



MINISTRY OF DEFENCE  
MAIN BUILDING WHITEHALL LONDON SW1

Telephone 01-~~XXXXXX~~ 218 2111/3

MO 14/5

14th March 1983

*Prime Minister*  
*A-J-C. 14/3*

*Copy: Press Section.*

*Dear John,*

The Prime Minister will wish to know that the Head of the Australian Defence Staff today passed to my Secretary of State the following message from the new Australian Minister for Defence, Gordon Scholes:

"I would like you to know that Cabinet decided last Friday that Australia would not pursue further any option for an aircraft carrier.

This includes both the purchase of a carrier and the leasing of HMS HERMES. I propose to announce this decision today.

I take this opportunity to thank you and your officers and British shipbuilders who have assisted us in this matter."

If asked, our Press Office will confirm that we have now been officially informed of the Australian Government's decision and they will make clear that there is now no question of an Australian yard build for a SIR GALAHAD replacement.

I am copying this to the Private Secretaries to OD members, to Jonathan Spencer (Department of Industry) and to Richard Hatfield.

*Yours ever,*

*Gene Ridley*  
(J E RIDLEY) (MISS)

A J Coles Esq





For  
Defence

10 DOWNING STREET

*From the Private Secretary*

15 March 1983

Thank you for your letter of 14 March informing me of the message from the new Australian Minister for Defence about his Cabinet's decision not to pursue further any option for an aircraft carrier. The Prime Minister has noted this information.

A. J. COLES

Miss J.E. Ridley,  
Ministry of Defence.



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GAS/YO  
RESTRICTED  
DVSY 140930Z  
FM CANBERRA 140630Z MAR 83  
TO IMMEDIATE FCO  
TELEGRAM NUMBER 122 OF 14 MARCH  
AND TO IMMEDIATE MODUK (FOR RMD3)

MT

AIRCRAFT CARRIER FOR RAN

1. IT HAS JUST BEEN ANNOUNCED BY THE NEW MINISTER FOR DEFENCE, MR GORDON SCHOLES, THAT THE AUSTRALIAN CABINET HAS DECIDED NOT REPEAT NOT TO ACQUIRE AN AIRCRAFT CARRIER TO REPLACE HMAS MELBOURNE. ACCORDING TO A DEPARTMENT OF DEFENCE PRESS RELEASE (COPY BY BAG) MR SCHOLES SAID THAT HE HAD ALREADY ADVISED THE BRITISH GOVERNMENT OF THIS DECISION (PRESUMABLY THROUGH THE AUSTRALIAN HIGH COMMISSION). THE PRESS RELEASE ALSO QUOTES MR SCHOLES AS SAYING THAT THIS WAS AN IMPORTANT DECISION WHICH BROUGHT TO AN END AN ERA IN THE NAVY'S HISTORY. THE ONLY ENCOURAGING NOTE IN THE STATEMENT IS A COMMITMENT THAT 'ACQUISITION OF ASW HELICOPTERS FOR OUR FRIGATES WILL BE PURSUED AS A MATTER OF HIGH PRIORITY'.

2. A CONTACT IN THE AUSTRALIAN DEFENCE DEPARTMENT HAS TOLD US THAT THE CABINET DECISION WAS TAKEN AT ITS FIRST MEETING ON 11 MARCH IE THE DAY ON WHICH MINISTERS WERE SWORN IN. ACCORDING TO OUR CONTACT NO BRIEFING PAPERS WERE ASKED FOR OR PROVIDED BEFORE THE DECISION WAS TAKEN.

MASON

LIMITED  
SPD  
DEFENCE D  
NEWS D  
ACDD  
PS  
PS/LORD BELSTEAD  
PS/MR HURD      MR GILLMORE  
PS/PS            MR DONALD  
MR WRIGHT      CABINET OFFICE  
MR GIFFARD

THIS TELEGRAM  
WAS NOT  
ADVANCED

RESTRICTED



file LPT

DEFENCE

11 March 1983

The Prime Minister has noted the contents of your letter of 8 March about the effect of the Australian General Election on the possible sale of a Carrier to the Australian Navy.

A. J. COLES

Miss Jane Ridley,  
Ministry of Defence

dg





MINISTRY OF DEFENCE  
MAIN BUILDING WHITEHALL LONDON SW1

Telephone ~~01-9307022~~ 218 2111/3

MO 14/5

8th March 1983

Prime Minister

A.J.C.  $\frac{8}{3}$

*[Handwritten signature]*

Dear John,

You asked for a note on the effect of the Australian general election on our projected sale of a Carrier to the Royal Australian Navy.

Shortly before the election we were asked by the Department of Defense to provide an updated statement of our offers both in respect of a new Carrier and the sale or lease of HMS HERMES. The Prime Minister will recall that as well as offering HERMES in its own right as a low cost solution we were prepared, should the RAN place an order for a new Carrier with Swan Hunters, to make HERMES available on a free lease to cover the period of the new ship construction. As a further incentive to a new Carrier purchase we also offered to have a SIR GALAHAD replacement manufactured in an Australian Shipyard, subject to satisfactory agreements on terms.

In the light of statements made by Mr Hawk since winning the election the prospects of selling any Carrier to Australia must now be considered slim. However, Mr Hawk's criticisms of the Carrier programme to date have been on cost grounds. HERMES represents a far cheaper solution and the RAN have confirmed, since the election, that they would still wish to receive our statements on both the new Carrier and HERMES to reinforce this point. For your own information we are offering HERMES at a price of £36M or on a six year lease at a lease charge of £6M per annum plus £5M deposit. This compares with the estimated cost of £300M for a new Carrier. The additional cost of supplying helicopters and Sea Harriers to meet the RAN's immediate needs would be about £150M in each case. In other words a Carrier solution based on HERMES could be offered for some £200M - a very different figure from the £1,000M for a new Carrier being quoted in the Press.





The offer to have a SIR GALAHAD replacement built in Australia is tied to the new Carrier solution. There is no question of our agreeing to let an Australian Yard build our new LSL if they are only purchasing a secondhand ship from the UK.

*Yours ever,*

A handwritten signature in blue ink that reads "John E. Ridley". The signature is written in a cursive style with a large initial "J".

(J E RIDLEY)

CONQUEROR



COVINGTON

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