Australian Senate since his election in 1961, and has been Manager of Government Business in the Senate (1974-75), Minister for the Media (1972-75), Special Minister of State (1975), Deputy Senate Opposition Leader (1977), Deputy President of the Senate and Chairman of Committees (1981-83). Prior to this appointment, Mr McClelland was President of the Senate.

I am confident that Mr McClelland's personal qualities, as well as his experience, will aid him in the most important task of maintaining and further developing the close and friendly ties which exist between our two countries.

In commending Mr McClelland to you, I would ask you to give entire credence to all that he may communicate to you in the name of the Australian Government. I am sure that you and the Government which you lead will afford him all possible help and co-operation in the fulfilment of his high mission.

Yours sincerely
Margaret Thatcher

The Right Honourable Margaret Thatcher, MP
Prime Minister
10 Downing Street
LONDON W.1



MJQCVS

apc

10 DOWNING STREET
LONDON SW1A 2AA

From the Private Secretary

22 January 1987

REQUEST FOR A CALL BY MR JOHN KERIN

Thank you for your letter of 22 January about the request from the Australian Minister for Primary Industry to call on the Prime Minister. As you surmise, the Prime Minister is unfortunately unable to manage this. She would, I am sure, be grateful if the Foreign Secretary were to see Mr Kerin on her behalf and receive any letter from Mr Hawke.

Charles Powell

Robert Culshaw Esq MVO
Foreign and Commonwealth Office.

V16



Foreign and Commonwealth Office

London SW1A 2AH

22 January 1987

*Dear Charles*Request for Call by Mr John Kerin

The Australian High Commission have written asking whether the Prime Minister would be willing to receive Mr John Kerin, Minister for Primary Industry, on 9 February.

Mr Kerin is the Minister responsible for agriculture. Australia has taken a leading role in pressing for reform of agricultural support regimes. The Australians have told us that, if the Prime Minister were able to see him, he would arrange to deliver a message on agriculture from Mr Hawke.

Mr Kerin will be meeting Mr Channon and Mr Jopling. Sir Geoffrey Howe does not wish to recommend that the Prime Minister should see Mr Kerin. He is however willing to receive him himself for a brief discussion, and to receive any letter from Mr Hawke on the Prime Minister's behalf.

*Yours ever**Robert (R N) Culshaw*

(R N Culshaw)
Private Secretary

C D Powell Esq
10 Downing Street



THE HIGH COMMISSIONER

AUSTRALIAN HIGH COMMISSION

Mr. Lyder
20/1

AUSTRALIA HOUSE
STRAND
LONDON WC2B 4LA
01-438 8000

19 January 1987

Dear Charles

Thank you for your note of 15 January 1987 about a call on the Prime Minister at 10 o'clock on Wednesday 18 February.

I will look forward to this very much.

Yours sincerely
A. R. Parsons

A. R. Parsons

Mr C. D. Powell
Private Secretary to the
Prime Minister
10 Downing Street
LONDON, SW1A 2AA



Je v.
c R

10 DOWNING STREET
LONDON SW1A 2AA

From the Private Secretary

15 January 1987

The Prime Minister was grateful for your letter of 14 January but sorry to hear of your impending departure. She would be happy to see you before then, at 1000 on Wednesday 18 February. I hope that this is convenient.

(CHARLES POWELL)

His Excellency Mr. A.R. Parsons

GA



10 DOWNING STREET

~~Confidential~~

Can we dispense
him for 15
months?

CR

CR

Yes (reluctantly)
Wednesday 18
February at 10.00.

CR

15/11



AUSTRALIAN HIGH COMMISSION

AUSTRALIA HOUSE
STRAND
LONDON WC2B 4LA
01-438 8000

THE HIGH COMMISSIONER

Prime Minister
Do you wish to see
him before he leaves? 14 January 1987
It is not essential, but
the old Commonwealth perhaps
want some treats.

Yes Mrs

CJP 14/1

Dear Prime Minister,

As you may recall from other correspondence, my posting to London is coming to an end. I will be leaving on 21 February.

For me the last three years have been some of the most satisfying of my career, both personally and professionally. I shall leave convinced more than ever of the enduring nature and importance to Australia of its relationship with Britain. This will be the main thrust of the advice I will be giving to Australian Ministers on my return.

In the meantime, and providing your other commitments permit, I would like very much the opportunity to make a final call on you. I hope this can be fitted in to your diary.

Yours sincerely

Parsons

A. R. Parsons

The Rt Hon. Margaret Thatcher, MP
Prime Minister and First Lord
of the Treasury
10 Downing Street
LONDON, SW1

CONFIDENTIAL



10 DOWNING STREET

From the Private Secretary

22 December 1986

Thank you for your letter of 22 December about the proposed appointment of Mr McClelland to be Australian High Commissioner in London.

The Prime Minister agrees that we should inform the Australian Government that we would be happy to welcome Mr McClelland to London.

Charles Powell

A C Galsworthy, Esq., CMG.,
Foreign and Commonwealth Office

CONFIDENTIAL

EC

CONFIDENTIAL

cc: [handwritten initials]



Foreign and Commonwealth Office

London SW1A 2AH

22 December 1986

Prime Minister Agree?

CDP 22/xii

Sean Charles,

Les [handwritten initials]

We have been informed that the Australian Government propose to appoint Mr Douglas McClelland, at present President of the Australian Senate, to be Australian High Commissioner in London in succession to Mr Alfred Parsons. I enclose a brief curriculum vitae.

The Foreign Secretary welcomes this appointment. As you will be aware, it is not the practice between Commonwealth countries of which Her Majesty is Queen to seek formal agreement to the appointment of a High Commissioner. Sir Geoffrey Howe would be grateful, however, if the Prime Minister would agree to our informing the Australian Government that the British Government will be glad to welcome Mr McClelland in London and look forward to continuing with him the happy association which they enjoyed with his predecessor.


I am copying this letter to Sir William Heseltine.

Les [handwritten initials]
[Signature]

(A C Galsworthy)
Private Secretary

C D Powell Esq
10 Downing Street

CONFIDENTIAL



CONFIDENTIAL

McCLELLAND, SENATOR THE HON DOUGLAS

President of the Senate since 1983.

Born 5 April 1926, Wentworth, NSW. War service (AIF) 1944-47. Former court reporter, then Senator (ALP) for NSW since 1962. Minister for the Media 1972-75. Deputy President and Chairman of Committees 1981-83. "Father of the House" - longest serving current Senator.

Married, three children.

A relatively lightweight figure these days in Labor Party politics.

Likes gardening, reading, swimming. Friendly.

CONFIDENTIAL



SLWAMS

10 DOWNING STREET

LONDON SW1A 2AA

From the Principal Private Secretary

20 November 1986

Mr. Bill Hassall, Leader of the Liberal Party in Western Australia, telephoned me from Australia today to invite the Prime Minister to attend the America's Cup races in Perth.


I told Mr. Hassall that this was not the first occasion in which it had been suggested to the Prime Minister, but this was a particularly difficult time of the year for the Prime Minister to absent herself from the United Kingdom for any period of time. Mr. Hassall then asked whether it would be possible for her to pay a visit to Western Australia during the next 18 months. I said that I did not think this would be possible. It was relevant to her planning for overseas visits that within 18 months there had to be a general election here.

Mr. Hassall was understanding but said that he would write to me to lay a claim for a future visit at a convenient time. He emphasised that Perth was becoming an important centre on one side of the Pacific rim, as had been evidenced by the recent Pac Rim Conference held there.

I am sending a copy of this letter to John Sharland, our Consul-General in Perth.

(N. L. WICKS)

Robert Culshaw, Esq., M.V.O.,
Foreign and Commonwealth Office.



Pasmal.

C 99.



BRITISH HIGH COMMISSION
CANBERRA

From the High Commissioner

31st October, '86

Dear Charles,

I thought the Prime Minister might
enjoy the enclosed. I doubt whether that
"Big Mal", as he is known here, will be quite
so amused.

Yours,

John.

The night Malcolm Fraser lost his trousers

By PAUL SHEEHAN,
Staff Correspondent

NEW YORK, Thursday: It was 7 am. Malcolm Fraser was wearing a shirt, a tie — and a towel wrapped around his waist.

He was standing, dazed, in the lobby of the Admiral Benbow Inn in downtown Memphis, Tennessee.

It was October 14, the morning after a night in which the former Australian Prime Minister had lost everything but the shirt on his back. Literally.

Contacted last night and asked to account for this extraordinary event, Mr Fraser was silent for what seemed like a long time, then replied:

"There's nothing I can say."

Was it all a blank, he was asked?

"Yes."

Then he added, after a pause:

"I wish I'd never been to bloody Memphis."

Mr Fraser, speaking from Melbourne, said he must have been drugged, then robbed. When he woke up the next morning his passport, wallet, credit cards, money, suitcase and clothes were gone. All except a shirt and a tie.

Was he sure he had been drugged?

"I had no sense of balance that day, which I'd never experienced before," he replied. "The only clear memory I have is turning up at the Memphis Country Club [the next morning]."

Mr Fraser was the guest of honour at the country club the night before. He was also supposed to be staying there.

According to Dr Kurt Flexner, president of the Economic Club of Memphis, Mr Fraser gave an address entitled "Can the Western Alliance Maintain Peace?"

And had Dr Flexner helped provide Mr Fraser with some assistance after his mishap?



"I don't know anything about that," Dr Flexner replied.

Actually, he did. He has already told the Memphis newspaper, *Commercial Appeal*, that Mr Fraser did not report the robbery to the police because he had a schedule to keep, he saw no prospect of getting his belongings back, and, being a prominent person, he had not wanted to draw adverse publicity to Memphis.

So what had Mr Fraser been doing before his mind went blank?

"The dinner meeting finished about 9 pm, and I asked what there was to see," he said last night.

"I was told Memphis was the home of the blues, and that Beale Street was the place. Somebody said I should see the Peabody."

The Peabody, the top hotel in Memphis, is where Mr Fraser went for a few drinks that ill-fated night. It's where he believes he was drugged, although he does not remember talking to anyone, or anybody disturbing him.

"Everything after the Peabody is a blank," he said.

But that's not how the night manager at the Admiral Benbow Inn remembers it.

"I checked him in," said Jerry Foster, in an interview with the *Herald* last night.

"He seemed like he'd been drinking, but he was coherent.

"He did seem kind of vaguely belligerent. It was just a feeling that I got. He pulled out a \$100 bill and paid for the room.

