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AUSTRALIA

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Foreign and Commonwealth Office

London S.W.1

Prime Minister

Dear Nick,

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- 2/10

28 September 1979

I enclose a background brief on Australia for the Prime Minister's use when she attends the dinner to be given by the Australian High Commissioner on 3 October, together with a personality note on Sir Gordon Freeth and the telegram reporting Lord Carrington's meeting with Mr Peacock in New York (your letter of 19 September referred).

yours ever
Roderic Lyne

(R M J Lyne)
Private Secretary

Nick Sanders Esq
10 Downing Street
LONDON

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SIR GORDON FREETH'S DINNER, 3 OCTOBER

BACKGROUND BRIEF ON AUSTRALIA

Ministerial Contacts

1. The Prime Minister may wish to tell Sir Gordon Freeth that Mr Nott's visit to Australia went well. She may also like to tell him that Lord Carrington and Mr Peacock had a full and useful tour d'horizon in the margins of the UNGA in New York.

Internal Political Scene

2. The Rt Hon Ian Sinclair, Minister for Primary Industry and Leader of the House of Representatives resigned on 26 September. An official enquiry found that he had been guilty of forgery and the unauthorised transfer of funds in a company in which his late father had been involved.

3. After more than a year of unpopularity during which election results in three States, as well as public opinion polls, had shown a substantial swing to the Australian Labor Party (ALP), opinion polls now suggest that the Federal Government is emerging from this trough. Public reaction to the Budget in August has been much less hostile than the Opposition had banked on. A recent unexpected Liberal victory in the South Australian State election has been a considerable fillip to the Government. Mr Fraser's personal popularity remains behind that of Mr Hayden, the Leader of the ALP Opposition, but both of them are behind Mr Bob Hawke, President of the Australian Council of Trade Unions (ACTU).

/ 4. Mr Hawke

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4. Mr Hawke has just announced his intention of seeking a Federal Parliamentary seat at the next Election. Whilst Mr Hawke's wideranging abilities and exceptional popular appeal will strengthen the ALP in Parliament, his admitted ambition to lead the Party, consequently ousting Mr Hayden, could cause internal tension in the ALP which Mr Fraser will not be slow to exploit.

5. Mr Hawke's departure from ACTU will deny it a most important voice of moderation and conciliation. At the ACTU Conference early in September, elections for its Executive resulted in a marked swing to the Left with strident calls for increased militancy over wages and a maintenance of total opposition to uranium mining and exports.

Economic Situation and The Budget

6. The overriding priority of Mr Fraser's administration has been to reduce inflation. It has fallen to 8.8% (June) but there are signs that it is accelerating. Unemployment remains at an extremely high level by Australian standards and in July was 6.0%. There have been a number of serious industrial disputes which have attracted much attention.

7. The August Budget was designed to be anti-inflation and maintained a restrictive policy stance. Growth in the economy expected to be between 2 and 2.5% in 1979/80. Public spending growth restricted to 9%. Major ~~tax~~ incentives for on-shore and exploration and resources development. Personal income tax surcharge (introduced in 1978) to be removed on 1 December.

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8. The Australian Government announced the elimination of a range of British trade preferences on the day of Mr Nott's arrival in Australia. Press reports indicate that the Australian Government has just lifted tariff restrictions on the import of a wide range of goods from South-East Asia and has raised the barriers against a range of British goods. Mr Nott is reported to have protested at the latest measures which were introduced without advanced warning.

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HE THE HON SIR GORDON FREETH, KBE(1978) LLB

Australian High Commissioner to the United Kingdom since April 1977.

Born 6 August 1914 at Angaston, South Australia.

Educated at Sydney Church of England Grammar School and the University of Western Australia. Qualified as a barrister and solicitor in Western Australia in 1938 and rowed for Australia in the Empire Games in the same year. Served as a pilot with the rank of Flight Lieutenant in the Royal Australian Air Force from 1942-45.

Liberal member for Forrest (Western Australia) in the House of Representatives from 1949-69. Minister for: Interior and Works (1958-63); Shipping and Transport (1963-68); Air and Minister Assisting the Attorney-General from 1962-64. He lost his seat in the 1969 election. Appointed Australian Ambassador to Japan from 1970-73.

His appointment as High Commissioner in London was a surprise. Even his wife seemed to think he must have been asked to keep the place warm for someone else.

Although Mr Freeth held high Ministerial office, he was never a political heavyweight. He was regarded as a conscientious but uninspiring Minister. Following the disappearance of Mr Holt in December 1967, Mr Freeth supported Mr Hasluck's candidature for the Premiership which did not ingratiate him with Mr Holt's eventual successor, Mr Gorton, who relegated him to the minor post of Minister of Air.

As Ambassador in Tokyo, Mr Freeth is remembered as rather stiff and distant and not very popular with his staff, informality being the note in most Australian Embassies; nor is he thought to have been very popular at home in Canberra, perhaps because he expected too much attention to be paid to his views. Sir John Bunting described him as a very nice and competent man who would do well in London provided not too much was expected of him.

Married in 1939 to Joan Baker. One son and two daughters.

Recreations: squash and golf.

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