

CONFIDENTIAL

C.S.O.

Confidential
Volume

0588

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8.

(Formerly)

AGR/AJG/1 # 14

SUBJECT :

~~Correspondence Between H.E. The Governor &
Lord Reith, Chairman, C.D.C.~~

FALKLAND ISLANDS FREEZER.

CONNECTED FILES.

NUMBER AND YEAR.

COLONIAL DEVELOPMENT CORPORATION

CHAIRMAN'S OFFICE

33, DOVER STREET,
LONDON, W.1.

17th May, 1951.

My dear Mr. Clifford,

I was very glad to have your letter of March 16th; it has taken a long time to arrive.

There is a great deal in your letter that I would like to talk ~~with~~ you about, but as posts are so slow there does not seem to be much point in writing as you are to be here in July; in any event, some of the points are much better handled in conversation than in writing.

I shall very much look forward to seeing you.

The memorandum you refer to has not fetched up yet, but I hope it soon will.

Yours sincerely,

W. C. Clifford

His Excellency Sir Miles Clifford, KBE., CMG.,
Government House,
Port Stanley,
Falkland Islands.

6
In 0588 ?
C. I think this can be
filed. NFA. Capt. Johnston
was to see them on my
behalf and to request
my views. Fit on
electronically - the
only shipping request is
across the Sound and
fit should copy
into it.
M.C.

COLONIAL DEVELOPMENT CORPORATION

CHAIRMAN'S OFFICE

33. DOVER STREET,
LONDON. W.1.

11th June, 1951.

My dear Excellency,

I am very sorry, and apologise, for the delay in replying to your note of May 18; it arrived on June 4.

I made enquiries at once; found that there was no immediate intention of buying a ship.

And now I have a note from Dr. Fowler, the divisional manager, which I think you should see.

I shall look forward to hearing from you further; please comment as fully as you care.

Yours sincerely,

W. S. Bentley

His Excellency Sir Miles Clifford, KBE., CMG.,
Government House,
Port Stanley,
Falkland Islands.

1c

VESSEL FOR FALKLAND ISLAND FREEZER.

1. A sum of £10,000 was included in the original Board Paper for a self-propelled barge for the transfer of sheep from the West Falklands and outer islands to the Freezer project situated on the East Falklands.
2. I discussed the shipping position of the Freezer project with Mr. Young, general manager of the Falkland Islands Company, and suggested that, as the Freezer would only be operating for four months in any one year, for the Corporation to procure a vessel would mean that we would be in competition with the FIC for eight months in the year; I further suggested that he should co-operate with us, and requested him to give us a price for the conveyance of sheep to the Freezer project.
3. This discussion took place almost a year ago and Mr. Young said he would discuss the position in greater detail on his return from a visit to the Falkland Islands, as he thought that the best solution would be for the FIC to charter a Dutch boat to do the inter-island shipping.
Expensive?
4. Our project manager, together with CDC (Eng) Ltd., have been pressing to purchase a ship for the Freezer project. This I am very loth to do at this stage, as I would rather arrive at an amicable settlement with the FIC than that we should enter into competition with them regarding inter-island trade. As you are aware, they have a complete monopoly in that area and would resist strongly any suggestion that the Corporation should compete with them.
Agree.
5. If you are discussing the question with Sir Miles Clifford, might I suggest that he be asked whether the Government would be prepared to share in supplying and operating a suitable vessel.
6. As I see it at present, the cost of a vessel of the order of 450 tons would not be a feasible proposition for the Freezer, unless it was to be operated over the full twelve months.
*Quite
impossible.
Inc.*

DECODE.

(COPY TO SMC)

TELEGRAM.

From Colonial Secretary.

Velop Piccy, London.

Despatched : 27.8.51.

19

Time : 0900

Received :

19

Time :

Following **confidential** for Chairman from Governor begins:

(1) Venters.

Person named in hospital with heart trouble. Am informed every likelihood this will respond treatment enabling him discharge duties Project Manager when Freezer ready function but that return now to frustrations austerities Ajax Bay where he has little/nothing to occupy him inimical recovery. I advise, therefore, he be invalided September "Fitzroy".

(2) Swindell.

Person named in Stanley undergoing course injections which cannot be interrupted now but I strongly recommend that he too return U.K. September "Fitzroy".

(3) Letter in mail. Ends.

GTC:MLO.

PERSONAL AND
CONFIDENTIAL.

28th August, 1951.

My dear Chairman,

I was met at the Montevideo Airport by Taylor and Mason: the former told me that he had his kit on board a K.L.M. plane due to leave in about 20 minutes, explaining that it was necessary for him to go home at once to give a true representation of the facts to Phillips; that the engineering costs had, in his opinion, been underestimated but that he could not go into this in any detail by telegram as his confidential code had been compromised (Rowe apparently has a copy) and he apprehended serious embarrassment to the Corporation. I would have supposed that an Air Mail report would have served the purpose but in face of his explanation and of his assurance that Mason was fully seized of the position at Ajax Bay I decided to let him go; Mills had only seen the place in the summer and there was the possibility Phillips might have to wrestle with two conflicting opinions. I hope you agree with my decision.

I have telegraphed to you regarding Venters and Swindell. The former was admitted to Hospital shortly after my return here and I enclose a Medical Certificate regarding him. I agree entirely with Dr. Hillenbrand. Venters, as you know, was engaged much too soon; his presence on the site, where there is no proper job for him, has been a source of friction with both Swindell and Barrett (Accountant) and he has undoubtedly worried himself into his present state of ill-health by the way things have been going, or rather not going. He is well esteemed locally, whatever may be said to the contrary, is a thoroughly good type and if my Acting S.M.O.'s hopes are realised you will not better him as Project Manager. But he must not go back until the factory is ready.

Swindell, I am assured and have no reason to doubt it, has been a complete failure with no command over the men and himself addicted to the bottle; he is here under medical treatment which - without particularising - cannot be safely interrupted, but he should certainly be recalled on the September "Fitzroy". He is no use to himself or anybody else at present.

Mason with his previous experience should do the job on his head and a report which I have just received indicates that he has already taken a good hand and is infusing new life into the undertaking.

/I will

h, P.C.,

al Development Corporation.

I will go out there immediately the mail leaves and will send you a personal report by the following mail, telegraphing anything that may be urgent.

One point. I gather the present intention is to provide fuel oil in drums, ex Montevideo, for the Project - this, in my own experience here, is expensive and altogether uneconomical and I strongly recommend that you consider bulk storage which I am myself proposing to instal for the Stanley Electric Power Supply.

I hope that Captain Johnston of the "John Biscoe" has been of some assistance to those concerned on the shipping side; shipping of the finished ~~freeste~~ product should, I am sure, be direct - Ajax/U.K. and not via F.I.C. to Montevideo which doubles your overheads and also involves unfavourable foreign exchange.

In haste,
Yours sincerely,

(Sgd) MILES CLIFFORD.

P.S. If Hillenbrand's estimate about Venters should be confirmed by your own Medical Adviser, as I hope, I would not suggest sending him back here until the Factory is really within sight of completion. If on the other hand he should not be considered fit and a replacement has to be found, I would recommend looking for one in S. America where you would have no difficulty I believe in finding an expert and one moreover who would be able to put his hand on subordinate technicians at need.

M.C.

King Edward VII Memorial Hospital,
Stanley,
Falkland Islands,
South America.

4

24th August, 19 51.

Medical Certificate.

Mr. J. Venters has been under my medical care since 1st May, 1951. He suffers from Mitral Insufficiency which, up to now well compensated, has recently shown signs of decompensation. On the 9th of August, 1951, I therefore admitted him to hospital. He has remarkably improved and will be well enough to leave in approximately two weeks time.

Mr. Venters will be a convalescent for a time, and, bearing in mind the conditions at Ajax, I would strongly recommend that he spends this time at a Spa for heart subjects - which I have recommended, in Europe, - where his convalescence could be supervised by a Physician, and where he would sufficiently recuperate to come back to the Falklands by, say, the summer of 1952, or earlier if necessary.

F. K. M. Hullibrand

M.D., M.B.,
Acting Senior Medical Officer.

ACS File with H.C.S. pl.

DECODE.

TELEGRAM.

From The Mason, R.E. Ajax Bay.

To His Excellency the Governor.

Despatched : 29th August, 1951 *Time :* 1400.

Received : 29th August, 1951 *Time :* 1515.

Swindell informs me you and SMO insist he remain until treatment complete. If this is so please advise urgent Velop as to his condition necessity.

MASON, R. E.

Y. E.

Above. Y.E. has already done so, I think.

(Intld) M. R. R.

29/8/51.

YES.

(Intld) M. C.

30/VIII.

P/L.

CS

5A

Interesting.

I think are
or how I have
pages might
enlighten this
handing?

MC 28/...
VIII

Miss J. Parrin.

Wages for week-ending 7th July, 1951.

£1.5.0d.

Signed *J. Parrin*

5B

Chief Constable's Office.
Port Stanley.
27th. August 1951.

To:- His Excellency the Governor
Sir Miles Clifford. K.B.E. C.M.G. E.D.

Sir,

Visit to Ajax Bay.

What, in fact, I asked him to do was to have a look round - he had not been there before and I thought it as well that they should know that we have got a Police force.

I respectfully report, that acting upon your instructions, I visited Ajax Bay to carry out an inspection and make certain enquiries relative to the Colonial Development Corporation abattoir and frigidaire now under construction.

I left Port Stanley by S/S "Fitzroy" at 7.0 a.m. on Thursday the 17th. instant, arrived at Ajax Bay at about 1.0 p.m. on Sunday the 19th. instant, and returned by plane on Friday the 24th. August 1951, having called at Rinco-Grande, Teal Inlet and Salvador en route.

My first impression of Ajax Bay, as seen from the sea, was similar to that when I arrived in the Ruhr area of Germany in 1945. Large packing cases containing valuable machinery, steel work of all sizes and dimensions, petrol and paraffin barrels (steel) rolls of Rubberoid roof covering etc. being strewn all along the water's edge, with a number of incomplete buildings in the background.

Upon stepping ashore and being conducted to the house of my host, Mr. J. Venters, I cannot describe my journey otherwise than MUD- MUD- MUD, and I state without fear of contradiction that nowhere on the whole site is it possible to travel further than 10 yards without the aid of rubber knee boots.

When making a tour of inspection on the first day, I saw a heap of kitchen refuse right outside the cookhouse door, which I estimated to weigh at least half a ton, comprised of empty tins, bones, potato peelings etc. all in a state of advanced decay. Adjoining the cookhouse are three huts in which the workmen reside, and outside two of these are two large pools from which a terrible stench emanated.

When I enquired as to the contents of these pools, I was informed that they were pis-pools (urine) into which the urine ran from the lavatory stalls in the huts.

On the main door of one of the huts was a typewritten notice headed as follows:- "The Honourable Union of Shithouse Wallopers", and then went on to read:- "Will the following members carry out their usual duties on the following days," followed by a number of names and days.

I drew the attention of the Resident Engineer (Major Mason) to the notice, and he removed it at once, at the same time promising to give the refuse heap and the pools his immediate attention.

Some of the billets occupied by the men were reasonably clean, others dirty and the remainder positively filthy.

In the vicinity of the stone crusher, I came upon a "Fordson" tractor with it's front wheels off, totally exposed to wind and weather in spite of the fact that within a distance of about 30 yards a large full sized tarpaulin sheet was rotting on the damp soil. I also saw an "International" tractor standing out in the open, uncovered and apparently uncared for. Enquiries revealed that the "Fordson" had a broken front axle and the "International" was out of action through some mechanical defect. How far that is true I am unable to say, but I have reason to believe that the "International" is on loan from the

/Public

Public Works Department, who may be interested in their vehicle.

Upon visiting the jetty, I saw a large wooden packing case totally submerged in the water, secured to the jetty by a length of rope. Owing to the depth of the water I was unable to see any of the distinguishing marks on the case, but I ascertained from one of the members of the "Fitzroy's" crew that the case contained delicate machinery parts. I also saw two large rolls of Rubberoid roof covering totally submerged. I informed the Resident Engineer of what I had seen, and when I visited the jetty on the next day, the packing case and the roof covering had been placed on the jetty.

On Sunday evening I paid a visit to the canteen, and found that although it was only about 8.30 p.m. about 11 people out of the 14 present, were seriously under the influence of drink. The use of obscene language was common and filthy epithets were being directed at the Camp Supervisor and General Foreman, Messrs. Probert and Goodenough. Both these men I regret to say were unable to co-ordinate their faculties sufficiently to even make an attempt to restrain the attitude of the men towards them.

I was also able to ascertain by means of discreet enquiries that sometime towards the end of June 1951 there had been a discrepancy of £ 98.0.0. in the Canteen Funds, which I brought to the notice of the Resident Engineer.

In company with the Resident Engineer I saw the accountant, Mr. Barrett at his office on the next morning, having been informed that he was in charge of the canteen funds.

Although very reticent at first, he eventually told me that when the project first opened he was responsible for running the canteen, but that sometime about May 1951, it was taken over by a Canteen Committee, who during their first month's operations had made a profit of about twenty pounds, ~~during their first month.~~ When however he decided to take stock again, he found a deficiency of £ 98.0.0. He had informed London regarding same on the 8th. of August 1951, telling them that he had held an enquiry into the deficiency, but that he had been unable to obtain any satisfactory information in view of the fact that four people had been handling the canteen takings. I requested him to produce the letter he had sent to London and he did so. It contained the same facts as he had previously given to me. Asked why he had not reported the matter to the police, he replied that he did not think it necessary as it was an internal matter which in his estimation had nothing to do with the police. Also that he thought it was sufficient to report it to the Resident Engineer Mr. Swindell.

I then told Barrett that I had reason to believe that an attempt had been made to break and enter the canteen, to which he replied "Yes that is so, but they did not get in. How do you know all these things?"

Asked why that had not been reported to the police, Barrett replied "I did not think that was necessary either, as Mr. Swindell knew about it."

Asked whether that had been reported to London, Barrett replied "No, why should it?"

I then told Barrett that I also had reason to believe that pilfering was taking place in the huts and sums of money were being stolen amongst the men residing in the huts.

He informed me that this was the first he had ever heard about it and that at no time had he received any complaints regarding same. Further enquiries were made by me and I was unable to ascertain any evidence to substantiate this complaint.

A little premature?
And a common
description
in towns

On the next day I came across about half a hundredweight of potatoes at the water's edge, and failed to find one which, apart from having been in the sea, was unfit for human consumption. Whilst making enquiries I ascertained that three sacks of perfectly good potatoes had been dumped into the sea. On another occasion, one of the employees from Port Stanley who was unable to purchase any potatoes locally, was allowed to pick over three sacks which were about to be dumped, and salvaged over 150 lbs. which he sent home. On the jetty I saw a large number of boxes containing tinned peas and butter which had been broken, and that from one of the boxes of butter over half the contents were missing. This was immediately reported to Major Mason.

Personalities at Ajax Bay.

Mrs. Venters and family.

I received every assistance and co-operation from Mrs. Venters, her daughter and two grown up sons (who are in the employ of the C.D.C. They are a respectable, honest, hard working and truthful family. I wish to emphasize that I have every faith in all of them and shall accept their word before any other person I met at Ajax Bay. There is no doubt that a very considerable amount of animosity is directed at the Venter's family by other members of the C.D.C. staff. My conclusion is that Mr. Venters and his two sons have tried their level best to get things going, where others have been satisfied to idle and drink, resulting in the project being what it is to day.

Geoffrey Swindell.

A good for nothing individual. Very strongly anti Venters. No control whatever over the men and a very hard drinker. Discreet enquiries revealed that on numerous occasions when the men refused to "turn to" in the morning after a drunken carousal, he was afraid to assert his authority and simply walked out of the hut when told to get out by some of the Liverpool + Irish element. Very reticent to assist me in any way and at all times trying to cover up the men. During my stay a window was broken in the canteen. Swindell tried to cover it up by saying that it was only a bottle which had been broken. It was however ascertained on the next day that it was a window, the person responsible was traced and the cost of the window deducted from his wages. During my last two nights at Ajax, Swindell was in bed by 5.0 p.m. The reason for same is not known to me. I have reason to believe that this man is suffering from syphilis. If you contact Major Mason on this matter, he will be able to give you the text of signals which have passed between him and London relative to same, also Mason was foolish enough to say so in the presence of Mrs. Venters and her daughter. I was also invited to inspect Swindell's bed clothing, but was unable to do so as no opportunity presented itself prior to my departure. Should there be definite proof of this ailment, I very respectfully suggest to you Sir, that you take this matter up with the medical authorities, there being a risk of this man contaminating others, while staying at hotels etc. where one cannot be too sure as to what extent plates, cups and cutlery are sterilised. This man took great exception to my presence at Ajax and was greatly concerned as to my reason for being there.

Peter Barrett.

A man full of self importance, who if under my command, I would not trust out of my sight. An evil minded man who would stop at nothing to try to bring anybody else into disrepute. Exceptionally anti-Venters family, ably backed up by his wife. Both these people will if they are not very careful, find themselves before a Court charged with libel, and faced with very heavy damages to pay. Took very great exception to my presence at Ajax Bay, over anxious to ascertain the reason for my visit, and on one occasion actually had the impudence to question my authority to visit Ajax Bay. Was greatly perturbed as to what the contents would be in my report on Ajax and showed great annoyance at my having sent Sergeant Norris a coded message, and had the infernal cheek to suggest to me that I should acquaint him of the contents. For your information Sir, the message I sent my sergeant read

/as

as follows:- "Returning first plane with Mrs. Venters. Regards to Jock. (Mr. Venters) R.T. me only if anything wrong." As I did not wish the whole islands to know my whereabouts, I did not sign the message, an arrangement I had made with my sergeant prior to my departure. This man I am afraid is greatly responsible for Mr. Venters' breakdown in health and if allowed to carry on his malicious gossip etc. will be the cause of Mrs. Venters also having a nervous breakdown. For further information and verification of this matter Sir, I respectfully refer you to the Venters family. I have formed the opinion that as long as this man is allowed to remain at Ajax, there will be continual strife there. Hearsay has it that he is a very heavy drinker and gambler, and his general appearance does not belie that fact. Also that on one occasion when he was changing offices, 36 empty gin bottles were found in his cupboard. (What price the £ 98.0.0. deficiency?). He is prepared to associate with anybody, gain their confidence and then tear them to ribbons with the next person who comes along. Is very friendly with Swindell. Accuses Venters boys of being lazy and extending their meal hours because their father is Project Manager. From my personal observations Sir, this is nothing but a pack of lies. This man should be dealt with from the highest level, and asked to account for 51 alleged breakages out of a consignment of 72 bottles of gin. (Hearsay.)

Major John Mason.

This man conducted himself rather foolishly while in Stanley by appearing at public dances in a state of semi intoxication, also on board the "S/S Fitzroy". Was repeatedly rude about the stranding of the ship off Rabbit Island by making suggestions to the officers and crew relative to sending for the M.V. "Philomel" to tow the ship off etc. (Commodore Berry now jocularly ^{calls} the "Philomel" as 'Mason's tug.') On the first morning after our arrival surprised everyone greatly by being on the site at 8.0 a.m. and threatening all idlers that if they did no work they got no pay. Also for sending for all his foremen individually and telling them that he was not going to stand any nonsense from them or the men. He did not drink during the day or excessively after duty hours. He had the filth outside the canteen removed and found alternative work for the sand gang which was idle, owing to Swindell having taken the "Penelope" to Stanley to enable him to prime Taylor prior to his visit to Ajax Bay for inspection. Steel work etc. proceeded ~~in~~ breakfast under his supervision and no loafing of any magnitude was seen by me. Mason was always on the site, when no trace could be found of Swindell. I am sure that Major Mason will at all times be most willing to assist the police should the need arise. This man appears to me, despite the rather foolish start he made on his journey outwards, to know his job, to have command over the men, and an earnest wish to get on with the job in hand. Being well aware that "a new broom sweeps clean" I can but only hope that my personal views are not too optimistic.

I have every hope that Major Mason, providing that he does not allow himself to be led astray by Barrett, will succeed in the job he has set out to do i.e. complete the freezer in eight months.

Observations.

The biggest mistake at Ajax Bay in my estimation was made by Mr. Taylor, when he re-introduced intoxicating spirits into the canteen, in addition to which he gave the men permission to import private parcels of spirits from the Falkland Islands Company. The rate at which these spirits are consumed can be best judged from the fact that within less than a week of the departure of the "Fitzroy" there were only two bottles of whiskey and two bottles of gin left in the canteen. Beer, rum, sherry and soft drinks still being plentiful.

When the roofing of the freezer is completed, as it should be very shortly at the present rate of progress, I see no need for any of the valuable cases of machinery etc. to be left on the beach. It is also a great shame to see valuable timber packing cases being burnt out in the open, surely timber at its present price can be more gainfully used, if only for temporary walks between the houses.

In conclusion I wish to thank the Master, Officers and crew
/of

of the "Fitzroy" for their hospitality and courtes^uness during my voyage, and the Venters family for the hospitality they gave me during my stay at Ajax Bay.

I am Sir,
Your obedient Servant,

D. E. J. Morris
Chief Constable.

5g

Y.E.

Thank you for letting me see the attached, which is most interesting. There is not much wrong with our C.C.'s eyesight and I think that the Lord Reith should certainly have some of the extracts sent to him.

2. I think the six months for which we lent them our P.W.D. International tractor is about up. I will consult with A/E and, subject to what he says, I think we might ask for its return. Better still if A/E paid a flying visit there and inspected it on the site because if it is ~~s~~ u/s it would be a waste of time to send it in again. Our agreement with them was that they had to return it to us in good condition to our satisfaction. It rather looks as if we shall get a new one out of them.

Ref.

3. Ref: the penultimate sentence of the report on Swindell. I assume that the A/S.M.O. would have mentioned this if there had been any danger. I do not think there is, but if Y.E. prefers I will check up with A/S.M.O.

4. I heartily agree with the first sentence of the C.C.'s "Observations". I don't see why they should not ban spirits and stick to beer. After all they are paying high wages and should be in a position to make their own regulations in such matters. In fact, their labour force seems to consist of the dregs.

A/S.M.O. will refuse to give him a

health clearance certificate unless his course is complete which looks a bit unlikely.

Completely

28.8.51.

Y.E.

Ref: para 3 above. I have spoken with A/S.M.O., and he confirms that ~~is~~ there is no danger such as was envisaged by the C.C.

I am glad to hear it.