"He told me he was from Australia, and didn't have a Memphis address. So I just told him to put down his address in Australia.

"He signed himself Joan Jones from Victoria, Australia," Mr Foster said.

"It was scribbled. The man had obviously been drinking. I figured he meant to write John."

Mr Fraser then went to room 372, Mr Foster said. "It's up on the third floor, in a building that's behind the desk area."

So it would be possible for Mr Fraser to come and go without being seen?

"It would be virtually impossible to see if anyone came or went," he replied. "It connects directly with the street. I didn't see him again."

"If he'd handled it differently the next day," Mr Foster offered, "nobody would have known. He

Continued Page 7

Malcolm Fraser loses his trousers on Beale Street

From Page 1

should have called from his room instead of running around half-naked."

Mr Fraser no doubt agrees. His behaviour that morning suggests he was still not in control. And he insists he was the victim of a classic robbery ploy.

"I spoke to a friend of mine in New York, and he said it happens all the time," Mr Fraser said. "But it always happens to someone else. When it happens to you it's not very pleasant."

The Memphis police, when asked about the incident yesterday, replied through Lieutenant R.R. Davis, who said: "I don't have anything official on it. Something like that can happen anywhere. Normally it [the Admiral Benbow] is a pretty decent place."

Mr Fraser seemed understandably haunted that the Memphis debacle was about to follow him home.

"I suppose you have to publish this?" he asked.

Yes, he was told, his embarrassment had already been noted by the main Memphis newspaper, the *Commercial Appeal*, which reported the incident on Saturday, October 18, under the headline:

"VISIT MEMORABLE FOR PROMINENT AUSTRALIAN Ex-Prime Minister Wanders, Wonders"

The newspaper quoted Mrs Dale Saunders, describing Mr Fraser's sudden appearance in the lobby at 7 am, as saying: "He just asked us to call a cab, then he wandered off."

But there was the problem of Mr Fraser's trousers, or lack of them. A bellman, Roy Wilson, finally found him a pair, although they were far too small.

"I just lost money on the deal. I can't afford to be giving away a



pair of pants," Mr Wilson told the paper.

Asked if he had returned the trousers to Mr Wilson, Mr Fraser said last night: "I wasn't thinking very clearly. The pants were left at the country club."

Then he added: "They were very old.

"They didn't even go around my waist," he said, with what sounded like a rueful laugh.

Throughout the incident at the Admiral Benbow, as Mr Fraser was being found some trousers and a taxi to take him back to the country club, none of the staff had any idea they were dealing with the former head of a foreign government.

"He didn't look too prominent at 7 o'clock in the morning," Mrs Dale Saunders said.

To which Mr Fraser replied last night:

"That's probably the understatement of the year."

● In Sydney yesterday, the US Travel and Tourism information centre described the Admiral Benbow hotel as "budget accommodation".

It is a 104-room premises "five minutes from the city centre", with basic facilities only. Rooms: single with bath US\$28, twin with bath US \$34.

The Admiral Benbow does not belong to any hotel chain, and no Australian travel agents offer booking services.

SUBJECT CC MASTER
OPS

T

CONFIDENTIAL

73118 - 1

OCMIAN 3118
CONFIDENTIAL
DD 302100Z CANBE
FM FCOLN TO CANBE
301500Z OCT
GRS 150

PRIME MINISTER'S
PERSONAL MESSAGE
SERIAL No. T 198/11

CONFIDENTIAL
FM FCO
TO DESKBY 302100Z CANBERRA
TELNO 540
OF 301500Z OCTOBER 86

AMERICA'S CUP: INVITATION TO PRIME MINISTER

1. MR HAWKE WROTE TO THE PRIME MINISTER ON 27 OCTOBER INVITING HER TO VISIT WESTERN AUSTRALIA DURING THE FINAL SERIES OF THE AMERICA'S CUP IN JANUARY 1987.
2. PLEASE CONVEY REPLY TO MR HAWKE. TEXT AS FOLLOWS:
'DEAR BOB,
IT WAS THOUGHTFUL OF YOU TO SUGGEST THAT I MIGHT VISIT WESTERN AUSTRALIA DURING THE AMERICA'S CUP SERIES. IT IS A MOST TEMPTING PROSPECT BUT ONE WHICH SADLY I HAVE TO RESIST, AS I SEE NO REALISTIC CHANCE OF BEING ABLE TO TRAVEL DURING THE PERIOD IN QUESTION. BUT THANK YOU FOR THE KIND THOUGHT.
WITH BEST WISHES, YOURS SINCERELY, MARGARET'
3. ORIGINAL LETTER FOLLOWS BY BAG FOR ONWARD TRANSMISSION.

HOWE

OCMIAN 3118
LIMITED
SPD
INFO D
NEWS D
PS
PS/LADY YOUNG
MR GILLMORE
MR WILSON

1
CONFIDENTIAL

FILE JC
cc FCO

SUBJECT CC MASTER
OPS



PRIME MINISTER'S
PERSONAL MESSAGE

10 DOWNING STREET SERIAL No. T196/86
LONDON SW1A 2AA

THE PRIME MINISTER

28 October 1986

Dear Bob

I am sorry it has taken so long to reply to your letter of 16 September about the renegotiation of the reciprocal agreement on social security between our two countries to provide for the indexation of United Kingdom pensions payable in Australia.

Tony Newton, our Minister of State at the Department of Health and Social Security, recently let Mr. Howe know that he was content for officials to discuss whether it might be possible to draw up a new agreement. He stressed, however, that he could make no commitment as to when we might be able to find the money to meet the cost of uprating United Kingdom pensions payable in Australia.

The cost to us of increasing United Kingdom pensions payable in Australia to the level paid in this country would be about £73 million a year. To pay future increases alone would cost us about £9 million in the first year; that cost would then increase year by year until we were paying all pensions in Australia at the full United Kingdom rate.

You are right in saying that the United Kingdom has comprehensive social security conventions with 28 countries, which provide for cost of living pension increases to be paid. But these agreements cover only about 40 per cent of United Kingdom pensioners living abroad; and they were drawn up at a time when British Government spending was not subject to such strict constraints as now has to be the case.

CJ

Over half of the United Kingdom pensions that are paid abroad are paid without cost of living increases. The fact that Australia, Canada and New Zealand are members of the Commonwealth, and countries with whom we have such close ties, of course makes comprehensive agreements, including the uprating of United Kingdom pensions, the more desirable. But the costs, particularly in the case of Australia, would be very high and I am afraid that British Government funds for this are not available.

You mentioned in your letter that in 1982 Ministers of our two Governments agreed to renegotiate the existing agreement on social security to improve its effectiveness. In April 1982, at a meeting between our respective Ministers with responsibility for social security matters, we made clear that we could not say when it would be possible to meet the cost of uprating United Kingdom pensions in Australia; and that this was unlikely to be in the foreseeable future. Following discussions between officials that year, in 1983 and in further informal discussions last month, I am glad to know that agreement has been reached on a number of minor technical amendments to the present social security provisions. I am also pleased that the difficulties over the payment of unemployment benefit to young people visiting Australia and the United Kingdom under the working holidaymakers' scheme look like being satisfactorily resolved very quickly.

I am sorry not to be able to give you a more forthcoming reply on pensions' indexation. But I know you are making a similar effort to our own to cut government spending and will therefore, I hope, the better understand our difficulties.

With best wishes,

Yours sincerely
Raymond

FILE

SRW
CCFCO



SUBJECT CC MASTER
OPS

10 DOWNING STREET
LONDON SW1A 2AA

THE PRIME MINISTER

28 October 1986

**PRIME MINISTER'S
PERSONAL MESSAGE**
SERIAL No. T195186

Dear Bob,

It was thoughtful of you to suggest that I might visit Western Australia during the America's Cup Series. It is a most tempting prospect but one which sadly I have to resist, as I see no realistic chance of being able to travel during the period in question. But thank you for the kind thought.

With best wishes,

Yours sincerely
Raymond

The Honourable R.J.L. Hawke, A.C., M.P.

CAS



PRIME MINISTER

CANBERRA

27 OCT 1986

Dear Margaret,

I am sure that you will be aware that the United Kingdom is one of the six countries competing for the right to challenge for the America's Cup. The Challenge Elimination Series which began on October 5 culminates in the Finals Series commencing on 13 January 1987. The America's Cup Match Final begins on 31 January.

Should you wish to visit Western Australia during the Series to see the contender from the United Kingdom in action, the Western Australian Government would be happy to make all the necessary arrangements, with the full support and assistance of the Australian Government.

If you think a visit at this time would be possible, might I suggest that our respective officials liaise on the details.

Yours sincerely

B. J. Keogh

The Rt Hon Margaret Thatcher, MP
Prime Minister of Great Britain
LONDON SW1
UNITED KINGDOM



AUSTRALIAN HIGH COMMISSION

AUSTRALIA HOUSE
STRAND
LONDON WC2B 4LA
01-438 8000

SUBJECT CC MASTER
OPS

27 October 1986

PRIME MINISTER'S
PERSONAL MESSAGE
SERIAL No. T194186

Dear Mrs Thatcher,

In the absence from London of the High Commissioner, I have been asked to pass to you the following text of a letter dated 27 October 1986 from the Australian Prime Minister, Mr R. J. L. Hawke.

Begins

Dear Margaret

I am sure that you will be aware that the United Kingdom is one of the six countries competing for the right to challenge for the America's Cup. The challenge eliminating series which began on October 5 culminates in the finals series commencing on 13 January 1987. The America's Cup match final begins on 31 January.

Should you wish to visit Western Australia during the series to see the contender from the United Kingdom in action, the Western Australian Government would be happy to make all the necessary arrangements, with the full support and assistance of the Australian Government.

If you think a visit at this time would be possible,

.../2

might I suggest that our respective officials
liaise on the details.

Yours sincerely,

Bob Hawke

Ends

I will arrange for the letter to be delivered
to your office as soon as it is received.

yours sincerely

A. L. Vincent

A. L. Vincent
(Deputy High Commissioner)

CONQUEROR

The Rt Hon. Margaret Thatcher, MP
Prime Minister and First Lord of the Treasury
10 Downing Street
LONDON, SW1

CONFIDENTIAL

CCPC



Foreign and Commonwealth Office

London SW1A 2AH

21 October 1986

Dear Charles

UK/Australian Social Security Convention

We received on 16 October a draft reply from the DHSS, cleared with their Ministers, to Mr Hawke's letter of 16 September to the Prime Minister.

