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From: C V Balmer, Private Secretary



MINISTER OF STATE FOR DEFENCE

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Minister of State for
Defence Procurement

D/MIN/TT/3/10

22nd September 1981

Dear Michael

*Prime Minister
You will wish to see this
before tomorrow's interview* *Ant-22/9*

HMS INVINCIBLE

I enclose a copy of the brief for the Prime Minister's use with the Australian Prime Minister on the possible sale of HMS INVINCIBLE to the Royal Australian Navy. It supersedes the background brief which has already been provided through the official machinery.

As we agreed last week, I also enclose a line to take if the question arises during the Prime Minister's interview with the Australian media tomorrow.

I am sending copies to Francis Richards and David Wright.

Now

John

M O'D B Alexander Esq
PS/Prime Minister

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BRIEF FOR THE PRIME MINISTER

INVINCIBLE

Line to Take

Welcome discussions that have taken place between two Ministries of Defence. INVINCIBLE is proving a fine ship in service.

2. Your people raised a number of detailed questions on the ship's operational capability which I trust have now been satisfactorily answered. They also asked for confirmation in principle that, if the RAN purchased INVINCIBLE wide-ranging support would be available through UK Ministry of Defence sources. I agree this, in principle, but important aspects will, of course, have to be negotiated with the Ministry of Defence before final decisions can be taken and agreements ratified.

3. My main concern is over timing of any sale. When would you want INVINCIBLE and when can you pay for her? Transfer in 1985 (when ARK ROYAL enters service) would be easier for us. But an earlier delivery will be operationally difficult and much more sensitive politically. It would mean keeping the ageing HMS HERMES in service longer as one of our two operational carriers. This would also have financial penalties.

Background Note

Australia is due to take decisions on her future carrier programme this Autumn. She was expected to select a modified version of the US IWO JIMA class to be built in the US.

2. Following discussions between Mr Nott and the Australian Defence Minister (Mr Killen) a MOD team visited Australia in early September to try and interest the RAN in purchasing an INVINCIBLE class carrier.

3. The visit achieved its objective. The RAN accepts there is a price and delivery advantage in acquiring INVINCIBLE. Against this there are a few minor areas where INVINCIBLE's operational capability is of concern. They are also worried about the lack of equipment commonality between INVINCIBLE and other RAN ships and the support problems this will raise. Manpower would be a further problem for them.

4. The team offered INVINCIBLE at its historical build price of £175m for delivery in 1985 when ARK ROYAL enters service. This is, of course, well below what a current build price would be. (IWO JIMA is unlikely to be in service before 1987 and at about twice the cost.) The team also indicated that if an earlier delivery were critical to an Australian decision, transfer in 1983 (when ILLUSTRIOUS enters service) would be considered. The RAN preference is for 1983 since:

- a. it avoids a costly refit of HMAS MELBOURNE:
- b. there are political advantages in an early acquisition - future Australian commitment to carriers remains a Party political issue.

5. In the light of the discussions the RAN have sought, by the end of September:

- a. responses on the principal operational issues;
- b. confirmation that the Ministry of Defence is prepared in principle to offer wide-ranging in-service support for INVINCIBLE.

On both points assurances are being given which we are confident Australia will find satisfactory and which would be on the basis of no extra cost to the UK for as long as the RN maintains the class in service.

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6. The main outstanding area of concern to the MOD is the time of INVINCIBLE's release. A sale to Australia in 1983 would require the 20-year plus HMS HERMES to be kept in service for two more years at operational and cost penalty to the Royal Navy (£20m to £30m). The reference in the Defence Review White Paper (copy attached) clearly implies that INVINCIBLE will be disposed of only after both ILLUSTRIOUS and ARK ROYAL have entered service. Thus earlier release is likely to give rise to criticism.

7. I must add that CNS advises that the operational consequences of early disposal would, in his opinion, be serious, and due account should be taken of them before a final decision is taken. He further believes that criticism of such a decision would extend to the USA and NATO as well as the UK.

8. It will therefore be important to understand the political and operational strength of the Australian case for early acquisition and to make clear the disadvantages to the UK.

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EXTRACT FROM THE DEFENCE REVIEW

WHITE PAPER

(Cmd 8288)

27. The new carrier *Ark Royal* will be completed as planned, but we intend to keep in service in the long term only two of the three ships of this class. The older carrier *Hermes* will be phased out as soon as the second of the new ships is operational.

BRIEF FOR PRIME MINISTER'S PRESS CONFERENCE WITH
AUSTRALIAN JOURNALISTS

SALE OF INVINCIBLE

1. I welcome the discussions which have taken place in Canberra.
2. INVINCIBLE is a fine ship, recently entered service, of which the Royal Navy is justly proud. However, as you know, our Defence Review concluded that only two of the three INVINCIBLE class carriers being constructed for the Navy would be kept in service in the long term. As Australia has a requirement to replace HMAS MELBOURNE it was clearly sensible to see whether we could find common ground.
3. We have provided the Royal Australian Navy with details of INVINCIBLE's operational capability, its price and availability for evaluation alongside other options under consideration. Discussions are continuing.
4. One final point. If INVINCIBLE is not to remain in RN service there is no Navy whose flag I would prefer to see INVINCIBLE flying than Australia's. She would, I am sure, give the Royal Australian Navy long and distinguished service.