I would like to visit Ajax Bay next week if plane is available.

30.8.51.

MC. 30/VIII

11/01 20
advised

I think the attached had better be filed and kept in your safe.

DETAILS OF EXPENDITURE.

| Service. | Actual 1948. | | Approved Estimate 1949. | | Estimate 1950. | |
|---|--------------|------|-------------------------|------|----------------|------|
| | £ | £ | £ | £ | £ | £ |
| <i>Brought forward</i> | | 1179 | | 1272 | | 1010 |
| <i>m.v. "Philomel"</i> | | | | | | |
| (a) Personal Emoluments. | | | | | | |
| 1. ii. Master Grade I. | 21 | | 250 | | 300 | |
| iii. 2nd in Command Grade II. | — | | 250 | | 250 | |
| iv. Engineer Grade II. | — | | 280 | | 280 | |
| v. Mechanic | 188 | | 200 | | 200 | |
| vi. Deckhand | — | | 205 | | 200 | |
| Command Allowance | 18 | | 72 | | — | |
| Total Personal Emoluments | | 227 | | 1257 | | 1230 |
| (b) Other Charges. | | | | | | |
| 9. Labour | — | | — | | 600 | |
| 10. Hard Living Allowances | — | | — | | 200 | |
| 11. Fuel & Oil | — | | 500 | | 500 | |
| 12. Deck Stores | — | | 100 | | 100 | |
| 13. Repairs & Engine Spares | — | | 100 | | 300 | |
| 14. Victualling | — | | 200 | | 350 | |
| 15. Uniforms | — | | 100 | | 80 | |
| 16. Contingencies | — | | 400 | | 200 | |
| 17. Insurance | — | | 400 | | 400 | |
| 18. Renewal Fund | — | | 500 | | 500 | |
| Running <i>m.v. "Philomel"</i> | 1125 | | — | | — | |
| Total Other Charges | | 1125 | | 2300 | | 3230 |
| Total Marine | | 2531 | | 4829 | | 5470 |
| B. Air. | | | | | | |
| (a) Personal Emoluments. | | | | | | |
| 1. vii. Pilot | 84 | | 550 | | 570 | |
| viii. Mechanic | — | | 450 | | 720 | |
| Total Personal Emoluments | | 84 | | 1000 | | 1290 |
| (b) Other Charges. | | | | | | |
| 19. Petrol & Oil | — | | 375 | | 350 | |
| 20. Materials | — | | 100 | | 100 | |
| 21. Contingencies | — | | — | | 50 | |
| 22. Insurance of Aircraft | — | | — | | 78 | |
| 23. Casual Labour and Transport to and from Airfield | — | | — | | 100 | |
| Total Other Charges | | — | | 475 | | 678 |
| Total Air | | 84 | | 1475 | | 1968 |
| A. Marine | | 2531 | | 4829 | | 5470 |
| B. Air | | 84 | | 1475 | | 1968 |
| Total Communications | | 2615 | | 6304 | | 7438 |
| V. Customs. | | | | | | |
| (a) Personal Emoluments | | | | | | |
| 1. i. *Collector of Customs Grade I. | 187 | | 320 | | 340 | |
| ii. Sealing Officer Grade III. | — | | — | | 270 | |
| iii. Assist. Customs Officer Grade III. | 111 | | 170 | | 190 | |
| iv. Clerk Grade IV. | 4 | | — | | 98 | |
| v. Cost of Living Bonuses | 53 | | 51 | | 108 | |
| vi. Allowance to Competent Authority | 35 | | 36 | | 36 | |
| <i>Carried forward</i> | 390 | | 577 | | 1042 | |

PERSONAL &
CONFIDENTIAL

6

29th August, 1951

My dear Chairman,

Since my last letter I have received a report from my Chief Constable on his first visit to Ajax Bay; his visit was purely routine - he is, amongst other things, the Sanitary Authority - but I thought that his presence might strengthen Mason's hand on first arrival for he has a pretty tough bunch of labour to deal with and I gathered that they were a good deal out of hand. Some of the comments in this report (which I shall also show to Mason) will be of interest to you:→

My first impression of Ajax Bay ... was similar to that when I arrived in the Ruhr in 1945. Large packing cases containing valuable machinery, steel-work of all sizes and dimensions, petrol and paraffin, rolls of rubberoid, all strewn along the water's edge.

.... From the jetty I saw a large wooden packing case totally submerged in the water, secured to the jetty by a length of rope ... ascertained that it contained machine parts.... two large rolls of rubberoid also totally submerged.

.... On walking round the first day I saw a heap of refuse outside the kitchen door estimated to weigh at least half a ton, comprising empty tins, bones, peelings etc all in a state of advanced decay. adjoining the kitchen three huts in which the workmen reside and outside these two pools from which a terrible stench emanated ... urine from the lavatory stalls in the huts.

.... Some of the billets occupied by the men were reasonably clean, others dirty and the remainder positively filthy.

... In the vicinity of the stone-crusher I came upon a "Fordson" tractor with its front wheels off, totally exposed to the weather in spite of the fact that within a distance of about 30 yards a large full-size tarpaulin sheet was rotting on the ground. also saw an "International" tractor standing out in the open, similarly uncovered. The "Fordson", it seemed, had a broken front axle (not surprising) and the "International" out of action. (The latter, incidentally belongs to my P.W.D. - the only one we have, lent to the Corporation at Metcalfe's urgent request.)

... On Sunday evening I visited the Canteen and, although it was only 8.30 p.m. noted that of the 14 men present, 11 ~~of them~~ were seriously under the influence of drink filthy epithets were being directed at the Camp Supervisor and the General Foreman who were present but neither man was sufficiently in control of his faculties as to make even an attempt to restrain the attitude of the men towards them.

Lord Raitt. PC. GVO. GBE. A.
Chairman. CDC.

7.
~~66~~
... He then goes on to report speculation of Canteen stock amounting to £98 within an apparent period of two months; not reported to the Police and no action taken. Again, and admitted attempt to break and enter the Canteen ... similarly not reported to the Police. It was apparently sufficient that "Mr Swindell knew about it."

... The biggest mistake in my estimation was made by the re-introduction of intoxicating spirits to the Canteen in addition to which the men are permitted to import parcels of spirits privately from the F.I.C. at Stanley. I endorse this criticism; it is plain folly; even the Farm Managers take the most careful precautions to restrict the consumption of spirits on their farms and with an undisciplined bunch of men such as those now employed at Ajax it is most ill-advised to permit such licence.

PERSONALITIES:

The Venters family. My conclusion is that Mr Venters and his two sons have tried their level best to get things going, where others have been satisfied to idle and drink, resulting in the Project being in the state that it is today. From personal observation this criticism cannot be applied to Metcalfe who was abstemious.

at least

Swindell. A good for nothing individual. No control whatever over the men and a very heavy drinker.

Barrett. I have formed the opinion that as long as he remains at Ajax there will be continual strife; has made mischief about all his associates in turn.

Mason. On the first morning after our arrival (they travelled together) surprised every one greatly by being on the site at 8.0am and threatening all idlers that if they did not get to work they would get no pay; also by sending for his foremen individually and telling them that he was not going to stand any nonsense either from them or the men erection of steel-work etc proceeding fast under his supervision ... no loafing .. always on the site when no sign of Swindell to be seen .. appears to have command over the men and an earnest wish to get on with job and get it finished.

This last excerpt, at least, is satisfactory as is also the enclosed copy of a report by Captain Boyle of the Ministry of Health who was sent down, on my insistence, to give a report on our livestock from the Importers' point of view.

mc.

GOVERNMENT TELEGRAPH SERVICE

FALKLAND ISLANDS AND DEPENDENCIES

SENT

Number

Office of Origin

Words

Handed in at

Date

30. 8. 51.

To

MAISON R.E. AJAX BAY.

HOV/C.

GOVERNOR HAS ALREADY TELEGRAPHED VELOP ON SMO'S ADVICE AND HAS
WRITTEN TO YOU EXPLAINING POSITION.

COLONIAL SECRETARY.

Time

DECODE.

TELEGRAM.

From Chairman, C.D.C. London.

To The Governor, F.I.s.

Despatched : 4th September, 1951 Time : 1910.

Received : 5th September, 1951 Time : 0845.

No 414. Confidential for Governor begins.

X 1. VENTERS. Importance attached to his presence while machinery installed starting October. Moreover our Medico thinks better weather your end for unfit man. Suggest he lives in Stanley on leaving Hospital. Hope you agree.

2. SWINDELL. Agree return next "Fitzroy."

CHAIRMAN,
VELOP PICCY.

G.T.C. - L.V.A.
Typed JSS

SNO informed and asked for views on 1st
We 6/10

J.E.

Page 9, w.v.t. f.l. s.t.i.

III6/9/51.

"Our medico" must have some very odd
ideas about The Falklands?"

MC 6
JK

King Edward VII Memorial Hospital,
Stanley,
Falkland Islands,
South America.

6th September, 1951.

Your Excellency,

With reference to Your Excellency's
note of 6.9.51 :-

1). I doubt whether Mr. Venters' condition will, by October, stand the strain which is connected with the present set-up and condition of the place and I am surprised that his Corporation expects him to do so as an "unfit man". I still think it would be, at least from the medical point of view, the better solution to firstly get Mr. Venters in a state as fit as can be, and secondly, to get him there when he is really needed. Of course I don't know how long the process of installing machinery, supposedly to start in October, will last, and for how many months Mr. Venters' presence will be necessary. I agree, to some extent, with the Corporation's Doctor's views, doubt, however, whether the summer at Ajax will outweigh the shortcomings, and know that his treatment and cure in a continental Spa (Bad Nauheim) would be just as effective in, say, November, as it would be in spring.

However, bearing in mind the various aspects of this case which I had the honour to discuss with Your Excellency previously on several occasions, it seems that London doesn't favour a longer holiday which would give Mr. Venters sufficient time to achieve a good recovery and may, if my medical points of view are stressed too far, consider terminating his contract ?.

This seems rather an intricate decision to take and a grave responsibility to bear. If his return to Ajax Bay is inevitable, I would suggest keeping him here in hospital until the actual work of installation of machinery begins and then to let him stay at Ajax Bay with his family, where he will be happier and better looked after than in a boarding house in Stanley. Even so, I would think the cure in Bad Nauheim in spring '52 of great value.

I shall not discuss anything with Mr. Venters before I have Your Excellency's reply.

2) I shall instruct Mr. Swindell accordingly.

F. K. M. Hillenbrand
Acting S.M.O.

CS

File + p.v.

It is not apparent to me what M.V. can do about the installation of machinery if he is to stay in Stanley and it is all humberd Street to a china orange that he'll crack up again if he goes back to Ajax Bay? MC 8/10

12
Y.E.

Page 11. Surely the first consideration must be the health of Mr. Venters. We know that he is a sick man. It is no use keeping him here - whether in hospital (and beds are usually short), or in an hotel in Stanley or at Ajax in the bosom of his family - unless we can say with reasonable certainty that he is going to get better. It is not enough to be able to say that he will get no worse. It will not help either Mr. Venters or his employers if he is kept "ticking over". The present set-up at Ajax may cause him worry and distress, but his real worries will start when the freezer starts working. If he has been kept "ticking over" up to that time, he is quite likely, I would imagine, to break down badly after the freezer has been operating for a few months. He is not indispensable here now, and won't be for some months. Surely the sensible thing is to use those months in getting him really fit. My understanding of it is that A/S.M.O. does not believe he will get really fit hanging about here. He hesitates to say so in definite terms for the understandable reason that he believes Mr. Venters may imperil his job if he leaves the Colony. But it must also be considered that if Mr. V does not leave the Colony and go to Europe for proper treatment he may not be physically fit enough to have any job, or to have it for long. "Our Medico" is presumably relying on the fact that the summer is coming on in the Southern hemisphere and the winter in the Northern, but he is not acquainted with local conditions, which reduces the value of his advice.

8.9.51.

I visited Ajax Bay to-day and it is clear that Maja Mason has more clout than his predecessor: in particular he seems to have his thumbs in the undertaker. A good. condensed butter has been introduced by handover which will give them as much as £10.0.0 p.m. extra. On press. work a bricklayer (and you should see the bricklaying!) can make as much as £85 a month. If you ask I am clearly in the wrong job.

However, Maja M. reckons to get the job ready by 1st April which is something - this does not include the by-products buildings which will take an additional 3 months. But they can start without that.

The total cost is now put at "well over half a million" as Medcalf would say "Money" object with the CDC!!

*Please despatch
telegram at once.*

*Mc. 10
-Mc.*

DECODE.

TELEGRAM.

13

From The Colonial Secretary.

To C.D.C. London.

Despatched: 11th September, 19 51 Time: 1530.

Received: 19 .. Time:

CONFIDENTIAL. Following for Chairman from Governor. Begins.

Your telegram No 414. In circumstances Senior Medical Officer has agreed with some reluctance that VENTERG should return Ajax Bay where he will be better off with his family than in Stanley (where incidentally he could not be of much use). Will have to come in periodically for "vetting" and your Medico should understand that "summer" as applied to Falklands is a misnomer.

2. Have today visited Ajax Bay and am glad tell you that MAZON appears have job under control and expects buildings ready for Freezing 1st April provided machinery installed. By-products section estimated take 3 months additional.

3. He confirms report forwarded my letter 29th August and informs me has dealt with drink question.

4. He shares my long-term views regarding (a) Jetty (b) Oil storage. Ends.

COLONIAL SECRETARY.

TELEPHONE: MAYFAIR 7494

TELEGRAMS: VELOP, PICCY, LONDON
CODE: BENTLEY'S SECOND

COLONIAL DEVELOPMENT CORPORATION

DEPUTY CHAIRMAN'S OFFICE

33. DOVER STREET.

LONDON, W.1.

3rd August, 1951.

His Excellency Sir Miles Clifford,
K.B.E., C.M.G.,
Government House,
Port Stanley.

My dear Clifford,

In Lord Reith's absence I write to acknowledge your telegram from Monte Video, and to thank you for your information and views.

And shee May go! Taylor is leaving our service and Mason will concentrate on draining the site and in other ways getting it tidy.

Many thanks for your assistance.

Yours sincerely,

Robert Brook

R. E. Brook.
Deputy Chairman.

114 SEP 1951

DECODE.

TELEGRAM.

15

From The C.D.C. London.

To H.E. the Governor.

Despatched : 13th September, 19 51 Time : 1917.

Received : 14th September, 19 51 Time : 0845.

No 430. Confidential for Governor from Chairman begins.

Your cable 11th glad you agree about VENTERS.

Your report MASON encouraging.

SWINDELL being suspended forthwith.

Writing on your letters 0028 and 0029. Ends.

VELOP PICCY LONDON.

GTC.

COLONIAL DEVELOPMENT CORPORATION

33, DOVER STREET
LONDON, W. 1

23rd July, 1951.

urgent & necessary

I am so glad that after all you will be able to dine with the directors of this Corporation next Thursday the 26th; the invitation is most cordially extended to you.

As you know, the party originated in order that we might bid farewell to Lord Milverton, whose term of office has just ended.

The directors present will be Mr. Robin Brook, the deputy chairman; Mr. G. Tyser of Lazard Brothers; Mr. H.N. Hume of Charterhouse Investment Trust; Mr. Herbert Gibson, a Co-operative director; Mr. A.J. Mitchell, ex public works in Tanganyika; Sir Charles Darwin and Professor Arthur Lewis.

Also there will be Lord Swinton; Sir Edward Twining; Mr. Hilary Scott of Slaughter and May; the Hon. Roy Welensky, a member of the Legislative Council, Northern Rhodesia; Mr. Walter Fletcher, MP; Lord Harlech.

It will be at 2, Park Street, 7.45 for 8; black tie.

Yours sincerely,

W. C. Darwin -

His Excellency Sir Miles Clifford,
KBE., CMG.,
East India and Sports Club,
St. James's Square, S.W. 1.

File all.

16

*C.S. There are in
field + P.A. MC.
14/1x*

*Walter Lewis -
has already met him
on 14/1x*

*West Indian
(very "left")*

*Know him via
Colonial Club*

about

COLONIAL DEVELOPMENT CORPORATION

33, DOVER STREET
LONDON, W. 1By Hand.

20th July 1951

His Excellency Sir Geoffrey Miles Clifford,
KBE. CMG. ED.,
East India & Sports Club,
16 St. James' Square,
London, S.W.1.

Dear

*Lis Miles**a new appointment.*

He called at my Club - and made to say. Capt. J. will be put in touch with him. He has found about leave but I told him to wait.

Lord Reith has asked me to advise you that after your meeting with him at 3.30 next Monday afternoon Mr. Lamartine Yates, the Controller of Operations who is concerned with agricultural undertakings, would very much like to have a talk with you.

I do not know how long you will be spending with Lord Reith but hope you will be able to spare the time afterwards to see Mr. Yates.

Yours sincerely,

F. W. Winterbotham
F. W. Winterbotham.

FAKLAND ISLANDS FREEZER

By a butcher ✓

The site and the jetty: The site was originally chosen at Port Sussex but was changed to Ajax Bay; the former was too open; the latter gave shelter and safe anchorage.

All of which is correct - but they decided about the best site at Ajax Bay (Chesapeake).

The Governor agreed that there was plenty of water; good protection from westerly gales; room to swing in Ajax Bay.

Ague I have said so

I think so.

The temporary jetty was built for the construction work and was not intended for loading from the freezer; this was to have been done by lighterage. In view of the speed and continuity of loading necessary to retain refrigeration and detain shipping for the shortest time, the alternative jetty site is not considered practicable without a considerable and elaborate refrigerated transport system. It may be possible, and even cheaper, to extend the present jetty.

Rubbish -

he refused to get involved with him

He also

Word had been warned

Construction: In 1949 the Governor suggested that the Corporation should get in touch with a local contractor, Mr. Barnes, to assist in the preliminary work. Metcalfe, the first agent, was instructed to see Barnes; he reported that Barnes had not enough men for the job.

Staff: Metcalfe had had considerable construction experience, and for the first six months his reports showed good progress; it looked as if the job would be done by the estimated date of February 1952. In September 1950 he went to hospital for an appendicitis operation. His reports between September and December 1950 caused disquiet; Mills was sent out by air at the end of December. Mills stayed till the end of March 1951; he reported considerable improvement in administration and construction both of which he had found in a bad state. Metcalfe was discovered to have displayed lack of faith in the project, considerable arrogance to labour and local inhabitants; he was relieved. A lot was lost during the Metcalfe regime; but it must be remembered that the sheep-farmers, on whom the project largely depends, are much more interested in wool than in mutton.

3 months with him

Swindell, the second agent, arrived in March 1951. His reports showed better progress till June when there was a strike, collapse of the gable wall and his retirement to hospital.

Taylor

Taylor was sent by air on June 26th; he will be there till the arrival of the new resident engineer and agent, Mason, on the way by sea.

Rubbish
Labour: It was always clear that there was not enough labour on the islands for this job. The farmers lent 25 men in the winter season; there were about 10 local men recruited for short periods. Metcalfe had suggested Maltese labour, but this was not agreed; he then suggested South Americans and that was rejected due to local opposition. About 54 persons, mostly Irish, were sent out; a rough and difficult crowd.

Progress: There still appears some hope of the freezer operating early in 1952.

SOUTH ATLANTIC SEALING

Setbacks: Tilbury has done a good job despite setbacks. There would have been little advantage in getting further advice on the 'hot process' of oil extraction as used by whaling companies; it is well known to Tilbury. The difficulties arose over CDC trying to use the 'cold process' which is not used by whaling companies but produces a better and higher priced oil. Part of the machinery for this 'cold process' was purchased second-hand; it broke down and Tilbury had to fall back on a small 'hot process' emergency plant.

No seals!
 Initial troubles seem to have been overcome and higher quality oil can be expected next season if, not in the present one.

Correct Evidence?
Local whale population: This is being carefully observed by Tilbury, both as to frequency and availability. When CDC have consolidated their existing project, and got the sealing plant running smoothly, Tilbury will submit proposals for extending activities to whales. The whale resource is very small in comparison with the Deception Islands and can probably only support a whaling project as an extension of the sealing project.

UNIFIED CONTROL OF THE TWO PROJECTS

Insurers referring to international commitments are.
They are not.
 Every effort will be made to ensure the maximum utilisation of common services and economy of labour; but it is not easy. The terminal shipping requirements for chilled beef and seal oil are very different. The sealing vessels, however, are available to help the freezer, but normally there are not enough local seamen to keep up the flow of raw material to the sealing factory and at the same time detach a vessel for the use of the freezer.

The seasons of freezer and sealing factory are

complementary, as the Governor observes. The sealing operatives are local men engaged each season by contract; the season lasts nine months and the men live in camp at Albemarle. In the three months off-season, which coincides with the freezer's fully operational period, the men want to return to their families at Port Stanley.

GENERAL

Then why not employ permanently?

Shipping: CDC would be grateful for any advice from Captain Johnston of the "John Biscoe", on the choice of a ship if it is necessary to acquire one for the freezer. At present it is still proposed to sell meat to the Ministry of Food f.o.b., which means that they would divert a ship to pick up at Ajax Bay.

Being done.

In any case CDC hopes the Governor will proceed with his survey plans and the provision of navigational lights as suggested.

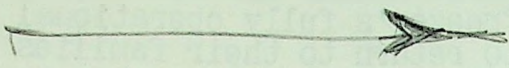
Help required: We have recently asked the Governor's support:

- Being done.*
- (a) for an early Admiralty survey of Albemarle Sound so that there may be no excuse for non-delivery of fuel oil direct from Admiralty ship. This would avoid the present forced reliance on the Falkland Islands Company.
 - Refused to C.S.* (b) Priority allocation of steel for oil drums required by the sealing and, to a lesser extent, by the freezer projects.

U

From

Shipping



Capt. Johnston

20a

FALKLAND ISLANDS FREEZER COMPANY LIMITED

FORM OF APPLICATION

The Directors,
Falkland Islands Freezer Company Limited.

I/we hereby apply
for (number of shares) 5% non-cumulative preferred shares
of £1 each fully paid in Falkland Islands Freezer Company
Limited remittance for which ^x is enclosed/has been sent to

and I/we hereby request that you will allot
to me/us that number of shares, and I/we hereby agree to
accept the same upon the terms of the Memorandum and Articles
of Association of the Company and I/we request and authorise
you to place the name of

on the Register of
Members in respect of the shares allotted to me/us and to
send the certificate in respect thereof by registered post
or by hand at the Company's option, at my/our risk to the
address written below.