We have since consulted our High Commissioner in Canberra on this draft. Sir John Leahy feels that the line it takes will not satisfy Mr Hawke, who is likely to return to the charge. Nonetheless, we are prepared to accept that a reply broadly on the lines proposed by DHSS should issue. Some presentational changes are incorporated in the attached draft reply. If the Prime Minister agrees, we will arrange for its despatch through our High Commissioner in Canberra.

I am copying this letter to Tony Laurance (Department of Health and Social Security), Michael Saunders (Law Officers' Department) and Trevor Woolley (Cabinet Office).

John [unclear]

R N Culshaw

(R N Culshaw)
Private Secretary

C D Powell Esq
PS/10 Downing Street

CONFIDENTIAL

DRAFT: ~~minutes/letter/teleletter/despatch/note~~
XXXXX XXXXXXXXXXXXXXX

TYPE: Draft/Final 1+

FROM:
PRIME MINISTER

Reference

DEPARTMENT: TEL. NO:

To ~~Mr~~
on.

SECURITY CLASSIFICATION

TO:

Your Reference

- Top Secret
- Secret
- Confidential
- Restricted
- Unclassified

PRIME MINISTER OF AUSTRALIA

Copies to:

VSCARS

PRIVACY MARKING

SUBJECT:

.....In Confidence

I am sorry it has taken so long to reply to your letter of 16 September about the renegotiation of the reciprocal agreement on social security between our two countries to provide for the indexation of United Kingdom pensions payable in Australia.

CAVEAT.....

When ^{Mr.} Brian Howe raised this matter recently with ^{Tony} ~~Tony~~ Newton, ^{our} Minister of State at the Department of Health and Social Security, ^{Mr. Newton} ~~Tony~~ made clear ^{security of Mr. Howe's hands} that he was content for officials to discuss whether it might be possible to draw up a new agreement. He stressed, however, that he could make no commitment as to when we might be able to find the money to meet the cost of uprating United Kingdom pensions payable in Australia.

Enclosures—flag(s).....

The cost to us to increasing United Kingdom pensions payable in Australia to the level paid in this country would be about £73 million a year. To pay future increases alone would cost us about

/£9 million

CONFIDENTIAL

£9 million in the first year; that cost would then increase year by year until we were paying all pensions in Australia at the full United Kingdom rate.

You are right in saying that the United Kingdom has comprehensive social security conventions with 28 countries, which provide for cost of living pension increases to be paid. But these agreements cover only about 40% of United Kingdom pensioners living abroad; and they were drawn up at a time when British Government spending was not subject to such strict constraints as now has to be the case.

Over half of the United Kingdom pensions that are paid abroad are paid without cost of living increases. This practice applies to Norway, Sweden, Canada and New Zealand, as well as to Australia. The fact that Australia, Canada and New Zealand are members of the Commonwealth, and countries with whom we have such close ties, of course makes comprehensive agreements, including the uprating of United Kingdom pensions, the more desirable. But the costs, particularly in the case of Australia, would be very high and I am afraid that British Government funds for this are not available.

You mentioned in your letter that in 1982 Ministers of our two Governments agreed to renegotiate the existing agreement on social security to improve its effectiveness. In April 1982, at a meeting between our respective

/Ministers

CONFIDENTIAL

Ministers with responsibility for social security matters, we made clear that we could not say when it would be possible to meet the cost of uprating United Kingdom pensions in Australia; and that this was unlikely to be in the foreseeable future. Following discussions between officials that year, in 1983 and in further informal discussions last month, I am very glad to know that agreement has been reached on a number of minor technical amendments to the present social security provisions. I am also pleased that the difficulties over the payment of unemployment benefit to young people visiting Australia and the United Kingdom under the working holidaymakers' scheme look like being satisfactorily resolved very quickly.

I am sorry not to be able to give you a more forthcoming reply on pensions' indexation. But I know you are making a similar effort to our own to cut government spending ^{will} ~~and~~ therefore, ^{to I hope, be better} ~~hope you will~~ understand ^{our difficulties} why we cannot meet your request.

With best wishes,

CD

CONFIDENTIAL

AUSTRALIA
RELATIONS
PTZ



CONFIDENTIAL



cc: fco

40

10 DOWNING STREET
LONDON SW1A 2AA

THE PRIME MINISTER

1988 will mark the Bicentenary of the first European settlement of Australia. The British people have shared in the making of Australian history, and we shall be proud and delighted to take part in these Bicentenary celebrations.

Since the early explorers and settlers left these shores, countless men and women from Britain have gone out to devote their lives to Australia, helping to build the strong and vital nation that exists today. We retain countless family links, enjoy many of the same traditions, interests and ideals, and greatly value the continuing strength of Australian friendship.

Britain's "Birthday present" to Australia will be a specially designed Sail Training Ship for the benefit of young people. Our gift will honour shared maritime traditions and the navigational skills that have been essential to our communications in the past. It will also pay tribute to the energies and aspirations of young people in both countries today, on whom the present and future depend.

/Twelve young

DB

Twelve young people from each country will be needed to help sail the vessel to Australia. They will be selected for the special qualities that such a voyage will demand. They will face the age-old challenge of the sea in a fine new vessel, and they will share the responsibility for the success of the voyage. As they sail into Sydney Harbour for the opening Bicentenary celebrations in January 1988, they will be carrying the good wishes of the British people to Australia.

I hope that young people who believe themselves equal to this challenge will come forward to seize this unique opportunity.

Nargant Halperin

August 1986



10 DOWNING STREET

PRIME MINISTER

The FCO have requested a slight change in the text of the attached message. Please could you resign it.

The change is just a date.

CP

Charles Powell

26 September 1986



10 DOWNING STREET
LONDON SW1A 2AA

THE PRIME MINISTER

1988 will mark the Bicentenary of the first European settlement of Australia. The British people have shared in the making of Australian history, and we shall be proud and delighted to take part in these Bicentenary celebrations.

Since the early explorers and settlers left these shores, countless men and women from Britain have gone out to devote their lives to Australia, helping to build the strong and vital nation that exists today. We retain countless family links, enjoy many of the same traditions, interests and ideals, and greatly value the continuing strength of Australian friendship.

Britain's "Birthday present" to Australia will be a specially designed Sail Training Ship for the benefit of young people. Our gift will honour shared maritime traditions and the navigational skills that have been essential to our communications in the past. It will also pay tribute to the energies and aspirations of young people in both countries today, on whom the present and future depend.

/Twelve young

Not issued
(Amended)

Twelve young people from each country will be needed to help sail the vessel to Australia. They will be selected for the special qualities that such a voyage will demand. They will face the age-old challenge of the sea in a fine new vessel, and they will share the responsibility for the success of the voyage. As they sail into Sydney Harbour for the opening Bicentenary celebrations on 26 January 1988, they will be carrying the good wishes of the British people to Australia.

I hope that young people who believe themselves equal to this challenge will come forward to seize this unique opportunity.

Margaret Thatcher

August 1986

Mrs Lambert -
Garden Copms
10 Downing Street



With the compliments of

CULTURAL RELATIONS
DEPARTMENT
FCO

S Blackwell
(Mrs) S Blackwell (Tel. 210.6294)
Room G/33 Old Admiralty Bldg.

We spoke. I should be grateful if a correction of date could be made to the first paragraph on page 2: the words "on 26 January 1988," in line 7 to read:

in January 1988,

so that the correction does not show when copied. It may be necessary to retype the
FOREIGN AND COMMONWEALTH OFFICE.

LONDON, SW1A 2AH

whole paragraph, since the message is for use in publicity.

I will collect when it is ready.



BM2AU4 BM

cc PC

10 DOWNING STREET
LONDON SW1A 2AA

From the Private Secretary

17 September 1986

BT
I enclose a copy of a letter to the Prime Minister from Mr. Hawke about the reciprocal agreement on social security between Australia and the United Kingdom. I should be grateful for a draft reply which the Department of Health and Social Security should of course take the lead in preparing.

I am copying this letter and enclosure to Tony Laurance (Department of Health and Social Security), Michael Saunders (Law Officers' Department) and Michael Stark (Cabinet Office).

(C.D. POWELL)

R.N. Culshaw, Esq.,
Foreign and Commonwealth Office

AM



010

AUSTRALIAN HIGH COMMISSION

CCPC
ESP

AUSTRALIA HOUSE
STRAND
LONDON WC2B 4LA
01-438 8000

16 September 1986

Dear Mrs Thatcher,

I have been asked to pass to you the attached text of a letter from Mr Hawke concerning the reciprocal agreement on social security between Australia and the United Kingdom.

I understand that the original of the letter is following by bag.

Yours sincerely

A. L. Vincent

A.L. VINCENT
Acting High Commissioner

The Rt. Hon. Margaret Thatcher M.P.
Prime Minister of Great Britain
LONDON SW1

SUBJECT

MASTER
OPS.

PRIME MINISTER'S

PERSONAL MESSAGE

SERIAL NO. T167186

T
message

Message Begins

"Dear Prime Minister,

I am writing to you about the current reciprocal agreement on social security between Australia and the United Kingdom.

My Government has recently decided to conclude a network of reciprocal social security agreements with Australia's major migrant source countries, in accordance with internationally accepted principles of equity and cost-sharing. The Australian Government is keen to see its existing social security agreement with the United Kingdom renegotiated along these lines.

My colleague the Minister for Social Security, the Hon. Brian Howe, MP, has recently raised this matter with his United Kingdom counterpart, and I understand that their predecessors agreed several years ago to renegotiate the agreement to improve its effectiveness. Two negotiating sessions at officer level were held, in May 1982 and September 1983, at which a number of changes were agreed to in principle, and some other areas requiring resolution identified.

One matter of particular concern to the Australian Government is the fact that the agreement does not require the United Kingdom to pass on cost-of-living increases in its domestic pension rates to its pensioners in Australia. British pensions paid in Australia are thus effectively 'frozen' at the rate payable on departure from Britain or on grant overseas.

Subsequent amendments made in 1962 and in 1975 did not address the question of cost-of-living increases and the effect over the years of the absence of any provision in the agreement for indexation of British pensions paid in Australia has been to produce a significant anomaly.

The position now is that over 65,000 ex-residents of the United Kingdom, although most would have contributed in full to the UK pension system, are receiving supplementary pensions from Australia in order to maintain a reasonable standard of living. There are only approximately 5,000 ex-residents of Australia now living in the United Kingdom, to whom Australia in fact pays fully-indexed portable pensions.

