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PRIME MINISTER

FOR PRESS

10 DECEMBER 1976

NEWCASTLE STATE DOCKYARD

The New South Wales Premier, Mr. Neville Wran, has communicated with the Prime Minister over the future of the Newcastle State Dockyard. His message and the Prime Minister's reply are attached.



PRIME MINISTER

CANBERRA

My dear Premier,

I refer to your telex message of 9 December about the future of shipbuilding at the State Dockyard at Newcastle and, in particular, the Heads of Agreement and the Industrial Relations Contract between your Government and the ACTU and shipbuilding unions at Newcastle.

Your message states that you understand that the President of the ACTU will be meeting me shortly to discuss these matters. That is not correct. My discussions with Mr. Hawke on Monday next are to cover wages policy matters.

The position is that the New South Wales Government, as the owner of the Newcastle State Dockyard and the employer of the union members in it, made approaches to the Commonwealth with the aim of keeping the Dockyard in operation. As a result of those approaches, and its consideration of the IAC Report and various other reports, the Commonwealth decided on the Heads of Agreement for an Industrial Relations Contract.

In our discussion on 19 November I made it clear to you that the Heads of Agreement are firm and final and that the Commonwealth expected that you would negotiate the Industrial Relations Contract with the ACTU and the shipbuilding unions. You accepted that. At no stage was it contemplated that the Commonwealth would be involved in the negotiations with the ACTU and unions. You agreed to respond before 17 December on the results of your negotiations, and on your Government's attitude to the other contractual arrangements necessary for the construction of the two ANL ships at Newcastle.

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Nothing has happened to alter the position reached at our meeting on 19 November. It would therefore be inappropriate for me to discuss the Heads of Agreement or the Industrial Relations Contract with Mr. Hawke and I do not intend to do so. It is, I repeat, up to the New South Wales Government, as the owner of the Newcastle State Dockyard, to negotiate the Industrial Relations Contract.

I look forward to receiving advice of your Government's position before 17 December, as agreed.

Yours sincerely,

(Malcolm Fraser)

The Hon. Neville Wran, Q.C., M.L.A.,
Premier of New South Wales,
SYDNEY. N.S.W. 2000

INWARDS TELEPRINTER MESSAGE.

Referred to

at

on

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PRIMIN AA62018
NSWPREM AA21269

TELEPRINTER

Dec 9 4 50 PM '76

FILE NO _____

9.12.76

THE RT. HON. J.M. FRASER, M.P.,
PRIME MINISTER OF THE COMMONWEALTH OF
AUSTRALIA,
CANBERRA.

FOLLOWING TALKS WITH THE PRESIDENT OF THE A.C.T.U.
MR HAWKE I UNDERSTAND THAT HE WILL BE MEETING YOU SHORTLY
TO DISCUSS THE FUTURE OF THE NEWCASTLE STATE DOCKYARD AND
THE TRADE UNIONS RESPONSE TO THE COMMONWEALTH GOVERNMENT'S
OFFER.

AS TO THE HEADS OF AGREEMENT OF THE INDUSTRIAL RELATIONS
CONTRACT SUBMITTED BY YOU TO THE N.S.W. GOVERNMENT, IT MUST
BE OBVIOUS THAT NO FINALITY CAN BE REACHED UNTIL:

- A) THE COMMONWEALTH GOVERNMENT COMES TO SOME AGREEMENT
WITH THE A.C.T.U. AND SHIPBUILDING UNIONS AT
NEWCASTLE: AND
- B) THE DETAILS OF THE INDUSTRIAL RELATIONS CONTRACT ARE
WORKED OUT.

AS TO THE THREE OTHER CONTRACTS REQUIRED BY THE COMMONWEALTH
GOVERNMENT.

- A) THE NEW SOUTH WALES GOVERNMENT IS PREPARED TO ENTER
INTO A CONTRACT WITH THE COMMONWEALTH GOVERNMENT TO
SHARE \$1 FOR \$1 TO EQUATE THE NEWCASTLE DOCKYARD
AFTER SUBSIDY PRICE WITH THE JAPANESE PRICE.
- B) THE NEW SOUTH WALES GOVERNMENT IS PREPARED TO ENTER
INTO A SHIPBUILDING CONTRACT WITH A.N.L. WHICH WILL
INCLUDE NORMAL PROVISIONS TO MEET LIQUIDATED DAMAGES
RESULTING FROM A BREACH OF CONTRACT. NEGOTIATIONS
BETWEEN A.N.L. AND THE NEW SOUTH WALES GOVERNMENT
COULD PROCEED IMMEDIATELY.

C) THE THIRD CONTRACT, BETWEEN THE COMMONWEALTH GOVERNMENT AND THE A.N.M.L. DOES NOT REQUIRE PARTICIPATION BY THE N.S.W. GOVERNMENT.

NOTWITHSTANDING OUR WILLINGNESS TO PARTICIPATE IN THESE CONTRACTUAL ARRANGEMENTS THE N.S.W. GOVERNMENT HOLDS THE VIEW THAT THE TERMS LAID DOWN BY THE COMMONWEALTH GOVERNMENT IN THE HEADS OF AGREEMENT TO BE UNNECESSARILY HARSH.

IF IN PRINCIPLE AGREEMENT CAN BE REACHED AT THE MEETING BETWEEN YOURSELF AND THE A.C.T.U. ON INDUSTRIAL RELATIONS CONTRACT THE NEW SOUTH WALES GOVERNMENT WILL CONSIDER IN THE LIGHT OF ITS CONTENTS WHETHER WE ARE PREPARED TO BE PARTY TO IT.

I WILL BE PREPARED TO DISCUSS THE MATTER AT ANY TIME WITH YOU.

IN VIEW OF RECENT EVENTS AND WITH A VIEW TO AVOID ANY MISINTERPRETATIONS I INTEND TO RELEASE THIS TELEX TO THE PRESS AFTER YOU HAVE RECEIVED IT.

NEVILLE WRAN,
PREMIER.

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