.....
(Signature)

Address to which certificate is to be sent -

COLONIAL DEVELOPMENT CORPORATION

CHAIRMAN'S OFFICE

33, DOVER STREET,
LONDON, W.1.

24th September, 1951

My Dear Excellency,

Thank you for your letters of August 28 and 29.

Mason cables that there is a full report in the mail. When that arrives, we shall know in detail what further measures (including disciplinary action) have to be taken.

think. Meantime Mason claims to have put right everything that was wrong; also that, since August 18 labour has been properly disciplined - with some exceptions not yet clear. They were apparently given in the cable, but it was corrupt and has had to be returned.

Requirements for fuel oil for the freezer are not likely to be large enough to justify installing equipment for bulk storage. If you could let us have supplies from your proposed storage at Port Stanley - assuming the oil is suitable - that would be very welcome. Mason will be told to enquire further into this matter.

We agree that the finished product should be shipped direct from Ajax Bay to the UK, and not via Montevideo. The jetty will be lengthened and put in shape to be used at all seasons.

Thank you for the copy of Captain Boyle's report; that was something interesting and encouraging for a change!

Yours sincerely,

W. H. P. [Signature]

His Excellency Sir Miles Clifford,
KBE, CMG,
Government House,
Falkland Islands.

22

C.S.

Please have telegram at cover encoded
by 'safe hand' — it can be done up here
if you wish.

Note that I require a separate form

Captain of Richmond on circumstances reported
to me orally by H/M.

I would also like SdW to record his
recollection of prices paid for work.

I will see his heels as soon as possible
after his arrival — the administration of the
project is rapidly approaching a public phase

MC 13/1

Q

Attached makes
pleasant reading. File pt.
with other papers.

While I am not
entirely happy about the
source of the information,
it fits in with what
you heard from Bactin
and I think I had
better go out to Attenuate
humanities if conditions
permit and if

Filgny is there. We can rely upon Comrade Beny's
word implicitly and if things were as suggested I would take the
action. We'll

Chief Constable's Office.

226

Port Stanley.

26th. September 1951.

To:- His Excellency the Governor

Sir Miles Clifford. K.B.E. C.M.G. E.D.

Sir,

Ajax Bay.

I respectfully report for your information having received information from Mrs. Venters that conditions at Ajax Bay were again deplorable during the last visit of the "Fitzroy".

Mrs. Venters quotes as follows:-

"Why were'nt you out here when the Fitzroy arrived this time eh ? The drunkenness was awful and our friend "The Major" headed the list, he was the one who set all the men off. He has undone all the good he had done and the men haven't a scrap of respect for him. Barrett and he were very insulting to Captain Berry, and I believe he ordered them off the boat; but the crew will be able to tell you more than I can."

From enquiries I have made Sir, I have so far ascertained that Mason was found fast asleep in one of the workmen's bunks, that the Welfare Officer was awakened one night and found that an attempt was being made to strangle him by a foreman named Taffy Price, and that another foreman named Marshall (who had decided to stay on for a further period) has now told Mason that he has cancelled his decision on account of the state of affairs now existing on the site.

May I take the liberty of very respectfully suggesting that you interview Mr. Venters relative to this matter, as I know that he is in possession of more detailed facts than I have so far been able to ascertain.

I have every reason to believe that the drunken orgy which took place on the night of the "Fitzroy's" arrival was the cause of that ship not being unloaded on the following day, and not as has been stated locally, the weather conditions.

/Perhaps

perhaps Captain Berry will be able to give you further details upon his return to Stanley as to the behaviour of Messrs. Mason and Barrett, also the amount of cargo which was not discharged.

I regret having to send you such unpleasant information, but consider that this information should be brought to your notice prior to the local people getting hold of it and presenting same to you from perhaps a totally different angle.

I shall continue to make discreet enquiries relative to this matter, and if anything further is obtained will report to you at once.

I am Sir,

Your obedient Servant,

W. E. G. Harrison
Chief Constable.

22d

LOADING LIST No. 434 from Estate Louis Williams, Stanley
16th October, 1951.

Shipped per mv "Philomel" consigned to C.D.C. Ajax Bay
at risk of and by order of consignees.

Marked C.D.C. Ajax

| | | | |
|----------|-----------|----------------------|--------|
| Nos. 1/9 | 9 cases | tinned Peas | 9' |
| 10/15 | 6 " | " Green Peas | 5' 6" |
| 16/20 | 5 cartons | " Beans in Tomato S. | 5' 10" |
| 21/22 | 2 cases | " do. do. | 2' 4" |
| - 23/25 | 3 cases | Jams | 2' 6" |
| 26 | 1 case | Sundries | - 9" |
| - 27 | 1 " | Salad Cream | - 9" |
| 28/30 | 3 cartons | tinned Herrings | 2' - |
| 31/32 | 2 " | Pickles | 1' 4" |
| 33 | 1 " | do. | - 11" |
| 34/36 | 3 " | do. | 2' - |
| 37 | 1 case | Fish paste | 2' 3" |
| - 38/41 | 4 cartons | Custard Powder | 4' 8" |
| 42 | 1 case | Sundries | 2' 8" |
| 43 | 1 " | do. | 3' 6" |
| - 44 | 1 carton | Paxo stuffing | - 9" |
| 45 | 1 case | Sundries | 8' 7" |
| 46 | 1 " | do. | 7' 3" |
| 47 | 1 " | do. | 6' 3" |
| 48 | 1 " | Dinner Plates | 2' 7" |
| 49/58 | 10 " | Corned Beef | 5' 10" |
| 59 | 1 " | Sundries | 3' 4" |
| 60/68 | 9 cartons | Evaporated Milk | 12' - |
| 69/71 | 3 bags | Dried Split Peas | 10' - |
| 72 | 1 bag | " Butter Beans | 3' 11" |
| 73 | 1 " | " do. do. | 4' - |
| 74 | 1 " | Barley | 4' - |
| 75/76 | 2 bags | small Brown Beans | 8' - |
| 77/82 | 6 cases | Bacon | 30' - |

16th Oct. 1951

m/v "Philomel"

CDC to Ajax Bay

| | | | |
|--------------------|---------------------|-------------------------------|--------------------|
| 83/122 | 40 cases | Beer | 136' 8" |
| 123/132 | 10 " | Beer | 21' 8" |
| 133/142 | 10 " | Beer | 34' 2" |
| 143/152 | 10 " | Beer | 29' 2" |
| 153/182 | 30 " | Beer (Whitbreads) | 92' 6" |
| 183/184 | 2 " | Margarine | 6' 8" |
| 185/186 | 2 cartons | Lyles Golden Syrup | 2' 4" |
| 187/195 | 9 cases | Nestles Condensed Milk | 6' 5" |
| 196/197 | 2 bags | Whole corn | 7' 6" |
| 198/203 | 6 cartons | Tinned carrots | 6' - |
| 204 | 1 carton | " Grapes | 1' 2" |
| 205/207 | 2 " | " Apricots | 3' 6" |
| 208 | 1 case | Ham roll | 3' 1" |
| 209/213 | 5 " | Tinned Tomatoes | 10' -" |
| 214/216 | 3 " | " Pineapple | 4' 3" |
| 217 | 1 " | Ham roll | 3' 1" |
| 218/219 | 2 cartons | Tinned grapes | 2' 4" |
| 220/223 | 4 " | " Peas | 4' 8" |
| 224/227 | 4 cartons | " Beetroot | 4' 8" |
| 228 | 1 case | " Whole Hams | 3' 2" |
| 229 | 1 " | Sundries | 3' 1" |
| 230 | 1 " | Lemon Barley Water | 1' - |
| 231 | 1 " | Fresh carrots (vegs.) | 2' 1" |
| 232/235 | 4 cases | Orange Squash | 6' 4" |
| 236/237 | 2 " | do. do. | 2' 2" |
| 238 | 1 case | Chocolates | 1' 6" |
| 239/240 | 2 cases | do. | 4' 4" |
| 241 | 1 case | Sundries | 3' 4" |
| 242 | 1 drum | 5 gals. Carbolic disinfectant | 1' 6" |
| 243 | 1 case | Blankets | 7' 11" |
| 244 | 1 coil | 120 fathoms 1½" Rope | 1' 11" |

Shipped - not
deleted.
J.H.

228

LOADING LIST No. 434

Page 3

from Estate Louis
Williams 16th Oct. 1951

by "Philomel" CDS to Ajax Bay

| | | | |
|---------|----------|----------------------------|--------|
| 245 | 1 case | cotton bed SHEETS | 1' 7" |
| ✓ 246 | 1 " | fresh SWEDEN (Turnips) | 1' 11" |
| 247 | 1 " | Electric light bulbs 220v. | 3' 2" |
| 248/249 | 2 cases | Fresh EGGS | 5' 6" |
| - ✓ 250 | 1 case | Mild cured Hams | 1' 6" |
| 251 | 1 parcel | Claw Hammers " | - 8" |

22g

OS

A pretty kettle of
fish — This had better
go in the Confidential
file (i.e. containing CC's
report).

MC 25/X

COLONIAL DEVELOPMENT CORPORATION
(ENGINEERING) LIMITED

19. CURZON STREET
LONDON. W. 1

Ajax Bay
22nd October 1951

His Excellency,
The Governor.

Sir,

I respectfully beg to report to you the following.

I arrived here on the afternoon of the 15th instant and proceeded to my house, on the Tuesday I did not go out as I expected Mason would call. As he did not turn up by 11 a.m. on Wednesday I had a quiet walk round the site and met Albone the foreman whom I know well. The only casual remark I passed to him was about the water in the west corner of the cold store and he said, "what did I tell you months ago, the place should be drained first".

On my way back I was accosted by Mason who appeared to be in a flaming temper and he greeted me in the most ungentlemanly way; it was evident that he wanted to upset me. I was told not to talk to any men on the site or any of the foremen; he ordered me to meet him at his office and that I was not to go on the site without first contacting him. After I had pulled him up I arranged to meet him on the following day at 11 a.m. which I did. We had a look at the work and I expressed my delight at the progress. Later he invited himself to my home, ~~Barrett~~ and I asked him to stay to lunch.

I must explain to you however, that he has been drunk on several occasions since my return and on Saturday night was in a drunken brawl in the canteen with the men. According to reports this has been going on for weeks.

Albone an excellent man who has been here since the project started and who agreed to stay on to the finish of the job has flung in his hand because of Mason and I am informed that the only plumber on the job has done likewise.

I have deliberately kept away from the site so that he could not say I was interfering.

Sir, I could elongate on this but I fear I have taken up enough of your valuable time.

As regards Barrett, I have had him to see me and both he and his wife have apologised and we have decided to bury the hatchet. Barrett informs me that any confidencies of mine were disclosed to Taylor, who passed them on to Swindell.

I thank you for all the kindnesses you meted out to whilst in hospital.

I am, Sir,
Your Obedient Servant,

John Venters.
J. Venters. Project Manager

Y.E.

I think it might be better if the telegram at cover were done in your office, if you don't mind.

2. I have instructed S of W and H/M to provide the information required, and I will have a message left at the Ship Hotel asking Mills to call on you at his ~~ear~~ early convenience.

dl

14.11.51.

PA.

Accurately pl. Telegram must go tonight.

W.E. 11/11

COLONIAL DEVELOPMENT CORPORATION

24

CHAIRMAN'S OFFICE

33 HILL STREET
LONDON · W. 1

31st October, 1951

My dear Chairman,

I made a signal today:

"MILLS LEAVING BY AIR TOMORROW"

We are still greatly concerned about this hitherto most unsatisfactory project. Mr Mills is going to make a thorough and comprehensive investigation; I know you will give him all the help you can.

Many of the complications and difficulties should doubtless have been foreseen, but they are enormously magnified by the remoteness of the Falklands; perhaps the job should never have been started.

If there were nothing else to consider, the prudent and commercial course would be for the Corporation to pull out. It is the potential benefit to the colony that prevents our deciding now to do so. It is because of the potential benefit we have to face the production of the further large sum of money necessary to finish the building.

If we do so, and finish off the building, we wonder what is to happen then; whether it will be a commercial success; whether we can count on the islanders' co-operation and support; if we cannot, are we justified in going on.

I wonder what you think.

*Yours sincerely,**Ken Rieker*
Ken Rieker

His Excellency Sir Miles Clifford,
KBE, CMG,
Government House,
Port Stanley,
Falkland Islands.

25
J.E.

Draft letter to Lord Reith submitted at cover.

2) Note by S & W on prices paid for work is also at cover.

3) H/S has been asked for a report from the Captain of the "Philant".

U
... 15/11/51.

DECODE.

TELEGRAM.

26

From Governor

To Velop, Piccy, London.

Despatched : 14.11.51.

19

Time : 1830

Received :

19

Time :

Following Personal and Confidential
for Lord Reith from Clifford, begins.
Your letter 24th September, third paragraph,
first sentence. This is not so. I visited
project last week following disturbing reports
indiscipline and insobriety. Work is progressing
but at prohibitive and in my opinion quite
unnecessary cost. Urge that MILLS should remain
until project completed. I see little prospect
operation 1st April. Letter follows. Ends.

GTC:MLO.

M/V "Philomel",

26A

PORT STANLEY,
Falkland Islands.

14th November, 1951.

CS
Fa yam ph.
no. 7/1

Sir,

I have the honour to submit the following report on the incidents at Ajax Bay during the recent visit of the M/V "Philomel" to that port.

At approximately 2145 Major Mason, the Resident Engineer, came aboard the vessel to see me apparently hoping to obtain a passage for himself to Port Stanley, but in view of his uncontrolled language I refused to meet him as I had no wish to cause a scene. After being ignored by the remainder of the crew, he went ashore again at 2200.

At 2245 I was again woken by shouting, and upon going on deck found that a boat putting off from the shore for the "Philomel" had capsized and three men had been thrown into the water. All were brought aboard the "Philomel" by the "Alert", which had been manned by members of my crew. Two of the men were found to be quite unharmed and were sent ashore again with a report of the accident to Mr Venters, who I considered the most suitable person to advise.

The third man, whose name was found to be Fitch, was unconscious when brought aboard, and on my instructions artificial respiration was applied by Rutter, the mate of the "Philomel". This was somewhat hampered by the arrival of the first aid man from ashore who stated that it would be useless as the man was already dead. However, after approximately twenty minutes, his breathing commenced again and five and a half hours later he regained consciousness. He was brought into Stanley as a medical case for examination in the hospital.

My own opinion of this accident, backed by my Mate's observations of the men's behaviour ashore, is that it was caused by men who had been drinking being allowed to get into a small dinghy only suitable for carrying two men.

I have the honour to be,

Sir,

Your obedient servant,

B. Hollin

Master, M/V "Philomel".

The Harbour Master,
PORT STANLEY.

My Dear Chairman,

16th November, 1951.

Thank you for your letter of the 31st. October, which was handed to me by Mills on his arrival here the day before yesterday.

I still think that the conception of a Freezer here was, and still is, entirely sound. Its potential benefit to the Colony is very great. At present the prosperity of the Colony depends entirely on the wool market, and it is unsound that any country's economy should depend entirely on one product. The economy of this Colony is, and must remain, agricultural and it is clearly most desirable that the farms should have two outlets for their produce rather than one, that is to say that they should produce meat as well as wool. Nor, any more than in New Zealand, are the two mutually exclusive.

The farmers being good business men realise this, I am sure. The Freezer will get local co-operation and support as long as it is sensibly run and merges itself into the local economy. It has forfeited public confidence at the moment because the erection work has not been conducted efficiently - indeed with the maximum of extravagance and inefficiency - and it has forfeited the farmers' sympathy especially by the grotesquely high wages paid, which have had an unsettling effect on local labour of which the farms, as is well known to the Corporation, are already short.

It would be a grave disservice to the Colony if the Corporation pulled out now. I do not doubt that Mills can put things to rights, though, as I said in the telegram which I sent you the day before yesterday, it would be a good thing if he could be spared to stay here for at least more than just a short visit; the organisation at Ajax Bay needs a thorough overhaul.

Lord Reith. P.C., G.C.V.O., G.B.E., etc.
Chairman, Colonial Development Corporation,
33, Hill Street,
London, W.1.

I don't know if you have seen a copy of Boyle's report to the Ministry of Agriculture on the livestock situation here; it is very encouraging. I warned Trefgarne when I last saw him (in 1949) that despite any forecasts to the contrary I did not believe the project would pay a penny for the first three years and that I looked upon it as a long term undertaking. I remain of that opinion.

Yours sincerely,

(sgd). Miles Clifford.

JE

I have typed this myself because your office is
fused to-day. I apologise for the fact that
the setting etc. is not all it might be.

W. 16/11/51.

O.K.

Thankyou,
M.C. 16/11/51

H.C.S.

29

Herewith Mr Sollis' report on the incident at Ajax Bay:
I have no comments to add to his about the obviously very
unsatisfactory behaviour by the Ajax Bay personnel, but I would
like to commend to your attention the prompt action on the part
of the crew of the "Philomel", which, I do not doubt saved at
least one life.

There is one other small point: if the crew has to work
for some six hours in the middle of the night saving these
idiots from the results of their own folly, could the Government
not charge them? I suggest a bill for the "Rescue of drowning
down hands men, and resuscitation of same" would meet the case?

John G. S. S.

H.M. 14.xi.51

J.E.

Have and attached to.

*It is not, I fear, quite the thing to charge for saving life.
But it would be a decent gesture if the C.D.C. made
a small present to the ship or her crew.*

W.
15/11/51.

Q.

I found the attachment to his hullo

who didn't like it overly.

M.C. 15/11

DECODE.

TELEGRAM.

From Phillips, Velop, London.

To Chief Secretary, Govt. House.

| | | | |
|--------------|-----------|----|-------------|
| Despatched : | 14.11.51. | 19 | Time : 1822 |
| Received : | 15.11.51. | 19 | Time : 1200 |

650. message. Kindly convey following to Mills but do not transmit over R.T. to Ajax if he has left. First ensure deferred overtime and bonus are not repeat not paid in Falklands. They will subject to London scrutiny. Second, advise very quickly whether erectors are required by December "Fitzroy". Thirdly, advise quickly if Mason's proposal for repatriating labour end of December meets with your approval. Message ends.

GTC:MLO.

30
Relevant file,
me.

Confidential.

31

S of W.

H.E. is writing to the Headquarters of the C.D.C. in London about the Freezer and for his letter he has asked that you provide a note of your recollection of prices paid for work, labour and different jobs. The information is required, I imagine, in order to show how the money being paid by the Freezer differs from local rates for similar jobs.

U

14.11.51.

Hes Blockwork 14/- per yard.

Plastering 7/6 per yard

Roofing in building £500. (5 men a fortnight each)

£10 per month for being good boys and keeping good time

3-0.
2-10. } PWD prices if done on P. Work.
A. E. Cluermore 15/11/51.

COPY

SEE FOOTNOTE

COLONIAL DEVELOPMENT CORPORATION (ENGINEERING) LTD.

A J A X B A Y

21st September 1951.

- Barton Esquire,
Messrs The Falkland Island Company Limited.,
Port Stanley,
FALKLAND ISLANDS.

FLAKLAND ISLANDS

Dear Sir,

I have to report that at 12.45 hours on the 21st September 1951 your s.s. Fitzroy was cleared of cargo at Ajax Bay with the exception of (47) number drums of cement which were in your scow alongside our jetty in the process of being unloaded. Your other scow was at the beach head loading empty oil drums. All my unloading party were on the jetty to unload the (47) drums of cement from your scow, and were in fact in the process of unloading the cement drums. The time taken to complete this unloading operation would have been fifteen minutes.

For some unaccountable reason your Ships Master ordered the scow with the cement drums to return to the Fitzroy and he ordered the cement drums to be reloaded into the hatchway of Fitzroy. Your Ships Master allowed the scow to continue loading empty oil drums from the beach. I proceeded on board the Fitzroy and requested an explanation of this procedure, also the reason for the recall of one scow only. Captain Berry stated that the unloading of the cement drums was delaying the departure of his ship and also we would not be able to use all the cement which we had already unloaded by the time the Fitzroy made her next voyage to Ajax Bay. I explained that the unloading of the cement drums would take less time than the loading of the empty drums from the beach and it seemed unreasonable that one scow should remain and the other be ordered away. I also requested that the cement be returned to the jetty for unloading, and this operation would be cleared before the loading operation. I regret to say your Ships Master was most offensive and aggressive stating he did not like Ajax Bay or anyone in it and he wanted to sail at 1.30 hours, and was not going to be late. I again advised him that I would have the scow cleared by 1.15 hours at the latest but Captain Berry refused my request. It appeared to me that Captain Berry was making this incident a personal matter and having no regard for all interests concerned. I have to apprise you that the Fitzroy was unloaded in record time this visit, and sailed at 140 hours.

I have also to report that Captain Berry stated that my Accountant Officer, Mr. Barratt, was rude to him when he visited the Fitzroy upon her arrival at Ajax Bay in my company. I can assure that I was present with Mr. Barratt during the time of Mr. Barratt's discussion with Captain Berry, and can vouch that Mr. Barratt's conduct was exemplary and most courteous. A further point I have to bring to attention is that I was told by a (?) onboard your scow that your Company were not going to take empty oil drums without bungs. I regret I am unable to accept orders from such a source, and I feel that if your Company do not wish to accept drums minus bungs, it is only right that I should be advised in a proper manner and not in the manner in which I was approached.

You will appreciate there are many difficulties to be contended with on this site, and you will further appreciate that when your vessel comes to Ajax Bay every effort is made to clear her as quickly as possible, and the lack of co-operation on the part of your Ship's Master would seem deplorable. (DEPLORABLE)

(signed) J.S.MASON.. M.I.StructE., M.I.M.E., A.M.I.N.A.
F.F.S(Eng)

NB. THIS LETTER WAS EDITED SPELLING PUNCTUATION AMENDS WHEN COMING

COLONIAL DEVELOPMENT CORPORATION.

CONFIDENTIAL.

Animal Products Division,
STANLEY.

29th September 1951.

A.G. BARTON Esq.,
General Manager,
Falkland Islands Company,
PORT STANLEY.

Dear Sir,

I am informed that part of the cargo (cement) recently consigned to Ajax Bay is being brought back to Stanley owing to some difference between the Resident Engineer, Mason and the Captain of the "FITZROY". Furthermore, information has been volunteered to me that Mason and Barrett were most abusive to Captain Berry on this occasion.