Thus the agreement now operates greatly to Australia's disadvantage at a time when the rationale for the terms originally agreed to by the Australian Government has long since diminished in significance.

It is my understanding that the United Kingdom has concluded social security agreements with a significant number of other countries throughout the world, agreements which allow for British domestic cost-of-living pension increases to be passed on to British pensioners living in those countries. In Australia, Canada and New Zealand this does not apply. It would seem discriminatory to continue to single out these three countries for inequitable treatment, particularly in view of the close and harmonious relationship which has always existed between the United Kingdom and her former dominions.

I would welcome an indication from you that your Government is prepared to reopen and extend negotiations with the Australian Government on a revised agreement which would provide for a more equitable sharing of responsibility for social security cover for people who move between our two countries.

Yours sincerely

Bob Hawke

The Rt. Hon. Margaret Thatcher, M.P.
Prime Minister of Great Britain
London SW1
United Kingdom"

Message Ends.



T'd above. *cel*

PRIME MINISTER

CANBERRA

Dear Prime Minister,

15 SEP 1986

I am writing to you about the current reciprocal agreement on social security between Australia and the United Kingdom.

My Government has recently decided to conclude a network of reciprocal social security agreements with Australia's major migrant source countries, in accordance with internationally accepted principles of equity and cost-sharing. The Australian Government is keen to see its existing social security agreement with the United Kingdom renegotiated along these lines.

My colleague the Minister for Social Security, the Hon. Brian Howe, MP, has recently raised this matter with his United Kingdom counterpart, and I understand that their predecessors agreed several years ago to renegotiate the Agreement to improve its effectiveness. Two negotiating sessions at officer level were held, in May 1982 and September 1983, at which a number of changes were agreed to in principle, and some other areas requiring resolution identified.

One matter of particular concern to the Australian Government is the fact that the Agreement does not require the United Kingdom to pass on cost-of-living increases in its domestic pension rates to its pensioners in Australia. British pensions paid in Australia are thus effectively 'frozen' at the rate payable on departure from Britain or on grant overseas.

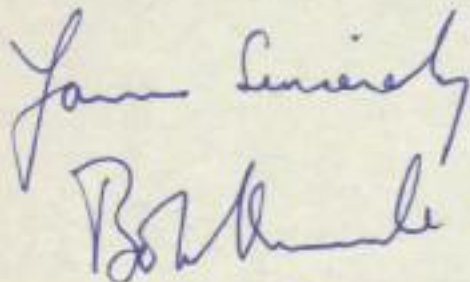
Subsequent amendments made in 1962 and 1975 did not address the question of cost-of-living increases and the effect over the years of the absence of any provision in the Agreement for indexation of British pensions paid in Australia has been to produce a significant anomaly.

The position now is that over 65,000 ex-residents of the United Kingdom, although most would have contributed in full to the UK pension system, are receiving supplementary pensions from Australia in order to maintain a reasonable standard of living. There are only approximately 5,000 ex-residents of Australia now living in the United Kingdom, to whom Australia in fact pays fully-indexed portable pensions.

Thus the Agreement now operates greatly to Australia's disadvantage at a time when the rationale for the terms originally agreed to by the Australian Government has long since diminished in significance.

It is my understanding that the United Kingdom has concluded social security agreements with a significant number of other countries throughout the world, agreements which allow for British domestic cost-of-living pension increases to be passed on to British pensioners living in those countries. In Australia, Canada and New Zealand this does not apply. It would seem discriminatory to continue to single out these three countries for inequitable treatment, particularly in view of the close and harmonious relationship which has always existed between the United Kingdom and her former dominions.

I would welcome an indication from you that your Government is prepared to reopen and extend negotiations with the Australian Government on a revised agreement which would provide for a more equitable sharing of responsibility for social security cover for people who move between our two countries.



Handwritten signature in blue ink, appearing to read "Joan Linnich".

The Rt. Hon. Margaret Thatcher, M.P.,
Prime Minister of Great Britain
LONDON SW.1.
UNITED KINGDOM



10 DOWNING STREET

From the Private Secretary

28 August 1986

THE AUSTRALIAN BUDGET

I think it would be helpful if you could provide us with briefing on the recent Australian Budget in such a way as to bring out the obvious implications of implementing Labour's economic programme. It would be important to have this in time for the resumption of Parliament, but it would also be helpful to have it to hand when the Prime Minister's speech to the Party Conference is being worked on. Could you accordingly please let us have something by Friday 19 September.

Mark Addison

Mrs. Cathy Ryding,
H. M. Treasury.

JBE

Mr ADDISON

The Prime Minister will need full briefing on the recent Australian Budget for the resumption of Parliament (and perhaps for the Party Conference).

This may already be in hand, but could you make sure that the Treasury or FCO provide the information in a way which the Prime Minister can make most use of, and from which she can make the obvious political points?

S.S.

STEPHEN SHERBOURNE
27.8.86



MJ2 CHQ

apl

10 DOWNING STREET

12 August 1986

From the Private Secretary

You may have seen a copy of the letter from the Prime Minister of Australia to the Prime Minister accepting Mrs Thatcher's offer to make available on temporary loan the Public Record Office copy of the Commonwealth of Australia Constitution Act and also fine quality reproductions of the Act itself and the Royal Commission of Assent in a presentation case. No doubt you will be making appropriate arrangements for presentation to the Australian Government.

Tim Flesher

David Reddaway Esq
Foreign and Commonwealth Office.

6

RESTRICTED
FM CANBERRA
TO PRIORITY FCO
TELNO 510

Restricted

OF 202358Z AUGUST 1986

INFO PRIORITY: DTI, HM TREASURY, BANK OF ENGLAND, ECGD, WASHINGTON
INFO PRIORITY: TOKYO, IKDEL IMF/IBRD, UKDEL DECD.
INFO SAVING SYDNEY, MELBOURNE, BRISBANE, PERTH.

MIPT: AUSTRALIAN FEDERAL BUDGET 1986/87: REACTIONS AND COMMENT.

SUMMARY

1. IMMEDIATE REACTIONS WERE FAVOURABLE, WITH THE BUDGET SEEN AS TOUGH AND POLITICALLY ADROIT. BUT CONSIDERABLE DOUBTS HAVE SINCE BEEN EXPRESSED, PARTICULARLY ABOUT MANY OF THE ASSUMPTIONS UNDERLYING THE FIGURES, WHETHER THE CUTS GO DEEP ENOUGH, ABOUT THE GOVERNMENT'S WAGES POLICY AND THE ABSENCE OF POSITIVE MEASURES TO STIMULATE INVESTMENT.

DETAIL

2. THE BUDGET WAS INITIALLY WELL RECEIVED BY THE MEDIA AND MOST COMMENTATORS. IT WAS SEEN AS REALISTIC, CLEVERLY CONSTRUCTED, SOCIALLY EQUITABLE AND LIKELY TO RESTORE CONFIDENCE ABROAD IN THE GOVERNMENT'S ECONOMIC MANAGEMENT WHILE RETAINING THE SUPPORT OF THE ALP PARLIAMENTARY PARTY AND VOTERS. BUT CLOSER SCRUTINY HAS LED TO GROWING DOUBTS. THE FOLLOWING ARE SEEN AS THE MOST SIGNIFICANT DEFECTS:

- I) A NUMBER OF THE ASSUMPTIONS ON WHICH THE BUDGET WAS BASED APPEAR TO BE UNREALISTIC, MOST IMPORTANTLY THE 2.25 PER CENT REAL GROWTH IN GDP FORECAST FOR FY 1986/7. WITH OFFICIAL STATISTICS SHOWING A SMALL DEGREE OF CONTRACTION IN GDP DURING EACH OF THE LAST 3 QUARTERS, EVEN THE MODEST AMOUNT OF GROWTH WHICH IS FORECAST SEEMS MUCH TOO OPTIMISTIC.
- II) THE UNEXPECTEDLY SMALL SIZE OF THE DEFICIT IS SEEN AS HAVING BEEN ACHIEVED NOT THROUGH DEEP PUBLIC EXPENDITURE CUTS, WHICH ARE IN FACT VERY MODEST, BUT THROUGH THE IMPOSITION OF EXTRA TAXES WHICH HAVE GIVEN THE TREASURER MORE SCOPE TO MASSAGE THE FIGURES.
- III) THE BUDGET CONTAINS NO SPECIFIC MEASURES TO ENCOURAGE INVESTMENT, APART FROM THE STATED AIM (WHICH THE NEED TO FINANCE THE CURRENT ACCOUNT DEFICIT MAY WELL MAKE UNACHIEVABLE IN PRACTICE) OF LOWER INTEREST RATES. NOR ARE THERE ANY POSITIVE INCENTIVES TO ATTRACT FOREIGN INVESTMENT.
- IV) ON WAGES, THE GOVERNMENT CONTINUE TO RULE OUT ANY EFFORT TO MODIFY THE COUNTRY'S CRAZY SYSTEM OF RIGID, CENTRALISED WAGE AWARDS INDEXED TO INFLATION AND HAVE SET THEMSELVES THE RELATIVELY MODEST TARGET OF A 2 PER CENT DISCOUNT DURING THE NEXT WAGE AWARD. A WIDELY HELD VIEW AMONG BUSINESSMEN IS THAT A TOTAL FREEZE ON WAGE INCREASES WOULD BE MORE APPROPRIATE TO AUSTRALIA'S CIRCUMSTANCES AND TO THE GOVERNMENT'S CALL FOR A RADICAL TEMPORARY ADJUSTMENT IN LIVING STANDARDS, AND THAT IT WOULD NOT HAVE BEEN POLITICAL SUICIDE FOR THE GOVERNMENT TO CALL FOR THIS.