As project Manager of the Freezer and representing as I do, the Animal Products Division, which Division is responsible for all the financial outlay and the project itself, I feel justified in suggesting that you favour me with a report on the above. The incident must have caused unnecessary inconvenience and expense to both parties and, moreover, the ungentlemanly conduct of senior members of the staff which, if true, must not be tolerated. Such an occurrence must be nipped in the bud now otherwise it may happen again to the detriment of the good relations between the Company and the Corporation.

I trust you will be good enough to favour me with an early reply.

I am,
Yours faithfully,

(Signed) J. VENTERS.

Project Manager.

CONFIDENTIAL.

34

S.S. "FITZROY",

1st. October, 1951.

STANLEY.

The Falkland Islands Co., Ltd.,

STANLEY.

Gentlemen,

S.S. "FITZROY" AT AJAX BAY. 19.9.51.

I have to acknowledge the receipt of a copy of a letter from Mr. Venters, Project Manager of The Animal Products Division at Ajax Bay.

In the first place I am quite at a loss to know how "information was volunteered" to Mr. Venters that Messrs Mason and Barrett were most "abusive" to me on the occasion in question.

We anchored in Ajax Bay at about 1730 hours on 19th September and at about 1750 Mr Mason came to my room and asked me to go ashore. I had, as is my custom in this vessel, kept watch on the bridge the whole way round from Stanley, i.e. since 0600 hours that morning and was somewhat fatigued, and on this account I explained to Mr Mason that I was tired, had already seen Ajax Bay and wished to go to bed early; nor did I feel inclined to wallow ashore in the prevailing muddy and inclement conditions. Whilst talking over this matter Mr. Barrett came into my room and sat down alongside Mr. Mason and said to him; "No luck. The Chief Steward will not let us have any". To this I said "What is that?" and I was told "No drinks". I then said "Quite right too. We are on a camp voyage and our stock of liquor is limited. I am afraid you are unlucky". Mr Barrett then said to Mr Mason "Perhaps the Skipper will give us one". In the ordinary course of events I would have done so with pleasure but as it was then just on our dinner time and knowing that were I to produce the bottle it would have meant the start of a convivial (?) party of which I was not in favour at the time I merely told them that there was "nothing doing". To this Mr Mason said "Look Captain, may I come on board tomorrow and bring my own bottle?" to which I replied "You may come on board with pleasure but you are not to bring a bottle". At this Mr Mason got up and said "You miserable old sod; - come on ashore, Barrett".

I take no exception to his remark as such, as it is often used as a term of endearment amongst a certain class of people and if this is the extent of Messrs Mason and Barrett's abuse to me I cannot imagine who could have been Mr Venters' informer as there was no-one else in my cabin.

The fracas in the wheel house just before our sailing from Ajax Bay on 21st September has already been reported to you in my letter of 22nd. September.

This is my last voyage in Command of the "FITZROY" and I have no desire to cause unnecessary trouble to any Senior (or other) members of the C.D.C. staff there, so I must insist that the information volunteered to Mr Venters is incorrect, as no-one could ever suggest that Mr Mason or Mr Barrett were abusive to me. Had they been so I should have known exactly how to deal with them myself as during my 44 years at sea I have come across many other such undesirables and have successfully survived!

During our conversation in the wheelhouse referred to above Mr Mason accused me of having been "damned rude" to Mr Barrett on the first evening and when I replied that my "rudeness" merely amounted to refusing him liquor for which he had been offensive enough to ask me, Mr Mason agreed that Mr Barrett was in the wrong and said he would certainly "reprimand"

(2).

"reprimand"

him for it as soon as he got ashore. In his letter to you dated 21st September Mr Mason appears to have reversed his decision and cites me as the offender.

I suggest that Mr Mason's letter must have been written when he was extremely heated as it is dated immediately after the event. I surmise this as the whole account apart from being a misstatement of facts is ungrammatical, illiterate and very badly written as regards spelling and punctuation. The times and incidents enumerated in my report to you dated 22nd September were taken from the Ship's Log book and only after I had had ~~some~~ considerable leisure to ponder over my statements written therein.

I would add that in a situation which appears to be so fraught with ill-feeling it was most gratifying to me to have dealings with the Ajax Bay Navvy Boss named MARSHALL who was at all times most helpfull to us and obviously very concerned about the refusal of his gang to work in the rain. He had in fact sustained a contusion of the eye in his endeavours to get certain malingerers out of their bunks on the morning of the 21st Septr., and expressed himself as being thoroughly disgusted with the proceedings at Ajax Bay.

Yours faithfully,

(B.K.BERRY.)

MASTER.

DECODE.

TELEGRAM.

36

From Reith, Velop Audley London.

To H.E. the Governor.

Despatched : 27th November, 1951 Time : 1728

Received : 28th November, 1951 Time : 0845

No 674.

Message begins. Mills reports "horrible mess" and "degeneracy" Clear our joint interest urgently requires re-establishment discipline and morale now disintegrated. Also restoration normal contractual rates of pay. Grateful if you would give support needed by Mills for these purposes. If necessary could you make available barrack type accommodation to house wasters whom Mills may have to dismiss and remove from site subsistence without pay pending passages. Message Ends.

REITH VELOP AUDLEY LONDON.

Office,

Pl. fair & let me have.

File with me.

(Intld) M.R.R.

GTC.

ss

30/11/51

COLONIAL DEVELOPMENT CORPORATION
(ENGINEERING) LIMITED19, CURZON STREET
LONDON, W. 1

37

28/11/51.

Your Excellency.

I have received a very
pammy type of cable from London which
speaks about "army type barracks
for Wasters". I am rather amused
by this & trust you will understand
that once I had disposed of the men
in the last Fitzroy - most of our labour
Houbles disappeared. I am, Sir

Yours
A. Shill

Please excuse haste as taking opportunity
of unexpected appearance planes

38

JE

Last two pages. Draft reply to Lord Raitt
at care s.f.c.

U

30/1/51.

Issue as slightly amended
and pl. send letter out to his keller
at first opportunity.

W.C. ~~30/1~~ 1/51

DECODE.

TELEGRAM.

39

From H.E. the Governor.

To Reith, Chairman, C.D.C. London.

Despatched : 3rd December, 1951 Time : 1415.

Received : 19.. Time :

Your telegram No 674. Am giving Mills all help and support possible. Satisfied he is capable pulling show round. He got his "wasters" away from Colony by last sailing of "Fitzroy" so question accommodation does not arise. Will revisit Ajax first opportunity and keep you informed.

GOVERNOR.

COLONIAL DEVELOPMENT CORPORATION 40

CHAIRMAN'S OFFICE

33 HILL STREET
LONDON · W. 1

23rd November, 1951

My dear Excellency,

Thank you for your letter of
October 29 and cable of November 14. 26

What you say confirms our
apprehensions, but I hope Mills will
be able to pull the job round
satisfactorily. He has been told
to take what action is necessary;
to send a full report; and to stay
on the job till further instructions.

*Yours sincerely,
W. S. Austin*

His Excellency Sir Miles Clifford,
KBE, CMG,
Government House,
Port Stanley,
Falkland Islands. 6

GOVERNMENT TELEGRAPH SERVICE

FALKLAND ISLANDS AND DEPENDENCIES

RECEIVED
~~XXXXXX~~

41

| Number | Office of Origin | Words | Handed in at | Date |
|--------|------------------|-------|--------------|-----------|
| | | | | 25/12'51. |

To IMMEDIATE GOVERNOR FALKLAND ISLANDS

Your 1530 Much appreciate your helpful suggestion but home considerations make it imperative we achieve finality by senior decision stop Co-operation entirely dependent upon visit as arranged stop Mills must stay pending arrival

BROOK

Time

CS
For you file on safe MC. 24/11

COPY

Personal and Confidential.

26th December, 1951.

42

My dear Chairman,

A hurried note - off the record - to explain my two cables. The reason for the first was that I heard quite suddenly from the Falkland Island Company that both Mills and Mason were booked to leave the Colony in a day or so (the latter I had anticipated but not the former) and the second was the result of an interview with Mills on Christmas Eve. From this I learned that Mas~~on~~ was "round the bend" (I suspect that some of it is put on to create an impression) and that Mills, who had earlier told me that things were not quite as bad as he'd been led to suspect, had on closer inspection discovered a good deal of bad workmanship which called for early consultation with the designers and with York Shipley. It looked as if earlier decisions on his problems (including staff problems) could be obtained by an immediate visit by him to London.

I received Brook's reply this morning and have told Mills that he must stay put till Phillips arrives. I have little doubt that if he can get the help he needs Mills can retrieve this very miserable situation.

Yours sincerely,

Lord Reith, P.C. etc.

TELEGRAM SENT.

43

From GOVERNOR to SECRETARY OF STATE.

Despatched: 31.1.52 Time: 1900 Received: Time:

IMPORTANT.

No. 15. CONFIDENTIAL. Please pass following message to Chairman, Colonial Development Corporation, from Phillips. Begins. Original estimate of time and money inadequate due lack reconnaissance and placing job on catchment area peat and glacial rock run. Design possibly extravagant construction handicapped by irregular sea transport island communications bad health etcetera of site management aggravated by inaccessibility from London. Construction costs high due foregoing also damage cement fantastic costs sand men's food and illadvised piece-work rates. Construction waste however comparatively small compared estimate and location faults. I consider the work of acceptable standard and durable. The site organisation now beyond heavy reproach. Labour supply may be difficult but have well based hopes of completion for 1953 season for total cost of end of 1951 figure plus £80,000 which I believe will be £300,000 to be checked. I consider that the project will succeed as long term policy profitable after six years with careful management and has prospects of good intake of 20,000 sheep in 1953 plus some hundreds of cattle. All depends entirely on overcoming hostility of Falkland Islands Company and their associate farmers who hold large percentage of sheep. Sea carriage of animals inwards can be solved by extending existing jetty and using PENELOPE, PHILOMEL and sealing ships. Outward carcasses from jetty by scows and PENELOPE to Freezer ships at anchor which must be arranged to call for loads of say 400 tons upwards. F.I.C. can by using their monopoly both stop sheep and delay operation supplies. They regard both Sealing Company and Freezer as menace. Venters should have experienced Deputy who could do accountancy. I recommend that the scheme be continued to satisfactory completion. Ends. Phillips.

2. Grateful if you will also add following comments from me for personal information Re:th. Begins.

- (a) I inspected work with Phillips on 28th and am satisfied that reports Mills which influenced my decision to support his application to return U. K. for consultations are exaggerate. I was also glad to note improvement in tone and believe that matters having been put on proper footing by Phillips position can be maintained by Cooper and that failing any unforeseen setback project should be completed for 1953 season.
- (b) Phillip's forecast profitability supports my own view previously expressed to Trefgarne, i.e. it is long-term and not short-term venture and cannot be expected to pay during first years. Farming community essentially conservative and it will take a little time to enlist their full co-operation which will entail adoption new farming methods. This is Colonial Development in its truest sense and quick results are not to be looked for.
- (c) As to Falkland Islands Company, their Chairman DEAN has always been opposed to scheme despite earlier enthusiasm Managing Director YOUNG (by whom it was sponsored) and other Directors. Latter's enthusiasm has waned partly because it was their ambition to have project in their own hands, including shipping, and partly on account of manner in which operations have been misconducted including alleged failure to consult them. I believe and am indeed confident that ^{they} will not repeat not cut off their nose to spite their face and that they will not withhold sheep if it is to their advantage financially to send them to the Freezer. The major deterrent is the continuing high

price/

price of wool but I consider Phillips's estimate of production reasonable though some proportion of carcasses may have to be utilised for cut mutton. Once Freezer is in operation I am confident that it will go ahead steadily provided of course that it is under effective management. On this point I remain doubtful regarding Venters' health and should these doubts be confirmed I recommend engagement Project Manager through good offices South American Export Syndicate, Rio Seco, Punta Arenas, who should have no difficulty in placing their hands on suitable man with full experience Freezer management and, if required, nucleus expert seasonal labour. As same firm is subsidiary Holder Brothers they should also be able to assist with external shipment product. Internal shipment presents no real problem.

- (d) Reference to hostility Associate Farmers not understood and must refer I think to MATHWES of Waldrons who travelled down with Phillips; this individual who is only an occasional visitor is consumed with his own importance and need not be taken too seriously. Independent farmers were solidly behind scheme and have only been discouraged by mismanagement and by enticement of their labour. Once project is operating and putting money into their pockets their enthusiasm will return. Ends. Clifford.

GOVERNOR.

DECODE.

TELEGRAM RECEIVED.

From SECRETARY OF STATE to GOVERNOR.

Despatched: 5, 2, 52 Time: 2140 Received: 6. 2. 52 Time: 0830

PRIORITY.

No. 16. Personal and Confidential. Following personal from Lord Reith begins.

43 Greatly appreciate your signal of January 51st. Secretary of State considers continuance of scheme only justified if definite co-operation local sheep farming interests ensured. This might be done by their reasonable participation capital and firm contract for adequate supply of suitable carcasses from the first operating year. Ultimate capitalisation estimated £450,000. [£] To facilitate participation by Sheepowners Association, Corporation prepared treat £200,000 as deferred share which will participate only after remaining £250,000 equity has received reasonable prior dividend. We would regard £50,000 towards equity capital as reasonable participation by Sheepowners. Will appreciate your informing Phillips of above and give him any possible assistance to negotiate with Sheepowners on the above lines. He should also inform Young of these proposals and state Corporation would welcome Falkland Islands Company capital participation direct or through Sheepowners Association on similar basis. Discussions proceeding here with Houlders. Ends.

SECRETARY OF STATE.

GTC. JB.

[£] Including working capital presumably.

But FK are
members of and
not dividend from
SOA.

DECODE.

TELEGRAM.

46

From Governor's Deputy.

To VELOP, London.

Despatched : 7th February, 1952 Time : 1604

Received : 19.. Time :

CONFIDENTIAL. Following for Chairman from Governor's Deputy begins.

45

Your 16 received and shown to Phillips. Governor absent from Stanley but should be back in about a week. Following is provisional assessment of position agreed with Phillips. Farm Owners' are better represented on London Committee of Sheep Owners' Association. Representatives here are more Managers than owners. Therefore advantage would appear to lie in approaching London Committee first, who, could then tie up loose ends with Local Committee here. To approach Local Committee first would inevitably evoke response that they could not give any decision without prior reference to London Committee. Also nearly impossible to organise special meeting Local Committee because too scattered and communications very poor. Young expected here mid month but should be back in London by mid April at latest.

GOVERNOR'S DEPUTY.

47

J.E.

Last two telegrams fr. I sent the second
one, in acknowledgement of the first, after
speaking with Mr. Phillips. J.E. may wish
to send a further communication.

9/2/52.

Thank you; there is little we
can do till Gannq arrives.

W.C. 10/11.52

COLONIAL DEVELOPMENT CORPORATION

CHAIRMAN'S OFFICE

33 HILL STREET
LONDON · W. 1

15th January, 1952

*Dear Excellency,*Thank you for your letter of December 26.

42

The troubles over the freezer continue, perhaps increase. It is very good of you to maintain your personal interest and support. We certainly need to pull together if we are to make a happy issue for ourselves and the Islands out of this job.

As to Phillips' visit: successive emissaries entirely failed to satisfy us either with their actions or even with the intelligence they transmitted. Moreover, from the time of their arrival they all in turn appeared to go to seed - either sick or hysterical or worse.

So the only thing to do was to send the man responsible, partly to put things right, but even more to get a semi-final assessment.

*Yours sincerely,**W. O. Bentley*

MC

His Excellency Sir Miles Clifford,
KBE, CMG,
Government House,
Port Stanley,
Falkland Islands.

DECODE.TELEGRAM SENT.

49

PRIORITY. From GOVERNOR to SECRETARY OF STATE.

Despatched: 14.2.52. Time: 1645. Received: Time:

No 28. CONFIDENTIAL. If you see no objection grateful if you will pass following personal and confidential message to Lord Reith. Begins.

45 Your telegram 5th February. [While endorsing principle investment participation by Sheepowners as material evidence co-operation I must observe this was not sought when project was launched and I consider that in insisting upon it now as condition completion Freezer, merely because it is to cost more than original estimate, Corporation would be playing from weak hand.] Firm contract of supply appears to me to be of greater importance and I anticipate less difficulty this in regard. Nevertheless, I will do what I can to enlist participation which I suggest should extend to all members of Sheepowners Association on approx basis one shilling per head of sheep carried i.e. round figures 600,000 or £30000 with balance £20000 subscribed by Government for which approval Legislature would be sought. I do not (repeat) not favour separate agreement with Falkland Islands Company as distinct from Sheepowners Association of which they are part nor do I recommend separate negotiations with independent farmers (your telegram 12th to Phillips) which would merely exacerbate Falkland Islands Company opposition. I suggest formation Local Board comprising 3 representatives Sheepowners Association (1 Falkland Island Company and 1 each from East and West Falkland representing independent farms) Corporation representative and one from Government. Chairman to be elected from Sheepowners Association members one of whom would retire every two years. If you agree with these proposals in principle I suggest negotiation be left to me. Young due here tomorrow and I would welcome early reply so that Phillips and I can discuss with him. Ends.

2. I am sending this through you in order that you may be kept informed.

GOVERNOR.

50

OS.

The telegram at cover is self-explanatory (a
good meeting); please despatch today without fail.

MC 29/11

see/conf.
DECODE.

TELEGRAM SENT.

51

From GOVERNOR to SECRETARY OF STATE.

Despatched: 20.2.52. Time: 1510. Received: Time:

49 No 33. CONFIDENTIAL. My telegram No 28. Freezer.

Obliged if you will pass following personal and confidential message to Lord Reith. Begins.

45 In absence reply to my telegram 14th February and in view imminent departure Young I considered it essential discuss situation with him and Phillips last evening. Am happy inform you his attitude friendly and co-operative and he has authorized me say that subject concurrence others concerned he himself fully supports proposals in my telegram under reference. He assured us that 10,000 sheep can be expected from their farms alone with better return in good year (we have had three bad springs in succession) and increasing as time goes on. He is also optimistic over cattle. Confirms my view that all farmers will support project.

2. He is visiting site with Phillips today; latter will stay on site until 12/13th when I am arranging upward passage for him. He will during this period visit Bonner and Cameron principal independent farmers East Falkland.

3. Young is very conscious as I am of over-capitalisation and serious consequential burden depreciation charges. We all feel that some steps must be taken to spread or reduce these and we have no confidence in finances scheme as set out in Board paper quoted to us. These must be re-examined and placed on more realistic basis. Given this, his belief in scheme, as mine, is unshaken and he is confident of success. He shares my views regarding Albemarle project and question "trespass" will be disposed of amicably.

4. In conversation with me beforehand he reverted to question outward shipping and you are I think aware of his views. But he agreed with me that this was separate matter which we can consider at leisure and I will write.

5. Having reached this reasonably hopeful position I would strongly recommend to you that Fowler (repeat) Fowler rather than Carr should come out. Phillips shares this view. Ends. Clifford.

(B) If you see no objection I propose to include item of 220,000 in Estimates.

GOVERNOR.

GTC.
SS

DECODE.

TELEGRAM RECEIVED.

From SECRETARY OF STATE to GOVERNOR.

Despatched: 19.2.52. Time: 1550. Received: 20.2.52. Time: 0845.

49 No 24. CONFIDENTIAL. Your telegram No 28. Freezer.

Initiative making investment participation by Sheep Owners or firm contract of supply conditions sanctioning extra capital came from myself not (repeat not) from Corporation. In the circumstances I think it would cause confusion to pass on first sentence of your telegram to Corporation. I have however communicated to (Land Ruler) remainder your message starting with words "firm contract of supply" and ending "discuss with him". I will keep you informed developments this end.

SECRETARY OF STATE.

GTC.
2/2/52

53

J.E.: Telegram is being sent to-day. That a review
arrived this morning from S/B. J.E. discussed
it considered sending a follow-up.

W. I do not think there is anything that
20/2/52. I can usefully add. the 20/11

DECODE.

TELEGRAM RECEIVED.

From SECRETARY OF STATE to GOVERNOR.

Despatched: 21.2.52. Time: 1045. Received: 22.2.52. Time: 0845.

No 28. CONFIDENTIAL. Following is personal from Lord Roith begins.

45
Grateful for proposal in your telegram No 28 of 14th February and agree your suggestion negotiate firm contract supply and capital participation. Also hope HOULDEAR with whom we have been negotiating will participate. Jones visiting Stanley late April. Will welcome Sheep Owners and if possible Hould~~er~~ representation on Board but in view of considerable amount of public money involved consider Board control essential at least to the extent Corporation plus Government nominee being in majority. Ends.

SECRETARY OF STATE.

GTC.
SS

55
JE

Reverse, which I read over to J.E. on the
phone, submitted for. It might be well
to drop a hint as to the desirability of
negotiating with Houlders - the F.I.C.
at the same time.

U

22/2/52.

d/o letter I think; pt. draft. Luskath para 4 in 51.

As to Board, this may be difficult? But they

will be left with the lions share of the capitalisation.

So it is reasonable perhaps.

MC 22/11

x | S & S has not replied to (B) of 51 I notice.

JE

Draft at cover s.f.c.

I will K.I.V. X above.

U

23/2/52.

Hold for the moment. M.Y.

has promised to give me his general
views on this when he comes back and
it will be in time to discuss the
matter. May I see Lord Hymans for this.
MC. 23/11

DECODE.

TELEGRAM.

56.

From Lord Reith, C.D.C. London

To H.E. the Governor.

Despatched: 22nd February, 19 52 Time: 1922

Received: 23rd February, 19 52 Time: 0845

49
51
No 36. Your signal 14th February received here 19th answered through Colonial Office 20th and trust since reached you. Further signal undated just received by telephone. Greatly appreciate your assistance.

REITH.

Type, please.

(Intld)M.R.R.
23/2/52

P/L.

57

95 56 ft.

26/2/52.

Thank you. BO Mr Yang's return. I don't quite see how X or SA can be arranged.

MC 26/ii.52.

Presumably the Company will be registered out here? This may be a difficult hurdle.

Saving.

From the Secretary of State for the Colonies.

To the Officer Administering the Government of FALKLAND ISLANDSDate 5 February, 1952.No. 20 Saving.CONFIDENTIAL

331 Your telegram No. 8 Confidential.

Colonial Development Corporation.

60
336
I have considered the Corporation's application for additional capital sanction for the Freezer in the light of your advice and I now enclose for your information a copy of a letter which has been sent to the Corporation.