Restricted

Restricted

3. THE FAILURE TO ACT MORE VIGOROUSLY ON WAGES HIGHLIGHTS WHAT IS PERHAPS THE MOST IMPORTANT CRITICISM TO BE MADE OF THE BUDGET AND THE WAY IN WHICH IT HAS BEEN PRESENTED HERE, NAMELY THE WIDE GAP BETWEEN THE GOVERNMENT'S RHETORIC LEADING UP TO IT AND THE ACTUAL REALITY. SENIOR MINISTERS HAD FOR WEEKS BEEN MAKING SPEECHES ABOUT THE GRAVITY OF AUSTRALIA'S INTERNATIONAL ECONOMIC SITUATION AND THE NEED FOR A MAJOR REDUCTION IN STANDARDS OF LIVING AND SUBSTANTIAL SACRIFICES FROM ALL SECTIONS OF THE COMMUNITY. LAST WEEKEND IN A WIDELY-REPORTED TV INTERVIEW MR HAWKE SAID THAT THE COUNTRY WAS FACING ITS GRAVEST CRISIS SINCE WORLD WAR II AND THE BUDGET WOULD REFLECT THIS. PUBLIC OPINION WAS THEREFORE KEYED UP FOR MUCH MORE SAVAGE MEASURES THAN WERE IN FACT ANNOUNCED AND THE GENERAL REACTION HAS BEEN ONE OF RELIEF THAT THE BUDGET WHILE TOUGH WAS NOT MUCH MORE SEVERE. THE GOVERNMENT'S PRESENTATIONAL TACTICS MAY HAVE BEEN POLITICALLY ASTUTE, BUT THE RESULT HAS PROBABLY BEEN TO CONFIRM THE AVERAGE AUSTRALIAN MANAGER OR WORKER IN HIS COMPLACENT VIEW THAT THE COUNTRY'S SITUATION IS STILL FUNDAMENTALLY SOUND AND NO EXTRA INDIVIDUAL EFFORT OR SACRIFICE IS REQUIRED OF HIM.

DOUGAL

CEHPAN 3799

FINANCIAL
SPD

COPIES TO:
DTI/VIC ST
ELGO
B/ENGLAND
H.M. TSY

-2-

Restricted

Subject cc Ops
Master



Prime Minister
MBA 5/1

ccpc
cc fcc

PRIME MINISTER'S
PERSONAL MESSAGE
SERIAL No. T142B/86

PRIME MINISTER
CANBERRA

30 JUL 1986

My dear Margaret,

Thank you for your letter of 3^{at Nap} January 1986 in which you offered to make available on temporary loan the Public Record Office copy of the Commonwealth of Australia Constitution Act for inclusion in an exhibition of constitutional documents which we are planning as part of our commemoration of Australia's Bicentenary.

I am grateful for your further offer to present to the Government fine quality reproductions of the Act and the Royal Commission of Assent, in a presentation case.

Perhaps at a later date you will not mind if I raise with you again the possibility of making available on permanent loan one of your copies of the Act, but for the present let me accept, with my personal thanks, the offers you have made.

Yours sincerely
Bob Muldoon

The Right Honourable Margaret Thatcher, MP
The Prime Minister
10 Downing Street
LONDON W1
UNITED KINGDOM

AUSTRALIA Relations PT2



10 DOWNING STREET

MR POWELL

Sir John Leahy

I have got a spare half an hour at 0900 on Friday 18 July. Do you wish to offer this to him?

CR -

~~Yes please -~~

could it

be

Head of

Assin sent -

in the FW

CDP.

24 June 1986

Long Hds of
Mission &
confirmed

CR

20/6.



10 DOWNING STREET

Card

Sir John Leahy,
our High Commissioner
in Australia is
back.

The PM might
find it useful to
see him between
15-25 July before mini-
~~CHOEN~~. Can we find
 $\frac{1}{2}$ hour? NOR essential
CDP

GRS 350
CONFIDENTIAL

Confidential

FM WASHINGTON
TO PRIORITY FCO
TELNO 1016

OF 182359Z APRIL 86

INFO PRIORITY CANBERRA, WELLINGTON, UKREP BRUSSELS

NO. 10 DOWNING ST.
(3 COPIES)

IMMEDIATE

VISIT BY PRIME MINISTER OF AUSTRALIA
SUMMARY

1. HIGHLY SUCCESSFUL VISIT. HAWKE GOT WHAT HE WANTED ON AGRICULTURAL ISSUES, MADE SUPPORTIVE NOISES ON LIBYA, AND SHARED US FRUSTRATION OVER NEW ZEALAND SHIPS VISITS.

DETAIL

2. IN HIS TWO DAYS HERE, MR HAWKE MET THE PRESIDENT, VICE-PRESIDENT, AND AGRICULTURE SECRETARY LYNG, HAD TETE-A-TETE TALKS (AND GOLF) WITH SHULTZ, AND SEVERAL SESSIONS WITH CONGRESSMEN. STATE AND THE AUSTRALIAN EMBASSY TELL US THAT THE VISIT WENT EXCEPTIONALLY WELL, AND THIS IS REFLECTED IN THE FULSOME TONE OF STATEMENTS AT THE WHITE HOUSE (COPIES BY BAG).

3. DISCUSSION ON NEW ZEALAND SHIPS VISITS REPORTED SEPARATELY. OTHER MAIN POINTS AS FOLLOWS :

AGRICULTURE

MR HAWKE SAID PUBLICLY THAT THE MAIN PURPOSE OF THE VISIT WAS TO DISCUSS AGRICULTURAL PROBLEMS. HIS FIRST MEETING WAS WITH LYNG WHERE, AFTER SOME HARD BARGAINING, HE SECURED THE ASSURANCES HE WANTED ON THE OPERATION OF THE US EXPORT ENHANCEMENT PROGRAMME (EEP). AS REPORTED IN CANBERRA TELNO 257, HE ANNOUNCED THE RESULT IN HIS STATEMENT ON THE WHITE HOUSE LAWN (IN A PASSAGE AGREED WITH LYNG) : QUOTE

I WAS ENCOURAGED TO HAVE YOUR REASSURANCE, MR PRESIDENT, THAT THE EEP WILL CONTINUE ON A TARGETTED BASIS, AIMED ESSENTIALLY AT MARKETS OF SUBSIDISING EXPORTERS, AND THAT YOU WILL CONTINUE TO ENCOURAGE EEC RECIPIENTS TO MAINTAIN THEIR NORMAL LEVEL OF IMPORTS FROM TRADITIONAL NON-SUBSIDISING SUPPLIERS UNQUOTE. MR HAWKE ALSO OBTAINED, AND ANNOUNCED, ASSURANCES THAT THE IMPLEMENTATION OF THE FARM ACT WOULD BE HANDLED SO AS TO MINIMISE DISRUPTION IN AUSTRALIA'S MARKETS FOR BEEF AND DAIRY PRODUCE ; AND THAT AGRICULTURE SHOULD BE INCLUDED AS A KEY AREA IN THE NEW MTN ROUND.

LIBYA

5. MR HAWKE ONLY REFERRED IN PASSING AT HIS MEETING WITH THE PRESIDENT TO HIS IDEA OF AN INTERMEDIARY BETWEEN THE US AND LIBYA (CANBERRA TELNO 248). THE PRESIDENT DID NOT RESPOND DIRECTLY. THE ADMINISTRATION WERE GRATEFUL FOR MR HAWKE'S SUPPORTIVE COMMENTS IN HIS WHITE HOUSE STATEMENT (QUOTE WE ARE

[not yet available]

Confidential

Confidential

AT ONE 'IN OUR DETERMINATION TO SEE AN END TO THE SCOURGE OF INTERNATIONAL TERRORISM, AND THEREFORE CONDEMN UNEQUIVOCALLY LIBYA'S ROLE IN DIRECTING, EXPORTING AND SUPPORTING SUCH ACTIVITIES UNQUOTE.)

OTHER ISSUES

6. ON SOUTHERN AFRICA, MR HAWKE ASKED FOR THE PRESIDENT'S SUPPORT FOR COMGEP. THE PRESIDENT SAID THAT THE US FULLY SUPPORTED THEIR EFFORTS. THERE WERE ALSO BRIEF EXCHANGES ON ARMS CONTROL AND SPNWFZ, ON WHICH THE US LINE WAS THAT THE MATTER REMAINS UNDER CONSIDERATION.

7. THE NEXT MAJOR EVENT WILL BE THE US/AUSTRALIA MINISTERIAL MEETING IN SAN FRANCISCO ON 11/12 AUGUST (TAKING THE PLACE OF THE ANZUS MINISTERIAL). SHULTZ IS EXPECTED TO ATTEND.

WRIGHT

WRIGHT

LIMITED

SPD

NAD

ECD(E)

ECD(U)

MR DEREK THOMAS

SIR W. HARDING

PS/LADY YOUNG

COPIES TO:

ERD/MAAF

DTI

NO 10. DOWNING ST

REPEATED AS REQUESTED

-2-
Confidential

GRS 500
UNCLASSIFIED

FM CANBERRA

TO IMMEDIATE FCO

TELNO 255

OF 180630Z APRIL 86

AND TO IMMEDIATE WASHINGTON , MAFF, DTI, UKREP BRUSSELS

MAFF (FOR ERD)

MR HAWKE'S TALKS IN WASHINGTON ON AGRICULTURAL COMMODITIES:
AUSTRALIAN PRESS REPORTING

1. THE GENERAL TONE OF REPORTING IN TODAY'S (18 APRIL) PRESS ON MR HAWKE'S TALKS WITH RICHARD LYNG, SECRETARY FOR AGRICULTURE, DOES LITTLE TO INDICATE OPTIMISM THAT ANY MAJOR TANGIBLE CONCESSIONS TO BENEFIT AUSTRALIAN FARMERS WILL BE FORTHCOMING FROM THE US.

2. UNDER THE HEADING "WORLD MUST ACCEPT FALLING RURAL PRICES, US TELLS HAWKE", "THE AUSTRALIAN" SAYS THAT MR HAWKE WAS GIVEN THE BLUNT MESSAGE THAT THE WORLD WOULD HAVE TO LIVE WITH THE FACT THAT THE PRINCIPAL EFFECT OF THE GROWING AGRICULTURAL TRADE WAR BETWEEN THE US AND EC WOULD BE A MAJOR CUT IN COMMODITY PRICES, PARTICULARLY GRAIN CROPS. THE PAPER ADDS THAT MR LYNG'S WARNING OF INCREASING CALLS IN THE US FOR IMPORT PROTECTION FOR AMERICAN FARMERS COMES AT A BAD TIME FOR THE AUSTRALIAN RURAL SECTOR AND THAT THE INCREASINGLY BLEAK PICTURE EMERGING FOR THIS SECTOR PUTS THE GOVERNMENT'S POLITICAL PROBLEMS WITH AN INCREASINGLY MILITANT AND POLITICAL FARM SECTOR INTO SHARPER FOCUS.

3. THE PAPERS RELAY MR LYNG'S ASSURANCE THAT THE US WAS SUPER SENSITIVE TO AUSTRALIAN INTERESTS, HOWEVER THE FINANCIAL REVIEW POINTS OUT THAT AUSTRALIAN OFFICIALS SEE LITTLE CHANCE OF OBTAINING FURTHER SUBSTANTIAL CHANGES TO THE FARM BILL ITSELF - ONLY IN THE WAY IT IS ADMINISTERED THAT IS WHICH MARKETS IT WILL HIT AND TO WHAT EXTENT. THE SYDNEY MORNING HERALD REPORTS MR HAWKE'S CONCERN THAT THE EC, FINDING ITSELF DISPLACED IN SOME OF ITS OWN MARKETS BY US DEEF EXPORTS WILL SEEK NEW MARKETS, TEARING UP THE "ANDRIESSEN AGREEMENT". THE PAPER SAYS THAT THIS WILL BE A MAJOR POINT IN MR HAWKE'S DISCUSSIONS IN BRUSSELS.

14.

4. THE FINANCIAL REVIEW EXPECTED MR HAWKE TO MAXIMISE ANY ADVANTAGE FLOWING FROM HIS INITIATIVE ON US/LIBYA THOUGH IT EXPECTED THE REAGAN ADMINISTRATION (THOUGH NOT NECESSARILY CONGRESS) TO CONSIDER THE TRADE QUESTION A BROADER STRATEGIC BACKGROUND RATHER THAN THE SPECIFIC ISSUE OF LIBYA. THE PAPER GOES ON TO REPORT THE US INTENTION, AS VOICED BY MR LYNG, TO WORK ENTHUSIASTICALLY WITH AUSTRALIA TO SECURE RULES FOR AGRICULTURAL TRADE IN THE FORTHCOMING MULTILATERAL TRADE NEGOTIATIONS. THE PAPER ADDS THAT IF MR HAWKE CAN OBTAIN A CLEAR PUBLIC SIGNAL FROM HIS TALKS WITH PRESIDENT REAGAN THAT AUSTRALIA WILL BE "LOOKED AFTER", IT WILL BE A SUCCESSFUL END TO A VISIT IN WHICH THE ODDS WERE STACKED AGAINST HIM.

5. SEE WIFT.

LEAHY

FRAME AGRICULTURE

ECD (1)

NAD

SPD

File (VIA) (ALB)



10 DOWNING STREET

From the Private Secretary

21 February 1986

Many thanks for your letter. Every letter from the Prime Minister to a Head of State or Government goes in for signature with a slip of paper suggesting how they should be addressed. In the case of Mr. Hawke, the slip invariably reads "Dear Bob". As you notice the advice is not always followed. The reasons are: (a) the Prime Minister is by nature quite a formal person in her modes of address; (b) she does not regard christian names as appropriate for the more formal kinds of correspondence; or (c) the female factor - she is cheesed off with him as post-CHOGM.

We will try to do better in future. But others suffer similar fates. After the Milan European Council "Dear Helmut" reverted for six stony months to "Dear Chancellor".

Charles Powell

Sir John Leahy, K.C.M.G.

FROM SIR JOHN LEAHY KCMG

PERSONAL AND CONFIDENTIAL



BRITISH HIGH COMMISSION
CANBERRA

C D Powell Esq
No 10 Downing Street
London SW1

17 February 1986

Dear Charles,

1. Sorry to bother you with what may seem a bit of a nitpick amongst the more pressing things you have had to cope with recently. I have noticed that on a number of recent occasions when the Prime Minister has replied to a "Dear Margaret" letter from Mr Hawke she has addressed him as "Dear Prime Minister". Not invariably, but more often than not. I am sure neither she nor you need reminding that Australians are particularly informal in such matters and that in dealing with them it is better to err, if anything, on the side of familiarity. In saying this I am assuming, I hope rightly, the P.M. does not hold strong views to the contrary herself.
2. Enough said. No need to labour the point.

Yours ever,

John

John Leahy

PERSONAL AND CONFIDENTIAL



File 6
apc

10 DOWNING STREET

From the Private Secretary

13 February 1986

I enclose a copy of Mr Hawke's reply to the Prime Minister's letter of 13 January about the United Kingdom's participation in the Australian Bicentenary.

Charles Powell

Robert Culshaw Esq
Foreign and Commonwealth Office.

OA

SUBJECT



ccp
②

PRIME MINISTER'S
PERSONAL MESSAGE
SERIAL No. T31D/86.

PRIME MINISTER
CANBERRA

cc Master
ops.
Dear Margaret,

Prime Minister
mb
CDP 13/2

Thank you very much for your letter of 13 January with the welcome news of the decision to present as Britain's official gift to Australia for the Bicentenary, a specially commissioned Sail Training Ship for the benefit of the young people of Australia.

This is a most generous gesture which will be appreciated by all Australians. It seems to me also to be a most appropriate way in which to mark our traditional ties while at the same time recognising our joint concern for the welfare of young people for generations to come.

We look forward to the many activities planned for 1988 and to British participation in the broad range of our celebrations. We hope that these celebrations will give pleasure to the people of both Britain and Australia, as well, of course, as underlining the importance of the continuing links between us.

Yours sincerely

R J L Hawke

The Rt Hon Margaret Thatcher, MP.
Prime Minister of the United Kingdom
10 Downing Street
LONDON SE1 UNITED KINGDOM



Foreign and Commonwealth Office

London SW1A 2AH

6 February 1986

Dear Charles

*CDP
9/2.*

Australian Bicentenary: Commonwealth of Australia
Constitution Act

In your letter of 3 January you asked whether, in the Foreign Secretary's view, it would really matter if we held a good quality facsimile and let Commonwealth countries have the originals of such key documents where they have specifically asked for them.

As you know from my letter of 30 December 1985, this was one of the possible solutions which we considered. But the Foreign Secretary sees the force of the Lord Chancellor's argument set out in Richard Stoate's letter to you of 24 January. On balance it would be wiser to avoid setting a precedent which could cause more embarrassment in our relations with other countries than adhering to the present accepted archival practice.

I am copying this letter to Richard Stoate in the Lord Chancellor's office.

Gausson,

R N Culshaw

(R N Culshaw)
Private Secretary

C D Powell Esq
10 Downing Street

AUSTRALIA Rols: P2





Foreign and Commonwealth Office

London SW1A 2AH

6 February 1986

Prime Minister
CDP
G/2

Dear Charles,

Courtesy Call on the Prime Minister by the
Australian High Commissioner on Friday 7 January 1986

As requested in your letter of 3 February, I attach a brief on the current issues in Anglo-Australian relations for the 15-minute courtesy call to be paid on the Prime Minister by the Australian High Commissioner. I also attach a Personality Note on Mr Parsons.

Mr Parsons is returning home for mid-term consultations. His last official contact with the Prime Minister was when he accompanied Mr Hayden in May 1984. She may wish to be aware that Mr Parsons suffered very minor injuries during the bombing of the Grand Hotel in Brighton.

Yours ever,

Robert Culshaw

(R. N. Culshaw
Private Secretary)

C D Powell Esq
PS/10 Downing Street



CONFIDENTIAL

COURTESY CALL ON THE PRIME MINISTER BY THE AUSTRALIAN HIGH COMMISSIONER, FRIDAY 7 FEBRUARY 1986

POINTS TO MAKE

Mr Parson's Role

1. Greatly appreciate closeness of contact between two Governments, facilitated by you.

Australian Royal Commission into British Nuclear Tests

2. Grateful close co-operation with Senator Evans and officials. Pleased recent discussions so cordial and constructive.

3. Trust UK experts in Technical Assessment Group will make positive contribution and issue can be resolved satisfactorily.

4. Remain convinced Britain has no legal or moral obligation for further clean-up of test sites.

Residual Constitutional Links

5. Passage of Australia Bill completed in House of Lords on 28 January. It went very well with unanimous support. Clear evidence of affection in which Australia held.

6. Second Reading in House of Commons was on 3 February. Remaining parliamentary stages expected to be completed on 10 February.

7. Have very much in mind your Government's wish to bring legislation into force while The Queen in Australia next month.

Australian Bicentenary

8. You will be aware I informed Mr Hawke that our gift will be sail-training vessel. Understand warmly welcomed.

CONFIDENTIAL

/9.



CONFIDENTIAL

9. [If raised] Regret not possible to meet your Government's request for copy of Australian Commonwealth Constitution Act. Understand why this important to Australia. Have gone into this in great detail. Essential that complete sets of nationally important documents not dispersed.

British Investment in Australia

10. Australia major recipient of British investment, helpful to both countries. Therefore welcome recent liberalisation of foreign investment rules, hope more can be done. Australian companies showing greater interest in UK market, encouraged by our liberal regime.

South Pacific Department, FCO
February 1986

CONFIDENTIAL



CONFIDENTIAL

COURTESY CALL ON THE PRIME MINISTER BY THE AUSTRALIAN HIGH COMMISSIONER, FRIDAY 7 FEBRUARY 1986

ESSENTIAL FACTS

Mr Parson's Role

1. Mr Parsons has been in London since December 1983. A career diplomat, he has maintained very close relations with British Government, despite occasional differences over eg South Africa.

Australian Royal Commission into British Nuclear Tests

2. Royal Commission's report tabled before Australian Parliament on 5 December. Following preliminary talks by officials in Canberra (9-10 January), Senator Evans, responsible Australian Minister, called on Foreign Secretary and Lady Young on 21 January, and Mr Lamont on 22 January.

3. Talks focussed on Royal Commission's recommendations which call for former test sites to be cleaned up to permit unrestricted habitation; for establishment of Maralinga Commission with UK participation; and for UK to pay full cost of clean-up.

4. Agreed with Senator Evans that contentious question of who should pay for clean-up had to be left until such time as all options had been investigated and costed. Preliminary work will be carried out by Technical Assessment Group of 2 Australian, 1 American and 2 UK scientists.

5. Also agreed that Australian Government establish Consultative Group, rather than Maralinga Commission which Royal Commission recommended. This group would consider possible future uses of former test sites, and would include representatives of Australian, Western Australian and South Australian Governments, together with Aboriginal interests and representatives from our High Commission.

CONFIDENTIAL

/6.



CONFIDENTIAL

6. Britain's position on responsibility for clean-up is to adhere to agreement signed by both Governments in 1978, which released UK from any further responsibility for clean-up.

Residual Constitutional Links

7. Following passage of agreed legislation by all Australian State legislatures and Commonwealth Parliament to sever residual constitutional links between United Kingdom and Australian States, Australian Government formally requested enactment of complementary legislation at Westminster.