2. My reasons for not favouring your suggestion that the Colonial Government should participate in the new capital required are as follows:-

- (a) I attach importance, as a matter of general policy in cases of this kind, to getting commercial interests to have a stake in the success of the venture. This requirement would not be satisfied by substituting Colonial Government for United Kingdom Government capital.
- (b) Pending receipt of your 1952/53 draft Estimates, I must reserve judgement whether the Colony could justifiably find the £50,000 (approximately) required for participation on the scale you propose.
- (c) Willingness of Legislative Council to approve Government participation would no doubt depend to a considerable extent on votes of unofficial members representing sheep farming interests. It seems better that they should first be approached about investing their own money.

Saving. ·

From the Secretary of State for the Colonies.

To the Officer Administering the Government of

Date

No. Saving.

3. Negotiations with local interests indicated in the enclosed letter would of course be undertaken by the Corporation; I will inform you should your assistance be desired.

SECEP.

360

30th January, 1952.

MSB. 57/153/01.

After our conversation on the 23rd January about the Falkland Islands Freezer, I discussed the position with the Secretary of State. As I said at the time, the Secretary of State recognises the development element in the scheme to which the last paragraph of the application forwarded with Winterbotham's letter of the 8th November refers; but he still holds the view, which I reported to you orally, that the continuance of the scheme could be justified only if the definite cooperation of the local sheep farming interests can be ensured. This might be done either by a reasonable participation on the part of those interests in the additional capital now required, or by a firm contract with them for an adequate supply of carcasses of suitable quality, or both. Failing both, My Lyttelton regards the first of these alternatives as the better, and, in any case, I got the impression from you at our discussion that the chances of negotiating the second are very remote.

The Secretary of State realises, however, that private capital is not likely to be forthcoming if it has to rank behind the existing capital. There are, no doubt, many possible variations by which the particular difficulty could be met. I told My Lyttelton of your tentative suggestion to write-down the existing capital by about £200,000. In that case, presumably the new capital would rank pari passu with the old capital at its written-down value of some £50,000 - or, if you prefer, it could rank in front of the old capital, the old participating "50/50" with the new, after the new has received a certain percentage. Something on these lines would be acceptable to the Secretary of State.

The Secretary of State is not, however, prepared to give sanction at this stage for the additional £208,000 for which the Corporation have applied, leaving the negotiations with the sheep farming interests in the Colony to be followed up at leisure. He feels that this point must be settled before he can decide whether this scheme should carry on to completion or not. He appreciates, however, that the current expenditure, such as salaries and wages, must go on while negotiations take place, and he is prepared to recommend to the Treasury any excess expenditure on your present /authorised

R.E. Brook, Esq., O.B.E.

67
~~67~~
authorised capital which may be attributed to such inevitable current expenses. The Secretary of State does not favour the idea (put forward by the Governor) that the Falkland Islands Government itself should contribute to the new capital.

I hope this has made the position clear. If the Corporation see any difficulty in proceeding on these lines, I think the best plan would be for you to suggest to the Chairman that he should take an opportunity to discuss the matter personally with the Secretary of State.

(Sgd.) A.H. POYNTON.

32-6. *Submitted*
[Signature]

DECODE.

TELEGRAM SENT.

From SECRETARY OF STATE to GOVERNOR

Despatched: 27.2.52. Time: 1330. Received: 28.2.52. Time: 0845

51
No 32. CONFIDENTIAL. Your telegram No 33. FRENZER. Message passed to Reith.

I am glad to learn hopeful turn in negotiations. Was possibility financial participation mentioned to Young? If so how did he react.

58
2. On your proposal for Government participation see my telegram No 20 Saying February 5th in which I stated I do not favour this because.

- (a) I do not consider it a satisfactory substitute for financial participation by commercial interests.
- (b) I must reserve judgment pending the receipt 1952/1953 estimates whether Colony can afford it on you suggest and
- (c) it seems better that sheep-farms interests (who would presumably represent bulk unofficial voting strength in Legislative Council on any such proposal) should first be approached about investing their own money.

3. I have conveyed above views to Corporation but am of course ready to look at proposal again when negotiations are further advanced and in light of your further comments.

SECRETARY OF STATE.

63.

JE
 58.62 ft.

62 purports to answer especially (B) of our 51. But
 the arguments in 62 are misconceived. For instance
 S/S shares of £50,000 ⁽⁵⁸⁾ capital being taken up by
 Govt, whereas we were proposing to take up £20,000.

ll 28/2/52. We had better reply as at once. I must
 get Chairman SAA to put out a proposal.
 MC 29/ii

DECODE.TELEGRAM SENT.

From GOVERNOR to SECRETARY OF STATE

Despatched: 29.2.52. Time: 1550. Received: Time:.....

No 43. Confidential. Your telegram No 32. Freezer. 62

As stated in my telegram No 33 proposals in my telegram No 28 were discussed with Young and these of course included the financial proposal which he supported subject to concurrence others and authorized me to say so. If F.I.C. supports we can take it that most of the others will follow. I think this is much the most likely way of getting all the Sheepowners to participate and it is better in my opinion that all should be invited to do so. Government whose reserves I hope nearly to have doubled by end next year (I anticipate surplus \$180,000 this year) can readily afford proposed investment and I would like to have your approval to include in Budget when I address Council on 6th March.

Y.F. wished to see this
file on the Young's return.

GOVERNOR,

DECODE.

TELEGRAM SENT.

IMMEDIATE. From SECRETARY OF STATE to GOVERNOR

Despatched: 5.3.52.

Time: 1600.

Received: 6.3.52. Time: 0845

No 39. CONFIDENTIAL. Your telegram No 43 Freezer. 64 B

Capital expenditure £20,000 by Colonial Government approved subject of course to Colonial Development Corporation's negotiation for revised scheme for project as a whole (including this element) being successfully completed and subsequently approved here. For the purpose of addressing Legislative Council at this stage I think you should say provided Council are willing, Government propose to inform Corporation of its readiness subscribe £20,000 of new capital which Corporation are seeking. B

SECRETARY OF STATE.

File & return to me today. 45. (Intld)M.C.

GTC

Page 62 back.
I am afraid I can't say
sent originally but an
amending telegram has
been despatched. 63

45. wished this
file returned

66

OS

Reverse. Very careless of whom was responsible.

I have sent down a draft telegram for review
from this file. Please return after despatch as I
must write to Lord Rath.

Mc 11/iii

ACF. FNA. pr & return file
to HE as soon as telegram
is despatched. 3

la is asking to
enclose when telegram
ready, pl.

DECODE.

TELEGRAM SENT.

From GOVERNOR to SECRETARY OF STATE

Despatched : 11.3.52

Time : 1600

Received :

Time :

No. 53 CONFIDENTIAL. Your telegram No. 39 Freezer. 65
Legislative Council have accepted my proposition subject, as implied, to similar acceptance by Sheepowners Association. I have no doubt that other farmers will follow F.I.C. lead but must again emphasise that latter will be conditional, and rightly so in my view, upon radical overhaul of finances project. Decision will rest with London end of Association as with few exceptions local farmers are not principals.

2. Young, who expects return mid-April, will have to carry his Board with him (and his Chairman as stated previously is hostile to project) but I have every confidence that he will succeed provided the problem of depreciation can be satisfactorily overcome. From Board paper, as quoted to us, this would amount to something of the order of 10/- per carcase which is fantastic and at least four times as much as project could bear. Even at £250,000 the plant would be over-capitalised and Corporation must reconsider.

3. In my address to Council I recommended that no interest on capital participation should be sought for first three years and I have little doubt that both Council and Association will accept that advice which may assist Corporation.

4. Grateful convey sense of above to Chairman to whom I am writing in mail.
GTC. CB

Ref: 0588.
PERSONAL AND
CONFIDENTIAL

14th March, 1952.

Thank you for your letter of 15th January. I am glad that you sent Phillips out and that he has been able to see things for himself - I have no doubt that he discredited a good deal of what I had to say when I called upon you last July (he has admitted as much); he now realises that it was all, alas, too true. A lot has been done during his brief visit to get things on to a more satisfactory footing and he has allayed my anxieties, inspired by Mills, as to structural soundness.

Now, as regards the future. The Freezer can count on getting its sheep because Young sees, as clearly as I do, the need of a second foot for the industry to stand upon; and where the Falkland Islands Company leads the others will follow. He accepted, and supported, my proposal for a financial contribution "as an earnest" and so far as the Government share was concerned I was able to get this through a Legislative Council with its first taste of an unofficial majority! I enclose an excerpt from my Address to Council. Two things are necessary however, (i) that the Freezer should be ready to operate on 31st March 1953, since any further delay will extinguish such sparks of enthusiasm as remain, (ii) that capital be written down to something approximating ~~true~~ value, so reducing the depreciation factor which as things now stand would kill it. My own view is that the project was over-capitalised to begin with, to say nothing of the additional cost occasioned by mismanagement and bad workmanship. I don't think it will stand more than £200,000. Also, I don't think that the shareholders should anticipate any interest for the first three years and am sure that both Sheepowners Association and Government will accept that proposition if it will help.

8125 1952 for:

Local membership on the Board of Management is important and for that I would suggest :-

One F.I.C. representative
(presumably either their Colonial Manager, Barton, or Camp Manager, Gilruth).

Bonner, with Cameron as alternate, for the East Falkland.

Clement, with Pole-Evans as alternate, for the West Falkland.

/One representative

Lord Reith, PC, GCVO, GBE,
Chairman,
COLONIAL DEVELOPMENT CORPORATION.

One representative of the Government
(the Agricultural Officer)

Young is still pre-occupied with the idea of building a new ship to transport the finished product from the Freezer and Tilbury's oil but I emphasised the necessity of keeping this as an entirely separate issue and he has agreed. Much would depend on his ability to transfer these products ship-to-ship at Montevideo, for if he could not do so overheads would be far too high. If he can there might be advantages but I think you would need a very definite and independent assurance on that point. He would welcome capital participation by C.D.C. and the P.S.N.C. (? or perhaps Houlders) but would prefer a guarantee of freight over a period of years either from the Corporation or the Ministry as the case might be.

There remains the question of Tilbury and here I can only say that the project was taken on by the Corporation against my express advice to Weekes. To this I must add that there will always be seasons, such as this last one, when for one reason or another the seals don't haul out on to their accustomed beaches and it is, therefore, vitally necessary that the venture should be equipped to take whales which are undoubtedly increasing in numbers here. Given this, it will most certainly make money for you; without, I do not believe that it can. But here again it is necessary to bring in someone with the "know-how" which Tilbury - hard-working and in many ways excellent man that he is - does not and cannot possess. A couple of seasons with Salvesens (who, incidentally, don't touch seals) is not enough. I am sure that with a little thought this can be turned into a really successful venture. (The difficulty over "trespass" on Company freehold will be amicably disposed of.)

I am equally convinced that there must be some over-all direction and co-ordination of the two projects which are so similar in form, with operational seasons which dovetail so conveniently. This is important.

Incidentally, a good deal has been said as to Tilbury's drinking habits: I tackled him about this on his return. He admitted it quite frankly but said that it was old history and a weakness which he had mastered; I have no reason to doubt his word, and have a good opinion of his energy and ability.

In conclusion, Phillips and I both feel that if any further representative is to be sent out (and we doubt the necessity) it should be Fowler. There are no principals here for Carr to negotiate with.

I expect to be home on leave in July.

Ref: FIDS 0588/70.

19th March. 1951.

Please refer to my telegram
No 53 on the subject of the Freezer.

67

To keep you in the picture
I enclose the copy of a Personal
Confidential letter which I have
addressed to the Chairman of the
Colonial Development Corporation.

J. S. Bennett, Esq.,
COLONIAL OFFICE.

GOVERNMENT TELEGRAPH SERVICE.

FALKLAND ISLANDS AND DEPENDENCIES.

RECEIVED.

| Number | Office of Origin | Words | Handed in at | Date |
|--------|------------------|-------|--------------|---------|
| 55 | London | 27 | 1557 | 21.3.52 |

To OWNERS GOVERNOR
FALKLANDS

(67) (11.1.1952)
79 SIGNAL 53 VIA COLONIAL OFFICE / ONLY RECEIVED 18 STOP GREATLY
APPRECIATE YOUR HELP STOP AC GRIEVE WILL ACCOMPANY JONES ON APRIL
FIRST

REITH

Time PGS

My first information from them
that Jones is coming. Mc.

120 200 (71)

26

73

CS

Reply "Am glad hear Jones coming. I expect you will ~~very~~ ^{coming} ^{enjoy} ^{with} ^{the} ^{company} ^{of} ^{both} ^{Creases} ^{when} ^{to} ^{stay} ^{at} ^{Creases} ^{home} ^{on} ^{arrival}."

Creases.

PHONE: MAYFAIR 7494

74 310
TELEGRAMS: VELOR, PICCY, LONDON
CODE: BENTLEY'S SECOND

COLONIAL DEVELOPMENT CORPORATION

DEPUTY CHAIRMAN'S OFFICE

NEW ADDRESS:
33 HILL STREET
LONDON · W. 1
MAYFAIR 8484
VELOR, AUDLEY, LONDON

112/ANP



My dear Clifford,

This letter is to acknowledge your deputy's code cable to the Chairman of 8th February.

In general we quite agree with the tenor of his advice. Two considerations, however, led us to make our request to you for help in negotiation: first, the temporary absence of Young, without whom we felt discussions in London would be inconclusive; secondly, the pressure in time, if not in terms of days at least in terms of weeks, since the Secretary of State insists on negotiations being concluded before giving his sanction for the full capital now required.

Phillips has accordingly stayed on to meet Young on his arrival; we ourselves have been in communication with him and will continue the discussion on his return to London. We have also been having further talks with the South American Export Syndicate (Houlders' associate) in order to secure their participation in the operational side of the undertaking, and possibly to a small extent in the capital. Mr Jones, who is in charge of their activities at Punta Arenas, will visit the site towards the end of April in order to inspect and report.

Yours sincerely,

Robert Brook

R.E. BROOK
Deputy Chairman

His Excellency Sir Miles Clifford, KBE., CMG., ED.,
Government House,
Port Stanley,
Falkland Islands.

F+PA
mc. 18/iii
29/3

75

GOVERNMENT TELEGRAPH SERVICE.

FALKLAND ISLANDS AND DEPENDENCIES.

SENT.

Number

Office of Origin

Words

Handed in at

Date

To

VELOR PICCY LONDON

FOLLOWING FOR REITH FROM GOVERNOR BEGINS STOP AM GLAD HEAR JOHN'S
COMING REQUEST YOU WILL CONVEY INVITATIONS BOTH GREAVES AND HIM
TO STAY GOVERNMENT HOUSE ON ARRIVAL.

COLONIAL SECRETARY

Time

will HCS.
DECODE.

TELEGRAM.

76

From Lord Reith, C.D.C.London.

To H.E.the Governor.

Despatched : 4th April, 19 52 *Time :* 1834

Received : 5th April, 19 52 *Time :* 0845

No 93. Thanks yours third. Invitations communicated
Greave Jones.

REITH.

P/A
(Intld)C.C.
5/4

DECODE.

TELEGRAM.

77

From H.E. the Governor.

To Governor's Deputy.

| | | | |
|--------------|-------------|-------|-------------|
| Despatched : | 11th April, | 19 52 | Time : 1300 |
| Received : | 12th April, | 19 52 | Time : 0845 |

MC 12/4. As improbable now return before 23rd grateful if you could accommodate Jones and C.D.C. representative for a few days.

GOVERNOR.

GOVERNMENT TELEGRAPH SERVICE
FALKLAND ISLANDS AND DEPENDENCIES.
SENT.

| Number | Office of Origin | Words | Handed in at | Date |
|--------|------------------|-------|--------------|------|
|--------|------------------|-------|--------------|------|

11.4.52.

To

GOVERNOR JOHN BISCOE

HOA/C

WILL BE PLEASED ACCOMMODATE JONES AND CREW FOR FEW DAYS

GOVERNOR'S DEPUTY

GOVERNMENT TELEGRAPH SERVICE
PAKLAND ISLANDS AND DEPENDENCIES
RENT

Date Handed in at Words Price of Cable

25

Mr Phillips's report extracted and passed to
Mr. Green f.i. as requested.

M.C. 28/iv

YH
Sh. The attached copy
was handed to me
by Mr Phillips.

2) He requested that
it should not be
shown to Mr Jones,
though Mr Greaves could
see it.

18/4

File with other CDC
pp. in your safe. I will show
to Mr Curran.

It contains some outstanding
statements.

Appendix B. Para 1 line 1
is absolute nonsense; where did he
get this figure from? me

80

COLONIAL DEVELOPMENT CORPORATION
FALKLAND ISLANDS FREEZER PROJECT.

Report on visit by Head of Works -
3rd January - April 1952

Brief Origin of Scheme:

Submitted by F.I. Government in 1949 to build up trade to export carcasses of sheep and cattle mainly allowed to rot on ground after skins removed. 30,000 sheep and 1000 head of cattle were expected to be available annually for slaughter for the first year or so increasing to 50,000 sheep and 1750 cattle at the end of five years. See Appendices "A" and "B".

General Outlook 1952:

Bad lambing, unaccountable deaths and high price of wool suggests fewer sheep for freezing.

Preliminary Investigations:

How could he be expected to?
An ANP representative ^(Finkler) made careful enquiries into the project but gave no information regarding beaches, building materials, drainage, water supply, unloading facilities, construction, labour, or, in fact, anything of constructional interest. A request for engineering reconnaissance, made by CDC ENGINEERING, was turned down by Controller of Plans in November 1949.

This is indeed both surprising & lamentable.

Construction Cost:

Estimated (without a Bill of Quantities) at £200,000 will be about £366,000. See Appendix "C". It was no more than a poor guess mis-named an "ESTIMATE".

Time for Completion:

Given by E & W as 12 months and calculated by CDC Engineering as AT LEAST two years, was hopelessly inadequate.

Start:

CDC (Engineering) instructed in December 1949 to commence. An Agent i/c was appointed. He received unilateral instructions from E & W with regard to choice of site, design of site works and choice of materials. He arrived in February 1951.

Site: REQUIREMENTS WERE:-

- (i) Central for sheep collection
- (ii) Deep water anchorage
- (iii) Good water supply
- (iv) Availability of concrete materials
- (v) Accessibility
- (vi) Suitable ground for foundations
- (vii) Suitable ground for movement of ANIMALS
- (viii) Good drainage
- (ix) Grazing land for Holding Grounds
- (x) Availability of peat fuels
- (xi) Suitability for vegetable crops

The site chosen at Ajax Bay fulfils only Conditions 1 and 2, partly No. 3, but otherwise presents difficulties and drawbacks which could hardly have been found elsewhere.

/The Freezer

The Freezer was sited on peat and rocks and at the receiving end of flood water. The Manager's house placed centrally on a peat bog.

Construction Supervision:

6th February 1949 - February 1951: F.W. Metcalfe - originally a Carpenter with experience as Foreman and Resident Engineer. Physically strong, competent in building and particularly in drawing. Was sober and painstaking. On arrival proved to be overbearing, conceited, untidy and guilty of unjustifiably lengthy absences from site for unnecessary conferences - relieved in February 1951 by :-

A.S. Mills sent on visit by Head Office. A Quantity Surveyor with considerable experience of setting out, site management and costing. Did well to put job on good footing December 1950 - March 1951. Showed his lack of faith in project by naming a dinghy "GROUNDNUT". Relieved in March 1951 by :-

J. Swindell an unqualified but experienced Engineer who had been tried successfully as Deputy Agent on Cambia Rice Construction. Unknown to us until July 1951, he suffered from Venereal Disease and stayed indoors drinking heavily, confining his supervision to site inspection through binoculars. During his stay a wall collapsed in a gale and the job allowed to become disorderly, undisciplined, untidy and unsanitary. Towards the end of July E & W appointed a Resident Engineer and CRC Engineering sent out :-

E. Taylor a member of Head Office Staff who had previously been on E & W Staff. Taylor arrived at end of July, made wild promises to the workpeople, granted bonuses for punctual attendance, permitted the sale of spirits, approved exorbitant piecework rates and rushed away after spending only four days on the site. His report did not confirm the now obvious disorder, indiscipline and overpayment.

The Resident Engineer Mr. J.S. Mason, M.I. Struct E, M.I.M.E. A.M.I.N.A., ~~came~~ arrived on August 18th 1951. In three weeks he reported restoration of order, tidiness and sanitation. It is said that for a brief period men were made to work. He instituted scandalously high piecework rates against orders, drank excessively with the workpeople, permitted very bad workmanship and allowed the job to lapse into filth, drunkenness, disorder and scamping. Apart from information regarding high rates we knew nothing except his reports of alleged good progress and ability to complete job by March 1952. It is now known that Mason was a drunken, dissolute ~~dr~~ scamp. His case should be carefully investigated.

On learning of this shocking state of affairs at the end of October it was decided to send :-

A.S. Mills (previously mentioned). He arrived on site on November 18th and repatriated seven persons, without however using powers of dismissal. Mills to his great credit :-

Partly tidied up
Restored some order
Restricted drink
Modified piecework rates
Abolished "Punctuality Bonus"
Did much to improve job
Put in roads and some drains.

/He, however

82

He, however, failed in his mission for the following reasons :-

- (1) Sent "panic" and incoherent cables.
- (ii) Exaggerated construction defects.
- (iii) Gave cabled conclusions, instead of detailed information for Board action.
- (iv) Disobeyed instructions with regard to remaining until relieved.
- (v) Used local Radio Telephone system to "show off" by sending impertinent cables to his senior.
- (vi) "Showed off" by stating that "Lord Reith had briefed him to close the project".

I repeat however that he did some very good work.

As a result of Mills' "panic cables" suggesting "BOB LAW" and disquieting but undetailed construction faults, Head of Works left England by air on January 3rd arriving at Stanley on January 12th and at Ajax Bay on January 18th. This was the state of affairs :-

- (1) Job still untidy.
- (2) Quarters badly kept.
- (3) Labour fairly sober but sullen and ill disciplined.
- (4) Some high piecework rates still being paid.
- (5) SITE: This was on slight slope at foot of surrounding hills, forming a catchment area with most of the main buildings below ground level without drains for diversion of water. Glacial rock runs, peat and uncontrolled streams were obvious difficulties.
- (6) FOUNDATIONS: Re-excavation showed that main walls had been founded on peat overlying wet clay and boulders. These have since been underpinned and made good. Concrete, plinth and drains have been added.
- (7) MAIN BUILDINGS: Were up to 1½" out of square and very slightly out of plumb and line.
- (8) Block masonry was rough but sound.
- (9) Plastering showed slight cracks which, however, appear fully to resist rain.
- (10) Gutters were badly placed and flashings very imperfectly done.
- (11) The steelwork, except for faulty bolting of some stanchion bases, was very fair.
- (12) Roof sheeting appeared to be quite sound except for minor abrasions.
- (13) A few unimportant unopened cracks were found in walls due, I consider, to expansion and contraction of steel trusses. Some few cracks above lintels were due to premature strutting of supports.

- (14) The floors of Cold Store and Freezer were damp all along WEST WALLS, since corrected by outside plastering, plinths and drains.
- (15) Cork insulation of ceilings was ^{files} piped in accordance with specification but nail ^{fixings} ~~fixings~~ have been found inadequate. Bolts and cover boards will correct this. 120 square yards of plaster ceiling collapsed and has since been properly replaced. The ceiling cork ~~pipied~~ prior to December 1931 has very little bitumen coating but this is probably of not much importance and the main ceilings now in progress are of first class workmanship.
- (16) The cork floors, of which 40% had been laid, were scamped, the bitumen being omitted. Fortunately the portion done is on dry concrete and may prove acceptable. This will be watched and all floor insulation now in progress is a first class waterproof job. This applies to ALL of the Freezer and one separable half of Cold Store.
- (17) The Generator foundations were on peat and of inferior concrete. They have been demolished and founded on firm clay with adequate reinforced concrete.
- (18) Flooding of Skin Drying Shed due to low floors has still to be cured, but this is not very serious and can be dealt with.
- (19) Water supply is inadequate without a Reservoir of about 100000 gallons which has been designed and sited.
- (20) There are many minor adjustments to be made.
- (21) Roads, paths and drains started by Mills are well in hand including an approach to the jetty.
- (22) The jetty (98' long) is inadequate and precarious. We propose to extend in timber for a further 250 feet giving 9 feet depth ~~NW~~ 18 feet ~~NW~~ST.
- (23) Compressors are installed the wrong way round on plan which requires some extra ducting and two bends which can be provided and corrected.
- (24) It should be noted that the Freezer has attracted only five men from Sealing Project and ~~have~~ never had more than 17 local men employed. Locals now number seven.

The present position is :-

Job is orderly.
 Job is fairly tidy.
 All rectification in progress.
 Discipline good.
 Food and quarters satisfactory.
 All work proceeding steadily and thoroughly -
 see Progress Reports.
 Mr. Cooper, Engineer i/c appears competent
 and steady.
 The job has a better atmosphere.

A broadcast to the Islands (see Appendix "D") has done some good.

Prospects of Project and Recommendations:

- (a) It appears probable that some 20,000 sheep and, say, 500 cattle will be available for freezing in 1952. The animals will probably be aged.
- (b) The Falkland Islands Company have expressed through their Chairman, Mr. Markham Dean, and by the attitude of their Manager, Mr. Barton, that they regard CDC as unwelcome intruders. Their Managing Director, Mr. L.W.H. Young, does not openly express hostility but states that his efforts to help have met with rude indifference by CDC Senior Staff.
- (c) Local Farmers generally regard the Freezer as a help in seasons when wool prices are less favourable.
- (d) Collection of animals from West Falkland and other islands can be done by CDC ships "Protector", "Golden Chance" and "Penelope". Holding Pens can be arranged at Port Howard.
- (e) I do NOT believe that any labour will be available locally unless F.I.C. participate. We could, however, by extending killing season over March, April, May and June do with as few as 15 men ex-U.K. and by using Sealing Co. men during their "close" season.
- (f) A Local Board of Management seems desirable to obtain co-operation.
- (g) The expensive installation and heavy capitalisation renders offers of financial participation improbable.
- (h) To cheapen production we must time the clearing of the Cold Stores to enable the plant to be closed down for at least seven months of the year.
- (i) Bulk oil supplies should be arranged in conjunction with Government and F.I.C.
- (j) Management must be keen, energetic and of a type acceptable to the Farmers, who have been irritated by CDC people who attempt to teach them their business. Present Accountant should be removed.
- (k) The Accountant should be a specialist in his trade and should be capable of taking over the management if required.
- (l) Immediate steps should be taken to grow vegetables and horse feed.
- (m) A small generator should be maintained to avoid using expensive plant for domestic heat and lighting outside the operating season.
- (n) Site families sent out should be carefully selected and the jealous social climbing types eliminated. The Venters family have been a real help to the job and are of the right type.

F.I.C. are supposed to participate according to Young.

I am very glad to see this.

/(o)

- (o) With good management, careful economy and close co-operation with Sealing Company we might avoid losses for the first few years and achieve financial stability in, say, eight years. I would recommend writing off buildings over 50 years and machines over 20 years.

Lessons Learnt:

- (i) Senior and trusted Executives should visit sites before presenting Board Papers.
- (ii) Local co-operation should be sought.
- (iii) Engineering reconnaissance is indispensable.
- (iv) Only tried and proved Executives should be sent overseas.
- (v) Constant Head Office or Regional supervision is necessary.
- (vi) Projects must not be rushed.
- (vii) The Board should be warned in the earliest stages of difficulties and extra cost.
- (viii) All information available from sites should be circulated to persons concerned. (There appears to have been masses of correspondence from Falkland Islands which I have never previously seen.)
- (ix) There should be closer liaison with Colonial Governors.

Finally I would say that this project has been saved from the immediate ignominious end which appeared inevitable and that successful completion is in prospect.

The financial future may yet be saved under the guidance of strong, tactful, energetic and enthusiastic local management which has yet to be found.

I would record with great appreciation the solid support and encouragement which I have received from His Excellency the Governor and his staff.

H.V. Phillips

H.V. PHILLIPS.

RELEVANT FIGURES

The following approximate figures obtained in March 1952 appear of interest :-

| PARTICULARS | AVERAGE 1930 1945 | 1946 | 1947 | 1948 | 1949 | 1950 | 1951 |
|----------------------------|-------------------------|---------|---------|---------|---------|---------|---------|
| (a) Total sheep on Islands | 635,000 | 625,000 | 618,000 | 645,000 | 612,000 | 628,000 | 618,000 |
| (b) Total exported on hoof | Maximum 30,000 | | | | | | |
| (c) | Average 5,000 | 1,000 | 2,000 | 1,000 | 2,000 | 2,000 | 3,000 |
| (d) Killed for tallow | 15,000 | 16,000 | 15,000 | 18,000 | 11,000 | 9,000 | 10,000 |
| (e) Killed for skins | 25,000 | 29,000 | 31,000 | 26,000 | 18,000 | 21,000 | 16,000 |
| (f) Killed for mutton | 20,000 | 24,000 | 24,000 | 20,000 | 21,000 | 24,000 | 24,000 |
| (g) Unaccountable deaths | 55,000 | 59,000 | 51,000 | 52,000 | 72,000 | 74,000 | 80,000 |
| (h) Lambs marked | 140,000 | 140,000 | 145,000 | 133,000 | 150,000 | 143,000 | 123,000 |
| (i) Breeding ewes | 225,000 | 220,000 | 220,000 | 225,000 | 220,000 | 226,000 | 220,000 |
| (j) Percentage of lambs | 62% | 63% | 66% | 59% | 68% | 63% | 56% |

INDICATIONS:

- (a) Reduced number of sheep due to poorer pasture.
- (b) Exports negligible due to heavy losses in transit.
- (d) Steady reduction, as 7½ lbs tallow per carcass not profitable.
- (e) Presume high cost of wool 1948/1951 caused retention of sheep.
- (g) Increased deaths due bad shepherd and LABOUR SHORTAGE.
- (h) Note bad lambing 1951. 1952 is FAIR (60%).

.....

not

APPENDIX "B"

Some Noteworthy Facts

- WOOL: Wool costs on average 2/7½d per lb. to produce. Wool prices on average 10/7d. per lb in 1951. + Rubbish.
- PEOPLE: The population of Falkland Islands is about 2,500. The population of Port Stanley is about 1,500. The sheep are owned by 24 ESTATES.
- F.I. COY: The Falkland Islands Company own 49% of sheep and control ALL shipping to and from the Falklands. Contact with the outside world is maintained by the 700 ton S.S. "Fitzroy" which makes 10 trips annually to Montevideo. The Falkland Islands Company has all the worst features of absolute MONOPOLY.
- LABOUR: There is NO unemployment. Labour is leaving the Islands.
- DRINK: Drunkenness is more common than in most other places. 5% of the male population of Stanley are on the "Black List".
- The male adult population consumes an average of about 18 bottles of spirits per person per ANNUM.
- TRANSPORT: There are NO roads, no dependable sea or air transport from Port Stanley to other parts of the ISLANDS. Wheeled and tracked transport are equally useless except in Stanley and within the areas of Estate Headquarters. The only reliable transport is HORSEBACK within the Islands. People and goods for the WEST and other Islands often wait many weeks for a boat or plane. A Legislative Councillor has just returned to his home in WEST FALKLANDS after waiting in Stanley for three weeks for some form of transport.

.....

+

1/4 of the outside.

ESTIMATE OF COST:Compiled 1949 omitted (inter alia).

| | | |
|----------------------------------|---|-----------------|
| Passages and travelling expenses | - | £ 18,000 |
| Cooks and excess cost of food | - | 21,000 |
| Excess cost of sand | - | 30,000 |
| Unloading and lighterage | - | 6,000 |
| Jetty | - | 7,000 |
| Recreation | - | 500 |
| Cement losses | - | 4,000 |
| Increased cost U.K. labour | - | 51,000 |
| Leave pay | - | 10,000 |
| Reservoir | - | 5,000 |
| Drains | - | 3,000 |
| Medical | - | 1,000 |
| Lost time due weather | - | 6,000 |
| | | <u>£162,500</u> |

(Say £165,000)

.....

Broadcast: 21st March, 1952 from Port Stanley Studio.

Subject: "Ajax Bay Freezer"

Given by: H.V. Phillips, Assoc. I.C.E., Head of Works, C.D.C.

The Colonial Development Corporation is an organisation formed in 1947, with the full approval of all political parties, to initiate and carry out schemes likely to benefit Colonies and Colonial peoples, but with reasonable prospect of some financial gain, even if this means long term investment of capital without immediate return.

Naturally the projects available for consideration are not those usually attractive to Private Enterprise. Some are of a type which industry would not touch with a barge pole.

The Corporation is managed by a Board, whose members are drawn from Colonial Administrators, Scientists, and business executives appointed by the Secretary of State for the Colonies. For the past 18 months it has been under the Chairmanship of Lord Reith, a distinguished Administrator in whose leadership we all have the utmost possible confidence.

Speaking from memory, I should say that over sixty schemes are in progress in twenty Colonies. A few schemes have been abandoned - and these you hear most about - with some loss of capital.

The Falkland Island Freezer Scheme was submitted by the Government of these Islands, to build up an Export Mutton and Reef trade; it being understood that a considerable number of sheep and some cattle were slaughtered annually. Apart from a small proportion rendered down for tallow, most were left to rot on the ground after skinning.

After local investigation by an experienced representative of the C.D.C. Animal Products Branch, but without engineering reconnaissance, the project was approved and a site chosen at Port Sussex, later changed to Ajax Bay.

It was estimated that a minimum of 21,000 sheep suitable for freezing, as whole carcasses - 9,000 not suitable for freezing as whole carcasses - and several hundred cattle, say, 700 tons of meat in all, would be available annually. Since 1949, however, the enhanced price of wool and bad lambing seasons may make this estimate a slightly optimistic one for the first year or so.

The cost of buildings, machinery and equipment, originally estimated at £200,000, will be exceeded by about 66% due to :-

- FIRSTLY: Lack of local labour.
- SECONDLY: Site difficulties aggravated by very severe winters.
- THIRDLY: Unforeseen and unique transport problems.
- FOURTHLY: Local mismanagement, unavoidably due partly to protracted illnesses and regrettably to incompetence not readily discerned, or easily corrected from London - 8000 miles away.
- FINALLY: Rises in world prices have affected the cost of materials.

The completion date, generally thought to be March 1951, but never considered feasible by the constructors before March 1952 at the earliest, was unrealistic. A view of the site now, and the magnitude of the work would show that three years, with a labour force of 65 skilled and unskilled men throughout that period, would be justified.

The present position is that all major buildings are practically complete, some machines erected, residential quarters have been built, roads and drains installed and a preliminary water supply ~~laid~~ on, leaving only some ground levelling, a reservoir to be constructed, and the considerable interior work of cork insulation and machine installation to be completed.

Construction difficulties have been mainly overcome. The overpayment of labour - all too common with rush jobs - has been adjusted, morale improved and the position generally justifies confidence in successful completion by the end of March 1953 - which season will be a period of limited production and testing.

There has been some justifiable criticism of the handling of this project, but I submit to you that the exaggeration of our errors and the occasional delight in our disasters have not been helpful. This does appear to be giving the dog a bad name!

I would take this opportunity, however, to express my appreciation to those numerous friends of the Preszer who have encouraged us, particularly His Excellency the Governor, who has never allowed his frank criticism to shake his faith in the project, and to our nearest neighbours the Bonners and Camerons, who have given unfailing support and substantial help; and to all those Camp and Stanley residents, whose courtesy, kindness and hospitality are unsurpassed in any other Colony.

We will do our utmost not to let them down.

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COLONIAL DEVELOPMENT CORPORATION

CHAIRMAN'S OFFICE

33 HILL STREET
LONDON · W. 1

31st March, 1952

Sydney Excellency,

I have just received your letter No 0588 of March 14, and am sending this reply by Mr A.C. Grieve, one of our senior and very competent officers - head of factories. The object of his visit is to be associated with Mr Jones of the South American Export Syndicate during his visit to the freezer and his conversations thereabout.

I am indeed glad Phillips has pulled the job round. As you know the Secretary of State has not yet sanctioned the additional capital necessary for completion, but I hope the talks we shall be having with Mr Young, when he gets back, and the outcome of Mr Jones' visit, will enable a satisfactory proposition to be put through. Ultimate capitalisation, membership of the board, and shipping can then be taken up, and you will be consulted fully.

Meantime we are, of course, indebted to you for the support you have given to the project, and for the successful outcome of your proposal to the Legislative Council.

As to Tilbury and his project, we are going into all this; thank you for your information and for your suggestions.

I look forward to seeing you when you are home in July.

*Yours sincerely,
C. A. Grieve.*

His Excellency Sir Miles Clifford, KBE, CMG,
Government House,
Port Stanley,
Falkland Islands.

92

8

Le week-end

Do not wish to encourage me: our best hope

however is the slump in word price. Me. 29/IV

COLONIAL DEVELOPMENT CORPORATION

93

CHAIRMAN'S OFFICE

33 HILL STREET
LONDON W. 1

21st March, 1952

My dear Excellency,

I am writing to thank you for the information given in your signal of March 11 to the Secretary of State, which reached me on the 18th.

I have just signalled you as follows:

"Signal 53 via Colonial Office only received 18th. Greatly appreciate your help. A.C. Grieve will accompany Jones on April visit."

Your airmail message will give us further news. Meantime the Corporation is most grateful to you.

It seems that, even under the most favourable circumstances, it would not have been possible to launch this project on a capitalisation of £250,000 - the figure discussed between you and the late Sir Frank Stockdale.

We shall go into the whole question in detail with Mr Young after his return. Meanwhile we are sending out Mr A.C. Grieve, our Head of Factories, to accompany Mr Jones of the South American Export Syndicate Ltd, on his visit to the Falklands in April.

*Yours sincerely,
Woodhouse*

F&PA.
MC

His Excellency Sir Miles Clifford,
KBE, CMG,
Government House,
Port Stanley,
Falkland Islands.

125

GOVERNMENT TELEGRAPH SERVICE

RECEIVED

94

| Number | Office of Origin | Words | Handed in at | Date |
|--------|-----------------------|------------------|--------------|---------|
| 25 | London | 21 | 1738 | 20.5.52 |
| To | LT SIR MILES CLIFFORD | GOVERNMENT HOUSE | STANLEY | |

140 YOUR 74 STOP GRATEFUL HELPFUL SUGGESTIONS LOOK FORWARD
DISCUSSING DURING YOUR VISIT

REITH VELOP

FIPA

(note in W/L)

HCS

Time PGS

21.5.

DECODE.

TELEGRAM SENT.

95
~~392~~

From SECRETARY OF STATE to GOVERNOR.

Despatched: 28.1.53

Time: 1800

Received: 29.1.53 Time: 0845

No 24. Following from Sir Miles Clifford begins.

Freezer.

copy at cover

I consider Colony should make contribution outlined in my Budget speech April last despite regrettable failure Sheep Owner's Association participating. As Secretary of State has waived this condition and authorized completion project I think it only proper Colony should show willingness and set a good example. Both Government and farmers (including independent farmers) will be represented on Board local company which I consider to be sufficient safeguard. Ends.

dec 68
0488 Conf.

SECRETARY OF STATE

BVF

GTC
SS

DECODE.

TELEGRAM SENT.

96
~~393~~

From SECRETARY OF STATE to GOVERNOR.

Despatched: 28.1.53 Time: 1815 Received: 29.1.53 Time: 0845

In 0528/Confidential with H.C.S.

No 23. CONFIDENTIAL. Your telegram No 53/1952. Freezer. 67

I have approved an application from Colonial Development Corporation for further capital sanction in amount of £137,000 on the understanding Corporation will endeavour conclude at an early date a firm agreement with South American Export Syndicate to manage project. I understand negotiations to this end are proceeding.

2. Copies relevant correspondence for your information and records follow.

SECRETARY OF STATE

BVF

GTC
SS

KIV 392

J.H. 95 + 96
p.p. 392 + 393.

Budget speech is at C.C. I cannot trace any p.p. strictly relative other than 328 + 331 in volume III attached.

OS88

When the project was at the discussion stage it appears that what was visualised was a local company being formed to carry on the business with Govt. + S.O.A. participating. X at p.p. 16 + 25 in vol. I. (The estimated capital expenditure was then about £30,000)

However in the end C.D.C. took over, and we do not appear to have any p.p. on the financial terms, but it is possible that the arrangement visualised was C.D.C. to provide the initial capital, get the scheme working and then sell out to a Company.

Correspondence promised in 96 will possibly clarify the position; but I should imagine that up to now Freezer has lost about $\frac{3}{4}$ million and there would have to be some considerable writing down of capital for an investment of £20,000 to give us any say as shareholders.

I have instructed C.T. to insert the £20,000 in next year's estimates as a revote.

C.S. As you say further correspondence may clarify the matter - though if L.A.H.S. is to manage the scheme perhaps some representation on the Board of Management is envisaged? Are there any relevant papers in the secret file in your job?
2 R

J.H. I attach the file from my side - the whole of which is relevant and p.p. 45, 58, 62, 68 + 94 of particular interest

C.S. I have talked to Mr. Barton + it seems clear that S.O.A. (as personified by Mr.) are not prepared to invest any money until the Freezer has been running for two seasons. We will await the further correspondence mentioned in 92 + see if it gives a clue on the 'local company'. 2 R

OAG

Attached.

I consider that Govt. should
 subscribe ~~participate~~, particularly as the S&S
 has waived his requirement for the
 participation of "risk capital". The
CDC adopted the scheme as recommended
by Council and the Council would in
 my view be quite wrong to refuse to
 back it. The money is provided in
 the current estimates.

McC. 29/1.53

C.S. As I see it the Governor is keen on us
 contributing £20,000 as an earnest of good
 faith & S&S is hovering on the subject.

I do not see much point in providing
 in the Estimates if S&S is subsequently
 going to strike it out & feel we shall
 get definite prior sanction.

Pze discuss.
 5/2



ABBay 1266

Tel: ~~Whitehall~~ 2300

Extension:

Your Reference

My Reference **ME** 157/158/01

99
COLONIAL OFFICE

THE CHURCH HOUSE

GREAT SMITH STREET

S.W.1

15th January, 1953.

Dear Sir Miles,

I enclose for your information a copy of a letter dated 5th January which we sent to the Treasury about the Freezer proposing to approve, subject to the Treasury view, the C.D.C.'s application for further capital sanction. The Treasury approved the course of action proposed and I also enclose a copy of a letter dated the 12th January addressed to the C.D.C. I am also sending copies of this correspondence to Campbell for the record.

The question that now arises, as I mentioned the other day, is that of Government capital participation. On looking through the earlier papers, I see that in a savingram of the 5th February, of which I also attach a copy, we told you that the Secretary of State deprecated Government money going into the scheme without the association of risk capital and in your speech to Legislative Council you brought out this point and in a subsequent telegram said that Legislative Council had accepted your proposition subject to similar acceptance by the Sheep Owners Association. As I understand it, there is no prospect of any early financial participation in the scheme by either the Falkland Islands Company or the other local sheep farming interests, but the Falkland Islands Company have

/ "mentioned"

SIR MILES CLIFFORD, KBE., CMG.

"mentioned" the possibility of putting some money into the scheme in two or three years. It would be useful if you could say what your views now are as to Government participation in the light of the above and what, if anything, should be said to Campbell about it. Perhaps you would like to drop in and have a word some time?

Yours sincerely

C. M. H. Harrison

(C.M.H. Harrison)

MEM 157/158/01

12 January, 1953.

(112/AMP
(338/P18

Sir,

Falkland Island Freezer

I am directed by Mr. Secretary Lyttelton to refer to Mr. Daly's letters of the 17th and 30th December concerning an application for further capital sanction in connection with the above-named project.

2. I am to convey to you the Secretary of State's authority for further capitalisation of the project to the amount sought (£137,000), under long-term loan conditions, on the understanding that the Corporation will endeavour to conclude at an early date a firm agreement with the South American Export Syndicate, appointing the latter as managing agents of the project. In the event of the negotiations for such an agreement failing to reach a successful conclusion, he would wish to reconsider the position; and he would therefore

/be

W. RENDELL, ESQ.,
CONTROLLER OF FINANCE,
(COLONIAL DEVELOPMENT CORPORATION),
33, HILL STREET,
LONDON, W.1.

be grateful if this Department could be kept
especially informed of the progress of the
negotiations.

I am, Sir,
Your obedient servant,

(Sgd) C.S. ROBERTS

30 Sept 60
Eschwege, France

157
MED 157/158/01

5 January, 1953.

Dear Skidmore,

You already have under consideration the recent correspondence between the Colonial Development Corporation and ourselves about the financial needs of the Falkland Islands Freezer (O.S.S. letters of 17th and 30th December and Colonial Office letter of 29th December).