8. Australia Bill completed all parliamentary stages in House of Lords on 28 January. The Second Reading Debate in House of Commons took place on 3 February. Remaining stages in Commons are scheduled for 10 February. Following Royal Assent Commencement Order, announcing entry into force on 3 March, will be made.

9. Tight timetable because Australians are understandably eager that Her Majesty proclaim coming into force of Australia Act during Her visit to Australia from 2-13 March. We have expressed, without commitment, willingness to meet this timetable.

Australian Bicentenary

10. HMG's commitment of £1 million to Bicentenary announced in May 1985. No other country is known to have announced financial contribution.

11. £850,000 set aside for Britain's official gift, specially commissioned sail-training ship. Vessel will combine British craftsmanship and modern technology in equipment it carries. Will benefit young people. Ship will take part in Hobart to Sydney race and subsequent Tall Ships Parade in Sydney Harbour before being handed over.

12. In connection with Bicentenary, Australian Prime Minister requested one of two original copies of Australian Commonwealth



CONFIDENTIAL

Constitution Act. Prime Minister informed Mr Hawke on 3 January for second time that request had had to be refused.

British Investment in Australia

13. Current UK investment accounts for 25% of total foreign investment in Australia. UK is second largest investor in Australia (behind US) with some 1,500 British companies established there.


14. Australian investment policy restrictive. Insistence on Australian industrial involvement major disincentive. Past two years have seen some easing with 16 foreign banks (including 4 British or British-owned) granted licences to operate in Australia.

15. Australian Government is moving gradually to ease its investment controls. While latest package of liberalisation announced October 1985 welcome could go further. Thresholds below which foreign investment policy rules do not apply have been raised considerably. Potential investors no longer have to demonstrate that no Australian concern is interested or can compete. Foreign Takeovers Act being amended to raise thresholds for offshore takeovers.

South Pacific Department
Foreign and Commonwealth Office

February 1986

CONFIDENTIAL



CONFIDENTIAL

PARSONS, HE MR ALF (RED ROY)

Australian High Commissioner to the Court of St James since December 1983.

Born Hobart 24 May 1925. B Comm, University of Tasmania.

A career diplomat who has served in a variety of posts, more recently as High Commissioner in Singapore 1967-70 and High Commissioner in Kuala Lumpur 1973-76. First Assistant Secretary (AUS equivalent) South-East Asia and Papua New Guinea Division, Department of Foreign Affairs, 1976-78; Deputy Secretary May 1978-December 1983.

Alf Parsons is a thoroughly professional diplomat, whose rather diffident manner is deceptive. His appointment caused some surprise, and is thought to have been due to the good impression he made on Mr Hayden during the latter's early overseas tours.

Married 1958 Gillian Pigot, a British lady (they met while serving at their respective Embassies in Rangoon in the fifties) who is shy but charming. 2 sons, 1 daughter.

Likes golf and reading.

CONFIDENTIAL

SRW

sepc

3 February 1986

The Australian High Commissioner has asked to see the Prime Minister before he returns to Australia for "mid-term consultations". The Prime Minister has agreed to see him for 15 minutes on Friday, 7 February. I should be grateful for a short note on any outstanding problems on United Kingdom/Australia relations.

(C. D. POWELL)

Robert Culshaw, Esq.,
Foreign and Commonwealth Office.



MR. POWELL

Prime Minister ①
Here is something
to be said for
agreeing to this &
giving him 20 minutes

Tony Vincent from the Australian High
Commission rang me to see if the Prime
Minister would agree to meet the High
Commissioner before he returns to
Australia for "mid-term consultations"
on 17 February.

Agree?
COP
30%

He rang me because I dealt with him on
the First Fleet Re-enactment invitation.
But this is one for you.

MEA

Mark Addison

30 January 1986

COP-
Do you wish to deal?
MEA 31/1

Cervic

Send you for his
20 mins please.

Yes no

MEA 31/1

John

FRI 7 Feb.
11.15 - 11.30
CR.

(2) copy

Prime Minister
CDP
24/1

HOUSE OF LORDS,
SW1A 0PW
24th January 1986



Dear Charles,

ms

AUSTRALIAN BICENTENARY:
COMMONWEALTH OF AUSTRALIA CONSTITUTION ACT

I have received a copy of your letter of 3 January to Robert Culshaw.

The Prime Minister enquired, as a matter of interest, whether it would really matter if we held a good quality facsimile and let Commonwealth countries have the originals of such key documents where they have specifically asked for them.

The Lord Chancellor has considered the Prime Minister's question. He suggests that an original is, by definition, unique. It cannot be replaced even by a faithful reproduction from which it is virtually indistinguishable. It is a testimony to the power and efficacy of the original that both the Canadians and now the Australians have sought to obtain the authentic version of their respective Acts of Constitution.

The preservation of two copies of every Parliamentary Act reflects the unique relationship of Parliament to the Administration. Copies of the Acts have been lodged amongst the public records since the time of Edward I, two Centuries before Parliament's own systematic archives begin. They take their place today in a series which is one of the oldest in the Public Record Office. The integrity and validity of the records are maintained not only by preserving the individual items from loss or damage, but by applying the same principles to every constituent. To remove even one item from the permanent collection as defined by the Public Records Acts would be a significant breach of practice, and an indefensible precedent.

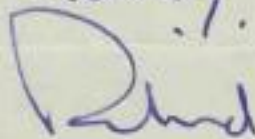
.. /2

Charles Powell Esq
Private Secretary
10 Downing Street
London SW1

The effect of such an action would spread beyond the public records to many other institutions which preserve records and objects in testimony to the history of the country. Their integrity would undoubtedly be a matter of public concern, but that concern would focus even more sharply upon the national archive itself.

A copy of this letter goes to Robert Culshaw, Foreign and Commonwealth Office.

Yours sincerely,



R C STOATE

GOVERNMENT
IN THE
LONDON



PRIME MINISTER

FOR MEDIA

24 JANUARY 1986

The British official gift to Australia for the Bicentenary will be a specially commissioned sail training ship.

The ship will be sailed to Australia by a joint crew of young Britons and Australians to participate in the Tall Ships Event in 1988 and will then be handed over to Australia.

The British Prime Minister, Mrs Thatcher, has written offering the ship to Australia and I will be writing to thank her for the British Government's offer.

The ship is a significant gesture by the Government and people of the United Kingdom towards Australia's Bicentennial Year and is a most appropriate tribute to the longstanding relationship between Australia and the United Kingdom.

This gesture is one of many aspects of British participation in the events of 1988 in Australia, which were being co-ordinated by the Britain-Australia Bicentennial Committee.

The Government will give early consideration to how the gift can be utilised in support of its Priority One commitment to young Australians in the years ahead.

The British gift of a vessel will, over the years, offer many young Australians a unique opportunity for the personal development which sail training offers.

RESTRICTED

7442 - 2

OCMIAN 7442
RESTRICTED
DD 150100Z CANBE
FM FCOLN TO CANBE
141430Z JAN
GRS 252

'T'd below'

RESTRICTED
FM FCO
TO DESKBY 150100Z CANBERRA
TELNO 19
OF 141430Z JANUARY 86

YOUR TEL 944 AND MIPT : AUSTRALIAN BICENTENARY: BRITISH GIFT

1. FOLLOWING IS TEXT OF LETTER FROM PRIME MINISTER TO MR HAWKE,
WHICH YOU SHOULD DELIVER AS SOON AS POSSIBLE. SIGNED COPY
FOLLOWS BY BAG.

BEGINS

MY DEAR PRIME MINISTER

AS YOU KNOW, FIRM PROGRESS IS BEING MADE WITH OUR PLANS FOR
PARTICIPATION IN THE AUSTRALIAN BICENTENARY.

I FULLY SHARE THE SENTIMENTS IN YOUR LETTER OF 25 SEPTEMBER ABOUT
THE IMPORTANCE OF BRITAIN'S PART IN THE BICENTENARY CELEBRATIONS.
IN PARTICULAR, I AM GLAD TO TELL YOU OF OUR DECISION TO PRESENT
AS BRITAIN'S OFFICIAL GIFT TO AUSTRALIA FOR THE BICENTENARY, A
SPECIALLY COMMISSIONED SAIL TRAINING SHIP FOR THE BENEFIT OF THE
YOUNG PEOPLE OF AUSTRALIA. WE PROPOSE THAT THIS VESSEL SHOULD BE
SAILED TO AUSTRALIA BY A COMBINED BRITISH AND AUSTRALIAN CREW, IN
TIME FOR PARTICIPATION AS BRITAIN'S ENTRY IN THE TALL SHIPS EVENT,
BEFORE BEING PRESENTED TO THE AUSTRALIAN GOVERNMENT.

I HOPE THAT THIS GIFT WILL BE SEEN BY THE PEOPLES OF BOTH
COUNTRIES AS A FITTING TRIBUTE TO OUR LONGSTANDING RELATIONSHIPS
AND AS OUR JOINT COMMITMENT TO FUTURE GENERATIONS.

YOURS SINCERELY, MARGARET THATCHER.

1

RESTRICTED

ENDS

ENDS

2. GRATEFUL IF YOU WOULD CONFIRM DELIVERY BY TELEGRAM. WELLER
MAY THEN BE INFORMED FOR HIS OWN INFORMATION PENDING THE PUBLIC
ANNOUNCEMENT.

HOWE

OCMIAN 7442

NNNN

YYYY

MAIN

LIMITED

CRD

SPD

FINANCE

PS

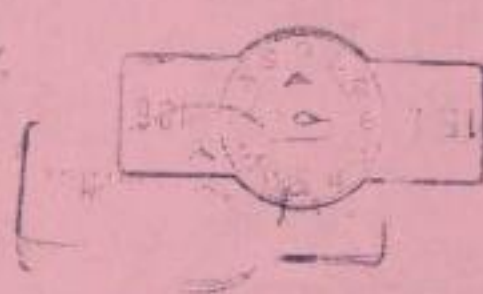
PS/LADY YOUNG

PS/MR EGGAR

PS/PUS

DR WILSON

MR BARRINGTON



SUBJECT CC MASTER
OPS



File SLH
cc 120

10 DOWNING STREET

THE PRIME MINISTER

13 January 1985

PRIME MINISTER'S
PERSONAL MESSAGE
SERIAL NO. T 7/86

My dear Prime Minister,

As you know, firm progress is being made with our plans for participation in the Australian Bicentenary.

I fully share the sentiments in your letter of 25 September about the importance of Britain's part in the Bicentenary celebrations.