When a previous application from the Corporation for further capital sanction for this scheme was considered at the beginning of 1952 they were informed that in the Secretary of State's view continuance of the scheme could be justified only if the definite cooperation of the local sheep farming interests could be ensured. The latest correspondence with the Corporation shows that there is still no prospect of early financial participation in the scheme by any outside interests, nor has any contract been concluded with the Falkland Islands Company for the supply of carcasses. We gather, however, from oral discussion with the Corporation that one of the conditions on which the South American Export Syndicate are prepared to undertake the future management of the scheme is that they should be given a free hand in the conduct of business and that in their view they cannot afford to run the risk of being tied down to what might prove to be an uneconomic purchase price for a long time ahead.

/The

D.L. SKIDMORE, Esq.,
TREASURY.

The Corporation have considered the possibility of seeking a contract with the Falkland Islands Company whereby supplies might be assured for a number of years ahead on an understanding that reasonably remunerative prices would be negotiated annually in the light of current circumstances; but they have decided not to risk upsetting a delicately poised position by seeming to cast doubts on the Falkland Islands Company's good faith or by appearing to want to teach the Export Syndicate their own business before they are definitely committed to the management. Both the Syndicate and the Corporation are apparently satisfied with a written undertaking which they have from the Falkland Islands Company to cooperate in every way open to them, short of immediate financial participation, in helping the scheme forward.

After personally reviewing the circumstances of the Corporation's application for further capital sanction to the amount of £137,000, Mr. Lyttelton has reached the conclusion that the apparent good will of the Falkland Islands Company and the expectation that the future management of the scheme will be efficiently conducted by an organisation which is well experienced in this type of business justify his granting the authority which the Corporation is seeking. He proposes therefore, subject to consideration of the Treasury view, to approve the application on condition that a firm agreement is concluded early between the Corporation and the South American Export Syndicate, appointing the latter as managing agents of the scheme.

For reasons which I have explained to you over the telephone, it is necessary that a definite decision in this matter should be reached within a week or so, and we should be most grateful for your cooperation to this end.

With the Secretary of State's consent I have conveyed to the Corporation interim authority to incur expenditure of up to £18,000 on the purchase, insurance and shipment of some equipment which is urgently needed in the Falklands, in anticipation of the present

/application

101
application being granted. You had previously told me that the Treasury were agreeable to this.

Yours sincerely,

(C.S. Roberts)

Secretary of State for the Colonies.
Officer Administering the Government of

~~PALESTINE~~

From
Re 5 February, 1952.

No. 20 Saving

CONFIDENTIAL

Your telegram No. 8 Confidential.

Colonial Development Corporation.

I have considered the Corporation's application for additional capital sanction for the Freezer in the light of your advice and I now enclose for your information a copy of a letter which has been sent to the Corporation.

2. My reasons for not favouring your suggestion that the Colonial Government should participate in the new capital required are as follows:-

- (a) I attach importance, as a matter of general policy in cases of this kind, to getting commercial interests to have a stake in the success of the venture. This requirement would not be satisfied by substituting Colonial Government for United Kingdom Government capital.
- (b) Pending receipt of your 1952/53 Draft Estimates, I must reserve judgement whether the Colony could justifiably find the £50,000 (approximately) required for participation on the scale you propose.
- (c) Willingness of Legislative Council to approve Government participation would no doubt depend to a considerable extent on votes of unofficial members representing sheep farming interests. It seems better that they should first be approached about investing their own money.

3. Negotiations with local interests indicated in the enclosed letter would of course be undertaken by the Corporation; I will inform you should your assistance be desired.

SECMR.

30th January 1952.

MED 157/158/01

After our conversation on the 23rd January about the Falkland Islands Freezer, I discussed the position with the Secretary of State. As I said at the time, the Secretary of State recognises the development element in the scheme to which the last paragraph of the application forwarded with Winterbotham's letter of the 8th November refers; but he still holds the view, which I reported to you orally, that the continuance of the scheme could be justified only if the definite co-operation of the local sheep farming interests can be ensured. This might be done either by a reasonable participation on the part of those interests in the additional capital now required, or by a firm contract with them for an adequate supply of carcasses of suitable quality, or both. Failing both, Mr. Lyttelton regards the first of these alternatives as the better, and, in any case, I got the impression from you at our discussion that the chances of negotiating the second are very remote.

The Secretary of State realises, however, that private capital is not likely to be forthcoming if it has to rank behind the existing capital. There are, no doubt, many possible variations by which the particular difficulty could be met. I told Mr. Lyttelton of your tentative suggestion to write-down the existing capital by about £200,000. In that case, presumably the new capital would rank pari passu with the old capital at its written-down value of some £50,000 - or, if you prefer, it could rank in front of the old capital, the old participating "50/50" with the new, after the new has received a certain percentage. Something on these lines would be acceptable to the Secretary of State.

The Secretary of State is not, however, prepared to give sanction at this stage for the additional £208,000 for which the Corporation have applied, leaving the negotiations with the sheep farming interests in the Colony to be followed up at leisure. He feels that this point must be settled before he can decide whether this scheme should carry on to completion or not. He appreciates, however, that the negotiations are expensive, which as present salaries and wages, must go on while negotiations are in progress, prepared to recommend to the Treasury any excess expenditure on your present authorised capital which may be attributed to such inevitable current expenses. The Secretary of State does not favour the idea (put forward by the Governor) that the Falkland Islands Government itself should contribute to the new capital.

I hope this has made the position clear. If the Corporation see any difficulty in proceeding on these lines, I think the best plan would be for you to suggest to the Chairman that he should take an opportunity to discuss the matter personally with the Secretary of State.

(Sgd.) A.H. Poynton.

| | |
|------|-----|
| 18 | 18 |
| 18 | 15 |
| 144 | 90 |
| 18 | 18 |
| 1324 | 270 |

105

J. H.

Called for these p.p.

Telegram from Sir Miles is at 95

20/2/53

DECODE.

TELEGRAM SENT.

From GOVERNOR to SECRETARY OF STATE

Despatched: 10.2.53 Time: 1600 Received: Time:

No 34. Your telegram No 24. Freezer. Following for
Sir Miles Clifford begins.

Surplus revenue for 1952/53 was derived from increased company and income tax resulting from 1951 wool prices which will not repeat itself during 1953/54. In order to present balanced budget for 1953/54 I am making provision of £10,000 only for contribution to Freezer. Can I assume that Secretary of State will approve this expenditure. Grateful also further details of local company and board as I understand Holders will only manage project provided they have completely free hand. Ends.

OFFICER ADMINISTERING THE GOVERNMENT

GTC
SS

DECODE

TELEGRAM SENT.

197

From SECRETARY OF STATE to GOVERNOR.

Despatched: 10.2.53 Time: 1510 Received: 11.2.53 Time: 0845

No 29. CONFIDENTIAL. My telegram No 23. Freezer.

Firm arrangements have now been made for South American Export Syndicate to manage project.

2. A Company to be named "The Falkland Islands Freezer Company" is being formed in which South American Export Syndicate will also participate financially, on Board of which they will have two representatives. Board will also include Young of the Falkland Islands Company.

SECRETARY OF STATE

Jan 23/2

File pl.
(Intld) J.B.
11/2

HCS

0588/Secret with HCS pl.

GTC
SS

11/2

108

Y.H. 14. pl see 100/107

DECODE.

For 0588 Secret pl.
TELEGRAM SENT.

From SECRETARY OF STATE to GOVERNOR

Despatched: 24. 2. 53. Time: 11.45 Received: 24. 2. 53 Time: 14.05

In 0588 Secret.
No. 36. Your telegram No. 34 Freezer. Following from Sir Miles Clifford begins:-

Provided - Secretary of State agrees to contribution in face of non-participation by Sheep Owners' Association I would see no objection if necessary to payment of £10,000 this year i.e. 1952/53 for which there was provision and £10,000 next year i.e. 1953/54. Payment should in any event be below line for although I have said normal development should be met from revenue this cannot I think be held to apply to our only contribution to external Corporation.

2. As I understand it South American Exports Syndicate are being given free hand but will operate through a local company. Ends.

SECRETARY OF STATE

G.T.C. VP

Decode 121.
(Intld) JB 24/2.

ECODE.

TELEGRAM SENT.

From GOVERNOR to SECRETARY OF STATE

Despatched : 26.2.53

Time : 1400

Received :

Time :

109
No 46. Your telegram No 36. Freezer. Following for Sir Miles Clifford begins. As provision in current estimates was approved by Legislature on strict understanding that it was to make up balance of £50,000 to be provided by Sheepowners' Association I do not feel we are entitled to utilize it without further reference to Legislature in view of Sheepowners' non participation.

2. Your reference to below line is not clearly understood but I interpret it that if necessary we should budget for a deficit. If this assumption correct do you wish provision for 1953/4 to be increased to £20,000. Ends.

OFFICER ADMINISTERING THE GOVERNMENT.

GTC
SS

ACS
For file 0588/Secret
SS
26/2.

111

TELEGRAM SENT.

From SECRETARY OF STATE to GOVERNOR

ed: 26.2.53 Time: 1000 Received: 26.2.53 Time: @ 1330

No 39. CONFIDENTIAL. Grateful if you will convey following from Lord Reith - Colonial Development Corporation to

- (1) Major N.K.Cameron of East Falkland.
- (2) Mr.Hugh Harding of West Falkland. Begins.

Colonial Development Corporation grateful you accept seat on Board of Company being incorporated operating Ajax Bay Freezer. Other Directors Cochran (to be Chairman) and Rendell(of Colonial Development Corporation,London) Eastburn and Jones of S.A.E.S., Young of S.A.E.S., Young of Falkland Islands Company and one Falkland Islands Government's nominee. (To (1) only) Mr.Hugh Harding (to (2) only) Major N.K.Cameron also approached. Corporation writing but would appreciate cable response. (To Harding only) anxious you be local chairman.

Sir Miles Clifford agrees conditionally appoint Harding and Cameron.

SECRETARY OF STATE

GTC/CGG

TWned-SS

ACS
for 0522/26/2.??
26/2.

112

F. H. P. 111

You may wish to deal with this
personally?

 27/2

28th February, 1953.

113

Dear Harding,

Lord Reith has asked me to extend to you an invitation to accept a Director's seat on the Board of a Company which is to be incorporated to operate the Ajax Bay Freezer. He is also anxious that you will be the local Chairman.

Other directors will be two from the Colonial Development Corporation, three from the South American Exports Syndicate, Young of the Falkland Islands Company and Cameron (to whom I am also writing). 114

I am afraid that I am still a little in the dark about the detailed plans for the Freezer as all these arrangements have been made in London.

It seems clear however that South American Exports Syndicate are going to manage the project and also participate financially in the Company.

The Sheep Owners' Association are still not willing to participate at the moment but Young has promised the good will of his Company.

Sir Miles Clifford is anxious that Government should make a token contribution and this will be put to Legislative Council at the forthcoming Budget meeting.

Can you please let me have your decision telegraphically.

Yours sincerely,

(Sgd) Colin Campbell

Capt. H. C. Harding,
P HILL COVE.

28th February, 1953.

Dear Cameron,

114

Lord Reith has asked me to extend to you an invitation to accept a Director's seat on the Board of a Company which is to be incorporated to operate the Ajax Bay Freezer.

Other directors will be two from the Colonial Development Corporation, three from the South American Exports Syndicate, Young of the Falkland Islands Company and Harding (to whom I am also writing). 113

I am afraid that I am still a little in the dark about the detailed plans for the Freezer as all these arrangements have been made in London.

It seems clear however that South American Exports Syndicate are going to manage the project and also participate financially in the Company.

The Sheep Owners' Association are still not willing to participate at the moment but Young has promised the good will of his Company.

Sir Miles Clifford is anxious that Government should make a token contribution and this will be put to Legislative Council at the forthcoming Budget meeting.

Can you please let me have your decision telegraphically.

Yours sincerely,

(Sgd) Colin Campbell

The Honourable,
Mr. N.K. Cameron, J.P.,
PORT SAN CARLOS.

DECODE.

115

TELEGRAM SENT.

From SECRETARY OF STATE to GOVERNOR

Despatched: 26th Feb. '53 Time: 0900 Received: 26.2.53 Time: 0915

No 38 Freezer. Message from Sir Miles Clifford
passed to you in my telegram No 36. 109 9

I have no objection Government contribution as

9 { approved.
proposed

if
after

SECRETARY OF STATE.

P.A.
(Intld) J.E.B.

ACS

for file 0588 / Secret
88
26/2.

54.
to see.
27/2

GTC
SS

DECODE.

TELEGRAM SENT.

From SECRETARY OF STATE to GOVERNOR

Despatched: 4.3.53

Time: 1255

Received:

Time:

110

No. 42. Your telegram 46. Freezer. Following from Sir Miles Clifford begins:- I had already warned Chairman that Legislative approval would be required and perhaps with budget session coming on so soon it will be best to leave until my return.

2. Your paragraph 2. My present policy is to carry out development works strictly from revenue. In the case under consideration I would have no objections ^{to drawing} on reserves.

Secretary of State.

Y.H.

F.i. revelant telegram is at p.110.

(Intld.)

J.E.B.

4.3.53

G.T.C.
CGG

*CS Telegram at once
to come early. Q
9.1.5*

Seen p.a.
(Intld.)
C.C. 4.3.

ECODE.

TELEGRAM.

From Mr. N. K. Cameron, Port San Carlos.

To The Officer Administering the Government.

Despatched : 3rd March, 19 53 *Time :* 1400

Received : 4th March, 19 53 *Time :* 0845

— 114
Your letter February 28th. I agree. Writing.

CAMERON.

P/L.
SS

GOVERNMENT TELEGRAPH SERVICE

FALKLAND ISLANDS

RECEIVED

118

| Number | Office of Origin | Words | Handed in at | Date |
|--------|------------------|-------|--------------|--------|
| 4 | F.BAY etat | 19 | 0900 | 3/3/53 |

To

COLIN CAMPBELL SULLIVAN HOUSE STANLEY.

113

WITH REFERENCE YOUR LETTER DATED FEBRUARY 28th I SHALL BE
PLEASED TO ACCEPT

HARDING.

CS

Time
SJS.

DECODE.

TELEGRAM SENT.

From GOVERNOR to SECRETARY OF STATE

Despatched: 4.3.53 Time: 1110 Received: Time:

No 48. CONFIDENTIAL. Your telegram No 39. Grateful
if you will convey following to Lord Reith begins.

Ajax Bay Freezer Company. Mr. Hugh Harding accepts
seat on Board and nomination as local chairman. Mr. N.K.
Cameron accepts seat on Board. Ends.

OFFICER ADMINISTERING THE GOVERNMENT

GTC
SS

FCS

att for file 0500/secret with
HCS pl. S.S.
5/3.

cc For 0588/Secret with you please.

120 #8

DECODE.

TELEGRAM SENT.

From SECRETARY OF STATE to GOVERNOR

Despatched : 6.3.53

Time : 1525

Received : 9.3.53 Time : 0845

No 44. Your telegram No 47. Following from Sir Miles Clifford.

I have had discussion with Chairman, O.D.C. and am satisfied with arrangements under which project will be controlled and directed by South American Export Syndicate with their long and successful operations this business. Appointment local Board ~~directive~~ should ensure smooth working and I trust farmers will give their whole-hearted support to venture.

0588/Secret.

121 ~~115~~

DECODE.

TELEGRAM SENT.

From GOVERNOR to SECRETARY OF STATE

Despatched : 16.3.53

Time : 1100

Received : Time :

No 57. CONFIDENTIAL. Following for Sir Miles Clifford begins:-

Budget Session ended 12th March. Only item deleted was Freezer contribution as members felt participation should be joint with Sheep Owners Association and would not be persuaded that Government should give a lead. It is possible that they may change their minds when more detailed information available on your return. Ends.

OFFICER ADMINISTERING THE GOVERNMENT

GTC
CGG

DECODE.

TELEGRAM SENT.

From GOVERNOR to SECRETARY OF STATE

Despatched: 27.3.53 Time: 1200 Received: Time:

No. 71. CONFIDENTIAL. Your Telegram No. 39 of 1953. Following
for Sir Miles Clifford begins:-

Freezer Company. I have no knowledge of methods by which C.D.C. selected local directors of Freezer Company but assume that your advice was sought. If this is so and a vacancy still exists I would recommend that J. F. BONNER should also be appointed. Apart from being landlord he appears to have taken keen interest in project and has for some time acted as guide,,philosopher and friend to Ajax Manager. I also gather that he is bitterly disappointed in not being included among local directors to the extent of becoming obstructive by declining to second labourers for opening season and proposing to charge exorbitant tariff for freezer sheep passing through his land. If he is a Director I feel not only will this nonsense cease but also that he will be a very useful Member of the Board.

Ends.

GTC.
JB.

DECODE.

TELEGRAM SENT.

123

From SECRETARY OF STATE to GOVERNOR

Despatched: 8.4.53 Time: 1310 Received: 8.4.53 Time: 1400

No. 58. CONFIDENTIAL. Your telegram No. 71. Following from
Sir Miles Clifford, begins.

I was consulted about composition of local Board and agreed upon one each West and East plus Falkland Islands Company and Government. I gave Cameron preference to Bonner just because latter was landlord and it seemed best not to tie his hands. Agree he would be a useful member but Board already unwieldy and alternative would appear to be between making him "alternate" to Cameron or allowing him to be Government nominee instead of Oliver but I do not care for that solution. Ends.

SECRETARY OF STATE.

G.T.C.
JB.

G.A.
File 122
8/4
mm
9
174

FA

Write
acrossORD 63 OPHAS honDon 30 1050 11/4/53⁵⁵

OFFICER Administering Government 60

Psy

65

368 Alelo EXLGC SHZFR Edall 70

DELOT AZEIV DNLXC ALENR HZADS⁷⁵~~ULIFE~~ ~~ZEXAT~~ ~~EXXXX~~ OCUZV ULIFE⁸⁰~~BLWAL~~ ~~TXXXX~~ LEZTU ULICH EXSBO⁸⁵~~CDORX~~ ~~ABABY~~ ~~ULICH~~ ~~ZEXAT~~ PNLN⁹⁰

Velo

95

(ALELO)

100

105

Advise you Eastburn, Falkland Is.¹¹⁰Company and corporation agreed¹¹⁵invite BONNER San CARLOS¹²⁰join FIFCO Board (.) BOYD¹²⁵taking action¹³⁰

Velo

135

G.A. f.i.

140

11/4

Lung
17/4

145

150

125

COLONIAL DEVELOPMENT CORPORATION

CHAIRMAN'S OFFICE

33 HILL STREET
LONDON · W. 1

22nd July, 1953

My dear Excellency,

5881/E Thank you for your notes of May 23, already acknowledged by Mr Brook, and of July 6 both of which I read on return from Central Africa last Friday. Most helpful they are.

Your comments on the freezer and on Mr Fletcher's report are very welcome. There are obviously many things which need putting right; the report (and comments) will be of great value to the board of the Company, which has now been incorporated.

Mr Cochran has seen Mr Harding; he lunched here on July 2 and there was, so I hear, a very useful discussion afterwards. Both he and Mr Bonner will be here next week when the Company holds a board meeting.

You will recall that, when you were here in January, I mentioned that -

- (a) South American Export Syndicate, which has taken on the managing agency, would be paid partly in shares;
- (b) Falkland Islands Company would not be coming in with us financially, but that we were assured of their good-will; and that Mr Young would serve on the board.

This is all working out amicably, and we will make sure while Messrs Harding and Bonner are here that the local board's functions vis-a-vis the works manager are clarified.

Company will be needing working capital soon, and we would now welcome a share subscription from your Government. I was sorry to learn, through the Colonial Office, that the Legislative Council had not included in its budget the £20,000 originally agreed. I have no doubt this was because you were away, and by now you will have put it right.

As to the £30,000 which we had hoped originally to get from the sheep owners, when we spoke here you did not think there would be any difficulty in getting the full £50,000 from the Government. Is there any hitch about this? *There is indeed.*

Because of communication delays it seems best to enclose a blank form of application for your Government's shares with this letter. Perhaps you would be so good as to have this filled in and handed to the Company secretary in Port Stanley. It would be a convenience if the share money were also paid locally to the Company's account with the Falkland Islands Company.

The Articles have now been completed and a copy is enclosed.

Yes indeed - a masterpiece for the understanding comment after reading the 1952 Report. More a liquidator's job to be had.

Anna best wishes.

2 caren coast

Lee Robinson

His Excellency Sir Miles Clifford, KBE, CMG,
Government House,
Falkland Islands.

CP. Sg

I It is a great pity that a copy of the Articles was not given to us before and that I was not told that they were fixing the Capital at £360,000. The valuation of £100,000

(which is quite absurd) quoted by Culnith comes straight from Harry but I do not think that they appreciate that the Company does not have to pay interest ^{on capital} for the first 7 years ^{by Government}.

I still think that a token participation - and £20,000 except be nothing more - would be entirely proper ~~and~~ but I will take up the point about share capital with Chairman. *Mo. 10 VII*

Copy.

First copy in 1576 "Joint
Councils Conference"GOVERNMENT HOUSE,
STANLEY, FALKLAND ISLANDS.Copy in 0284/VI Estimates
1953/54

10th August, 1953.

FALKLAND ISLANDS. Copy in Conf/0558.- *Inez*No. 144 COLONY.

Sir,

I have the honour to enclose for your information the minutes of an informal meeting of the Executive and Legislative Council which I convened recently to discuss a number of important issues. The second of these, the Major Public Works programme for Port Stanley, I have already telegraphed about (my telegram No. 139 of 30th July refers) and I need mention here only the third which arose from the third paragraph of your Despatch No. 79 of the 17th June.