In particular, I am glad to tell you of our decision to present as Britain's official gift to Australia for the Bicentenary, a specially commissioned Sail Training Ship for the benefit of the young people of Australia. We propose that this vessel should be sailed to Australia by a combined British and Australian crew, in time for participation as Britain's entry in the Tall Ships event, before being presented to the Australian Government.

I hope that this gift will be seen by the peoples of both countries as a fitting tribute to our longstanding relationships and as our joint commitment to future generations.

Yours sincerely
Margaret Thatcher

The Honourable R J L Hawke, AC, MP

Ro



Prime Minister

① copy

My you
agree, would
you please sign
to attached

Foreign and Commonwealth Office

London SW1A 2AH

10 January 1986

Dear Charles, letter ("My dear Prime Minister")
CDP 11;

Australian Bicentenary 1988 : HMG Gift

As you know from my letter of 20 May, it was agreed that the sum of £1 million should be made available from the FCO's provisions as the British Government's contribution to the Australian Bicentenary. The news was conveyed to the Australians in the Prime Minister's letter of 30 May to the Australian Prime Minister, which Mr Hawke acknowledged on 25 September.

FCO Ministers agreed that the major part of this sum should be set aside to provide Britain's official gift to Australia for the Bicentenary.

We have examined a number of proposals for an appropriate gift. We have concluded, on the basis of recommendations by the Britain-Australia Bicentennial Committee and in consultation with our High Commissioner in Australia, that the gift should be a purpose-built Sail Training Ship of modern advanced design, which could also serve as Britain's entry in the Tall Ships event with which the Australians propose to open their Bicentenary ceremonies.

I should be grateful if you would now seek the Prime Minister's approval for this choice of gift so that a formal announcement can be made. The idea was discussed informally with Mr Hawke in Canberra during the visit of Sir Peter Gadsden, Chairman of the Britain-Australia Bicentennial Committee, and Mr Hawke welcomed the idea.

It is proposed that the vessel should sail from Portsmouth in the summer of 1987, with a combined British and Australian crew of young people sponsored by interested communities in each country.

We have heard that the First Fleet Re-enactment Company may be proposing that the ship, if agreed as HMG's gift, should join their fleet leaving Portsmouth in May 1987. We are looking at this idea about which we have, at first sight, some reservations. But it does not affect the central recommendation. We shall prepare suitable briefing on this point if, as seems likely, the Prime Minister visits St Catherine's Dock on 26 January.

/The choice



The choice of a Sail Training Ship has a number of points in its favour. Being mobile it would avoid the difficulty of a fixed gift located in one particular State. It should demonstrate good British craftsmanship, and modern technology in the equipment it carries, and would provide much needed employment for British shipbuilders. It would benefit young people, and at the end of its training life it could be put as a permanent exhibit in the Sydney Maritime Museum. It is envisaged that the cost of the basic vessel would be met from official funds made available from FCO (DW) Vote; British firms would be invited to contribute additional equipment, and the Britain-Australia Bicentennial Committee will be responsible for raising any additional funding that might be needed.

As you may know, subject to the approval of both Houses, Parliament propose to present a Vice Régal Chair to the new Australian Parliament building in 1988, so there will already be a British gift in the capital city.

I enclose a draft letter from the Prime Minister to Mr Hawke announcing the gift of a Sail Training Ship. Once the Prime Minister has approved the text we propose to telegraph it to our High Commission in Canberra with the signed copy to follow. We propose that an inspired question in Parliament should closely follow the announcement to the Australians.

Yours ever

R N Culshaw

(R N Culshaw)
Private Secretary

C D Powell Esq
PS/No 10 Downing Street

*Hope it
will be for
Sydney design*

AUSTRALIA: Relations: Pt 2

SUBJECT
cc Master
ops

Pile

DCA



cc FCO

PRIME MINISTER'S
PERSONAL MESSAGE

10 DOWNING STREET

SERIAL No. T 2/86

THE PRIME MINISTER

3 January 1986

Dear Prime Minister,

In your letter of 25 September you asked me to consider again whether we could accede to your earlier request for the permanent loan of one of the two original copies of the Commonwealth of Australia Constitutional Act.

This is a very difficult problem. At my request the Foreign and Commonwealth Secretary and the Lord Chancellor have looked afresh for some way in which we could meet your request, which is received here in London with great sympathy. But I am very sorry to have to tell you that we cannot make an exception for Australia by arranging a permanent loan. Our archival collections are rich in the history of the Commonwealth and other countries, and their chief virtue lies in their comprehensiveness. If we began to disperse them, even on so small a scale and for so good a cause, their value to researchers from all over the world who wish to consult them would be diminished.

I should, however, like to repeat the offer in my letter of 30 May, to present to you fine quality reproductions of the Act itself and of the Royal Commission of Assent, in a suitable presentation case. We would also be glad to make arrangements for the temporary loan of the Public Record Office copy for any commemorative exhibition.

I am sorry not to be able to be more helpful, but can assure you that I have been into the problem most carefully.

Yours sincerely
Raymond Stalder

—

The Honourable R.J.L. Hawke, A.C., M.P.

DRAFT: minute/letter/teleletter/despatch/note

TYPE: Draft/Final 1+

FROM:

Reference

The Prime Minister

DEPARTMENT:

TEL. NO:

SECURITY CLASSIFICATION

TO:

Your Reference

Top Secret

Secret

Confidential

Restricted

Unclassified

The Honourable R J L Hawke AC MP

Copies to:

PRIVACY MARKING

SUBJECT:

.....In Confidence

As you know, firm progress is being made with our plans for participation in the Australian Bicentenary.

CAVEAT.....

I fully share the sentiments in your letter of 25 September about the importance of Britain's part in the Bicentenary celebrations.

In particular, I am glad to tell you of our decision to present as Britain's official gift to Australia for the Bicentenary, a specially commissioned Sail Training Ship for the benefit of the young people of Australia. We propose that this vessel should be sailed to Australia by a combined British and Australian crew, in time for participation as Britain's entry in the Tall Ships event, before being presented to the Australian Government.

I hope that this gift will be seen by the peoples of both countries as a fitting tribute to our longstanding relationships and as our joint commitment to future generations.

Enclosures—flag(s).....

CDP.



10 DOWNING STREET

MSJBKD
ALPC
3 January 1986

From the Private Secretary

AUSTRALIAN BICENTENARY: COMMONWEALTH OF AUSTRALIA
CONSTITUTION ACT

Thank you for your letter of 30 December setting out the reasons why we cannot make a permanent loan of the Commonwealth of Australia Constitution Act to the Australian Government.

The Prime Minister reluctantly concurs with the advice and has signed the letter to Mr Hawke.

She has enquired, however, as a matter of interest whether it would really matter if we held a good quality facsimile and let Commonwealth countries have the originals of such key documents where they have specifically asked for them. It would be helpful to have the views of the Foreign Secretary and of the Lord Chancellor on this point.

I am copying this letter to Richard Stoate (Lord Chancellor's Office).

Charles Powell

Robert Culshaw, Esq.,
Foreign and Commonwealth Office.

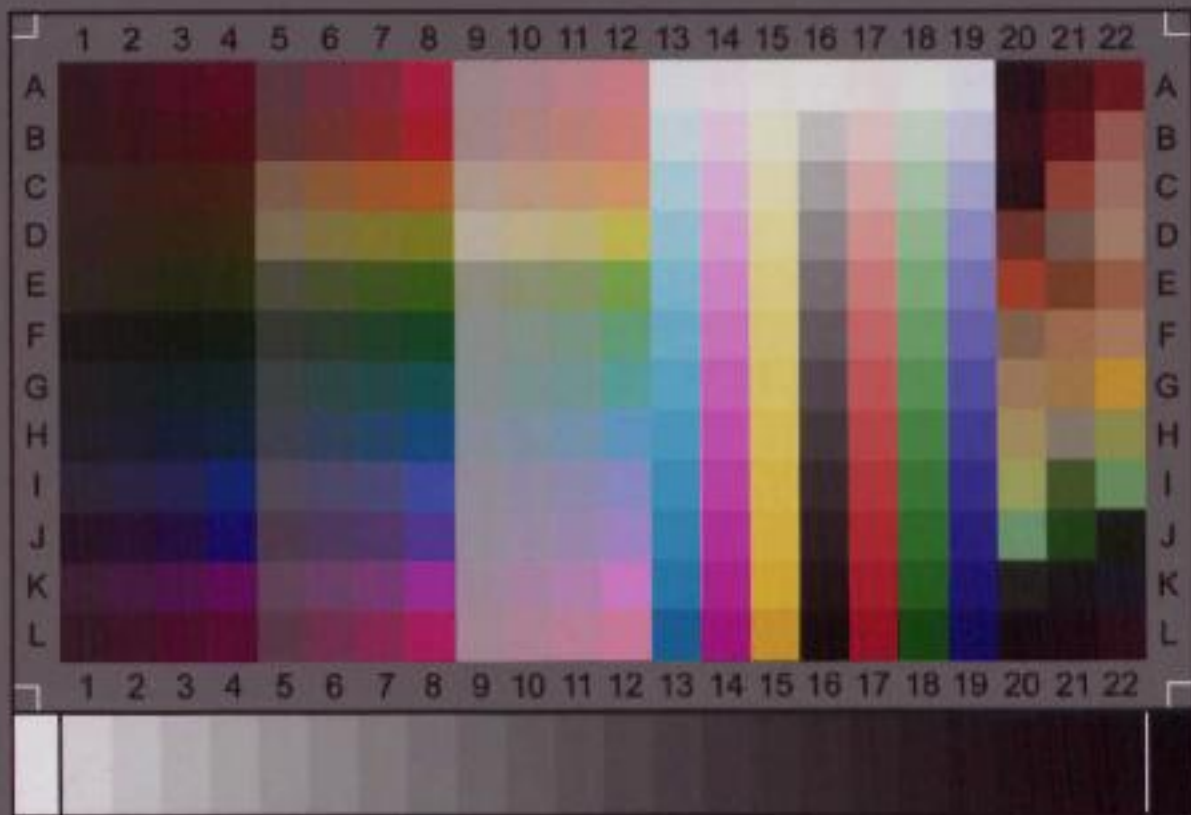
6

PART 1 ends:-

FCO to CDP 30-12-85

PART 2 begins:-

CDP to FCO 3-1-86



IT8.7/2-1993
2009-02

Image
Access

IT-8 Target

Printed on Kodak Professional Paper
Charge: R090212