2. As you will see from the Minutes, I again expressed my conviction that the Government should participate in the Freezer project, if only as an act of faith but I was unable to move Unofficial Members whose opposition had hardened since the matter was raised in the debate on the Estimates in March. I was at some disadvantage as the Corporation had not sent me a copy of the Articles (I only received one today from the Chairman) and did not know what figure the Company's share capital had been finally decided. When I discussed this particular aspect last year with Mr. Young of the Falkland Islands Company and the Corporation's representative (Mr. Phillips) then in the Colony, we were given to understand that the project could be completed for £380,000 and I thought myself that the capital ought to be written down to £200,000 (and so stated in letter of 14th March addressed to Lord Reith) and with that sum in mind have consistently urged the propriety of Government participation even though the Sheep Owners' Association should hold aloof. Mr. Young's figure was £100,000 and it is on this figure which he doubtless aired to them, that Unofficial Members have taken their stand. It is indeed difficult to see how the Company can meet its overheads, much less provide any return, if burdened with a capital commitment of this order; and there is still quite a deal of expensive work to be undertaken before the unit can operate efficiently. I have already agreed that the venture should be exempt from taxation during the early years of operation and I am hopeful that conversations with members of the local Board, now in England, will persuade the Corporation to take a more realistic view of the financial structure of the Freezer Company; it will assist me to present a stronger case for Government support if I can inform the Legislature that this question of capital is to be reviewed. I shall be much obliged if you will pursue the matter further with the Corporation.

I have the honour to be,
Sir,
Your most obedient,
humble servant,

(Sgd.) MILES CLIFFORD

GOVERNOR.

THE RIGHT HONOURABLE
OLIVER LYTTTELTON, P.C., D.S.O., M.C., M.P.,
SECRETARY OF STATE FOR THE COLONIES.

*in 1576**0825/I**43 in 0284/II**A*

12th August, 1953

125

Thank you for your airmail letter of the 22nd July with which you enclosed a copy of the Articles of Association of the Falkland Islands Freezer Company.

I hope that conversations with Harding and Bonner, to which you referred, have proved helpful and profitable.

I note that you will be needing working capital soon but regret to tell you that I have struck a snag over the anticipated contribution from Government. Provision for this was made in the draft estimates for this year, at my request, but was thrown out by the Unofficial Members who, as I think you know, have now a majority. Undeterred by this and still firmly persuaded that Government should contribute even though the Sheep Owner's Association held aloof, I pressed this view at an informal Conference of the Executive and Legislative Councils which I convened a fortnight ago. Once again the Unofficials voted unanimously against it on the grounds that with a capitalisation commitment of £360,000 the Company could not conceivably operate at a profit and that the Government had, therefore, no right to commit public funds to the venture. This came as a surprise to me as I had not seen the Articles of Association, although apparently one of the local directors, who is also an Unofficial Member of Council, had seen one and had advised his colleagues. If you will remember, I noted the question of Government support following on a meeting with Young and Phillips, your representative, in April of last year. At that meeting Phillips had given us to understand that the final cost would be £380,000 at which figure Young regarded it as hopelessly over-capitalised and expressed the opinion that it could have been built for £100,000 and that the project could not carry a capital burden in excess of this. I demurred and said that in my view £200,000 was a more reasonable figure and this I quoted to you in a letter addressed to you after that meeting. That figure has remained clearly in my head throughout so that when I was informed in England that construction costs were being written down by about £200,000 I assumed that the Company's ultimate capital, to which I expected to contribute, would be £200,000. *this allowed for a certain measure of under-estimating by Phillips* /I have not.....

Lord Reith, P.C., G.B.E., G.C.V.O.,
Chairman,
Colonial Development Corporation,
LONDON, W.1.

I have not given up the battle and shall return to the attack if there is a further meeting of the Legislature before I leave the Colony, but it would help me very much if I could tell Honourable Members that there was a likelihood of further revision by you.

MILES CLIFFORD (SIGNED)

12th August, 1953

127

I have written to the Secretary of State in this mail on the subject of the Falkland Islands Freezer Company and the proposed contribution to it by Government; this, as you will have seen, has been strenuously opposed by Unofficial Members on the grounds that the Company is grossly over-capitalised and is not, therefore, a sound investment for public money. I was batting on a bad wicket as I did not know until the figure was quoted by one of the Unofficial Members that the Share Capital of the Company had been fixed at £360,000. I have referred you, in the despatch in question, to the assessment of final cost of £380,000 as quoted by the Corporation's representative. I had myself thought that £200,000 was as much as the project could carry and since I was informed in England that the construction cost was to be written down by about £200,000 I assumed that this latter figure would represent the Company's capital. At that figure I would consider it to be a workable proposition and remained firmly of the opinion that we should contribute as an earnest of Government support, but at £360,000 I cannot gainsay the misgivings of Unofficials. I fear that Reith will be disappointed and that Department may be also, although Harrison's letter to me on this subject while I was in England, which was copied to Campbell, left him with the impression that the Colonial Office was not itself convinced of the propriety of a Government participating if the farmers withheld their support. However, there it is and I am afraid there is nothing much that I can do unless the Corporation decide to review the figure.

allowing for
some under-
estimate

Lthe

Bennett, our Registrar, who has recently returned from leave, tells me that you have been approached by one Gosse (Secretary of the Labour Federation) for an interview regarding "matters over which they have failed to get satisfaction". I would be glad to know what this is all about since when I left the Colony last year to go on leave, relations with Labour were entirely amicable and Campbell has no knowledge of anything which could have upset them during my absence. I suspect that it is just another nonsense and a case of Gosse trying to justify his salary from the Federation, but I would be interested to know.

MILES CLIFFORD (SIGNED)

Reply at 131

The Consulate at Montevideo short shipped 3 C.O. Bags on this last mail so that we have very little from you.
W.A. Morris Esq.,
COLONIAL OFFICE

COLONIAL DEVELOPMENT CORPORATION

CHAIRMAN'S OFFICE

33 HILL STREET
LONDON · W. 1

29th September, 1953

Hydrocarbon

130 Thank you for your letter of August 12. The conversations with Mr Harding and Mr Bonner have been most valuable to us here.

As to the question of the Freezer Company capital, when you refer to one of the local directors of the Company who is also an unofficial member of council, I imagine you mean Mr Cameron. It seems his advice was based on a confusion between authorised capital and issued capital.

The £360,000 he quotes as appearing in the Articles of Association is the total authorised capital; and not all will be issued.

The Corporation is making over the capital assets (buildings, plant, etc) to the Company at £250,000, made up of 240,000 5% £1 preferred shares and 10,000 £1 deferred shares. This was accepted at a meeting of the Company board here on Monday at which Mr Young, Mr Harding and Mr Bonner were all present.

As things stand now, that is the issued capital; and this means that the Corporation has written down the total capital cost by considerably more than £200,000.

Provision was made in the Articles for a higher authorised capital to allow of -

- (a) Government's contribution;
- (b) any possible future contribution by Falkland Islands Company;
- (c) the 2,000 preferred shares which South American Export Syndicate Ltd will receive each year for three years as part of their management fee;
- (d) any other contingencies.

*This puts a different light on matters and will return change at next meeting
Leg. Co.*

132

The contributions envisaged under (a), (b) and (c) above would be used to meet working capital requirements. At the moment the whole of the amount required is being provided by the Corporation by way of temporary loan. X

I hope this is all clear and that it will help you to bring the battle to a successful issue. I am so sorry you are having such trouble.

Yours best wishes,

Yours ever,

Leicester

His Excellency Sir Miles Clifford, KBE, CMG,
Government House,
Falkland Islands.

Yes looked (132) on file
to reply to Lord Ruck.

31.10

See 132

Ref: F.I. 0588/133

13th October, 1953

My Dear Chairman,

Thank you for your letter
of the 29th September and the
further information about Ajax
finance which it contains. I have
been asked to stay on until the end
of January so battle will be
resumed on 26th November and I will
telegraph outcome.

131

I am telegraphing
separately, and I trust reassuringly,
in reply to your other letter about
meat inspection.

With best wishes,

Yours ever,

(SG) MILES CHIFFORD.

Lord Reith P.C., G.B.E., G.C.V.O.,
Chairman,
Colonial Development Corporation,
LONDON, W.1.

07 for your view
on (131) 22/10

H. C. L.

D. 131. We spoke.

2. I do not find the information given at all convincing - before one could judge whether the proposition was reasonable the following information is required.

According to Young, they have.

There should be very small for the next 10 yrs.

As I understand it they are getting a fixed payment annually but I am not certain as to the services they are to perform.

- a. Anticipated receipts - have any firm arrangements been made for obtaining sheep.
- b. Anticipated operating costs - it should not be overlooked that the writing down of capital assets does not reduce the costs of repairs and renewals.
- c. Estimated working capital required.
- d. How much has C.D.C. provided by way of loan - what are the terms?
- e. What precisely is the arrangement with S.A. Export Co.?
- f. Do C.D.C. intend completing all capital works and then handing over for £250,000, or is the Company committed to completing and if so what is the estimated cost - this may be bound up with d above.
- g. Is the Company taking over any liabilities from C.D.C.?

3. Please note para 5 of the Memorandum of Association and the terms of the application form we have received. This may be read as envisaging the seeking of more capital carrying higher preference. Are the shares being issued to C.D.C. to be subject to these terms?

4. I make these points because when discussing the matter in Select Committee it was quite obvious that the unofficial members had quite a different conception than my own.

This, too, is my view.

My own conception is that providing Govt. is satisfied the project is put on a reasonable working basis then because of the benefit it would

confer upon the Colony as a whole, Govt
would be supposed to contribute what
might be regarded as a loan in perpetuity.

The unofficial members left me with no
doubt but that they considered the
matter in the light of a normal investment
which would, if not immediately, at least
within a reasonable time provide a direct
return and that they would expect the
money back in the event of the project falling
up. They made it quite clear that when
originally approving a contribution subject to
the S.O.A also contributing that they did so
not because they considered the cooperation
of the S.O.A essential to the project coming
to a successful fruition but because they
considered that if the S.O.A thought it a
good risk it was safe enough for anybody's
money. In other words they had no faith
in the executive's judgement and if we
press the matter again without having a
great deal more to go on than we have at
present they will consider their lack of faith
justified, and it appears to me that in
putting the matter again that they must
be made to see the investment in a different
light.

J.E.B.
22/10/53

C.T.'s minute reflects the opinion at the select C.I.T. meeting in March but my impression of the Joint Conference (11) 4.15.76 attached is that they were a little less uncompromising but were not at all happy about the lack of information. This will presumably now be supplied by Messrs Harding & Bommer.

2) In view of all the circumstances, I suggest that it might be advisable to discuss in Ex. B. again before the Reg. Council meeting.

CS

23/10

I have received a letter from Mr. Garry which reports meeting with CDE by himself, Harding & Bommer; it seems that they accepted the 'hand-over' ^{of assets} at £250,000 + £10,000 and that F.I.C. are prepared to 'push' mutton & beef carcasses for the Fregata. I think everything will turn on the degree of control which is vested in the local Directorate.

I hope that Messrs Harding & Bommer will come over as soon as possible — please ask them to do so. You and C.T. should be present.

MC 23

46 — I have arranged
11 am to-morrow
(Sakuridori)
23/10

There is a letter from Mr. Harris in mail — it contains nothing we did not know, however.

137

OS

Please second brief precis of this
mornings discussion with Henry Harding & Bonner.

mc. 24
X

GE. - Draft precis of. Appo. 27, 10

Appo. Subject to confirmation by CT on p 2.

mc. 27
X.



For Secret
Freezer file



138

My Reference: MED 157/158/01

COLONIAL OFFICE,
Church House,
Great Smith Street, S.W.1.

9th October, 1953.

Dear Clifford.

You wrote to me on the 12th August on two points - the capitalisation of the Freezer Company, and an approach to us by the Secretary of the Labour Federation. I have just replied separately on the second point.

We took up with the C.D.C. the point whether the capital of the Freezer Company had been fixed at £360,000, as stated by one of your unofficial members in the course of debate. I enclose a copy of a self-explanatory letter from Dumbleton, of the Corporation, to Willis. It looks from this as if you will already have had the same information in a letter from Lord Reith.

You will see that the issued capital is evidently to be £260,000 for the time being, although a further 6,000 preferred shares are evidently to be issued over three years to the Export Syndicate. The larger figure for the authorised capital is to enable further issues of shares to be made in respect of contributions by your Government or by the Falkland Islands Company.

The total issued capital is still rather above the £200,000 mark which you said in your letter that you understood the construction cost was to be written down to. I hope that this information will help you with your unofficials, as clearly it is the issued and not the authorised capital which represents the current capitalisation of the undertaking. You will notice from Dumbleton's letter that a Government contribution would evidently be welcome as providing further working capital.

I think that probably we need not send an official reply to your despatch No. 144 of the 10th August, until you have got from this d.o. correspondence the information you asked for. Would you let us know how this now looks to you on the basis of this information?

Yours sincerely,

W. A. Morris

(W. A. Morris)

See 155.

Sir Miles Clifford, K.B.E., C.M.G., E.D.

Yes has seen this?
Yes - re. file.
HUC 23
✓

COPY



COLONIAL DEVELOPMENT CORPORATION,
33 Hill Street,
London, W.1.

112/ANP

5th October, 1953.

M.A. Willis, Esq., M.B.E.,
Colonial Office,
Sanctuary Buildings,
Great Smith Street,
London, S.W.1.

Dear Willis,

Falkland Islands Freezer.

Thank you for your MED 157/158/01 of 1st inst.

We had received this information in a personal letter from the Governor to the Chairman to which a reply has already been sent.

There is apparently some misunderstanding as to the total capitalisation. £360,000 is shown in the Articles of Association as authorised capital but not all will be issued.

The Corporation is making over the capital assets (buildings, plant, etc.) to the company at £250,000, made up of 240,000 5% £1 preferred shares and 10,000 £1 deferred shares.

Provision was made in the Articles for a higher authorised capital to allow for

- (a) Government's contribution;
- (b) any possible future contribution by Falklands Islands Company;
- (c) the 2,000 preferred shares which South American Export Syndicate Ltd. will receive each year for three years as part of their management fee;
- (d) any other contingencies.

The contributions envisaged under (a), (b) and (c) above would be used to meet working capital requirements. At the moment the whole of the amount required for this is being provided by temporary loan from the Corporation.

This explanation has been given to the Governor and we hope it will enable him to have the matter favourably re-considered by the Executive and Legislative Councils.

Yours sincerely,

(Sgd.) C. W. DUMPLETON.

140

26

n
on

141

G.E.

(137)

G.E. amendment to draft confirmed
and final copy is at (140)

JB
28/10

Noted. MC. 29/X

G.E.

re spoke.

draft at B.C. sq.c.

JB
5/11

Issue pr.

MC. 6/XI

DECODE.

TELEGRAM.

142

From H.E. the Governor.

To C.D.C. London.

Despatched : 6th November, 19 53 Time 1510

Received : 19 ... Time : ...

Following for Reith begins:-

131

Your letter 29th September would provision
of working capital fully secured by debenture at 3%
but interest free first two years be acceptable if
Legislature still unwilling take up shares. Ends.

GOVERNOR.

GTC
CGG

| | | | |
|-----------|-----------------------------------|-----------------|-----|
| 39 214311 | London 29 | 1540 = 10/11/53 | 85 |
| | Lt Governor | F1 | 90 |
| 531 | accept your <u>November</u> Sixth | | 95 |
| | proposal understanding | | 100 |
| | Fulklund islands Government | | 105 |
| | Now responsible for working | | 110 |
| | Capital requirements stop | | 115 |
| | please confirm and necessary | | 120 |
| | steps will be taken = | | 125 |
| | Reith | | 130 |
| | | | 135 |
| | | | 140 |
| | | | 145 |
| | | | 150 |

142

GOVERNMENT TELEGRAPH SERVICE

FALKLAND ISLANDS

SENT

147

| Number | Office of Origin | Words | Handed in at | Date |
|--------|---------------------|-------|--------------|----------|
| | | | | 11.11.53 |
| To | | | | |
| | WELSH PICTY LONDON. | | | HOA/C |

143

FOLLOWING FOR REITH BEGINS STOP YOUR TELEGRAM NOVEMBER 10TH STOP NINE OF SIXTH WAS
EXPLANATORY ONLY STOP MATTER WILL BE PUT LEGISLATURE THIS MONTH END WHEN I WILL
INFORM YOU OF OUTCOME ENDS,

GOVERNOR

Time

CCC

2/8/

(143)

We spoke.

It is possible X or (142) was mentioned at the other end, but even then we were only asking a question not making an offer.

2. I gave C.D.C. list of knowledge regarding
Breastfeeding Centre at the stage a little
amazing. - Copy sent in at (144)

Nothing surprising in
with CDC.

Seen

A reply is required by end of
of 138. We. 12/2

11/11

CONFIDENTIAL.

*originals handed
back to Mr. Standen 12/10*

146

EXTRACT FROM THE MINUTES OF A BOARD MEETING OF THE
FALKLAND ISLANDS FREEZER CO. LTD. HELD IN LONDON
21st September, 1953.

58. Staff - establishment

Considered: Minute 3 of Directors' Meeting held in Stanley on 30.7.53.

Agreed: (1) Permanent establishment outlined seemed excessive; minimum of four suggested by Mr. Jones too low.
(2) Following considered essential

Works Manager
Works Engineer
Assistant Engineer/Electrician
(preferably with knowledge of plumbing)
Clerk
Tractor/Launch driver and labourer
Two or three labourers.

(3) Local Board to decide on permanent establishment.

CONFIDENTIAL.

EXTRACT FROM THE MINUTES OF A BOARD MEETING OF THE
FALKLAND ISLANDS FREEZER CO. LTD. HELD IN LONDON
21st SEPTEMBER, 1953. (41)

62. Vessels

Referring to Minute 5 of the Directors' Meeting
held in Stanley on 30.7.53 -

No chance whatever and
I cannot think how the
idea could have entered
his head.

I shall be interested
to hear what they offer
for her.

(1) Mr. Bonner thought faint chance Government
might be interested in exchanging MV
"Penelope" and police launch for MV "Philomel"
subject to the latter being available for
hospital duties.

(2) Mr. Young on behalf of FI Co. agreed to
consider purchase of MV "Penelope" during
forthcoming visit.

Agreed: Local Board -

(1) to sell MV "Penelope" to FI Co. if suitable
offer made;

We are not interested?
Or are we i.e. for
F.I.G.A.S.? H/M

Direct swap for present
F.I.G.A.S. boat?

(2) to offer police launch to FI Govt.

(3) subject to above vessels having been sold,
to purchase suitable small motor boat.

CONFIDENTIAL.

148

EXTRACT FROM THE MINUTES OF A BOARD MEETING OF THE
FALKLAND ISLANDS FREEZER CO. LTD. HELD IN LONDON

21st SEPTEMBER, 1953.

67. Skin drying shed.

Chmn reported CDC unable to pay for drying shed which must be built for the account of the company.

C.D.C. willing to lend money for construction, however.

Noted: Estimated cost of £8,000 probably conservative; timber due in FI on October "Fitzroy" from Punta Arenas.

Agreed: (1) Drying shed to be excluded from fixed assets transferred to company by CDC

(2) To be paid for from CDC advances for working capital; SAES authorised to cable £2,300 for immediate payment on account for timber.

(3) Aluminium sheets preferred; quotation by CDC Supply Dept. to be accepted, FI Co. being advised in good time of delivery date. (Mr. Young on behalf of FI Co. offered to make space available from Montevideo).

What are these I wonder?

Do they include construction
plant?

CONFIDENTIAL.

EXTRACT FROM THE MINUTES OF A BOARD MEETING OF THE
FALKLAND ISLANDS FREEZER CO. LTD. HELD IN LONDON

21st SEPTEMBER, 1953.

68. Construction equipment.

This is most important;
Phillips and others promised Government first offer of unwanted equipment and we should press for adherence to this arrangement or otherwise FIC et al will get in first.

Agreed:

Funds to finance drying shed might be made available by sale of CDC Works equipment no longer required by construction team in FIs which would be part of assets transferred to company by CDC.

Local Board to sell surplus equipment, subject to -

- (a) CDC agreeing to price offered in respect of items which originally cost over £1,000;
- (b) minimum sales price not to be less than 50% of cost in case of unused items.

EXTRACT FROM THE MINUTES OF A BOARD MEETING OF THE
FALKLAND ISLANDS FREEZER CO. LTD. HELD IN LONDON
21st SEPTEMBER, 1953.

70. Meat Inspector

We have already
approached M. of F.
to obtain services of
Fletcher again or some
other; we also approached
C.O. Animal Health Adviser
in June re possible replace-
ment for Mr. Oliver if he
leaves us.

Agreed:

SAES reported that without a meat inspector
it would be useless for the freezer to
operate for UK market.

(1) Pursue possibility of FI Govt. appoint-
ing Veterinary Officer who could undertake
meat inspection.

(2) Mr. Harding and Mr. Bonner to raise
locally.

(3) CDC to approach Govt. -

(a) direct;

(b) through Mr. Cameron.

Why?

CONFIDENTIAL.

EXTRACT FROM THE MINUTES OF A BOARD MEETING OF THE
FAIKLAND ISLANDS FREEZER CO. LTD. HELD IN LONDON

21st SEPTEMBER, 1953.

71. CDC loan

This covers the £50,000?

Agreed: Chmn authorised to arrange loans by
CDC to provide working capital if
interest about 5%.

EXTRACT FROM THE MINUTES OF A BOARD MEETING OF THE
FALKLAND ISLANDS FREEZER CO. LTD. HELD IN LONDON

21st SEPTEMBER, 1953.

76. Cattle

I should like to know what
has been done about this:
ask Chairman to keep me
informed.

Mr. Young, Mr. Harding and Mr. Bonner
emphasised that arrangements for processing
of cattle through the freezer should be made
and assurances given to the farmers that
cattle will be accepted next season.

Agreed: Local Board to make arrangements and give
assurances, subject approval of estimates
for additional work.

CONFIDENTIAL.

EXTRACT FROM THE MINUTES OF A BOARD MEETING OF THE
FALKLAND ISLANDS FREEZER CO. LTD. HELD IN LONDON

21st SEPTEMBER, 1953.

78. Price and supply of sheep

Noted: SAES responsible as buying agents for fixing price.

Agreed: Yarōstick for minimum possible price would need to be return that farmers could get without freezer from sale of skins and of carcasses for boiling down.

I hope this will be
promulgated in advance

154

Yh

May I reply to last para of (138)
that after consideration we are recommending
a [£50,000] debenture to Lof Co. which
Reith will accept.

P.
12/11

Acq. unnecessary to mention figure
at this stage - we have not to Reith.

M.C. 16
X₂

DECODE.

TELEGRAM SENT.

From GOVERNOR to SECRETARY OF STATE

Despatched: 17.11.53 Time: 1100 Received: Time:

CONFIDENTIAL. No 213. For Morris begins. Your MED 157/158/01
of 9th October 1953 Freezer. On reconsideration
am recommending to Council that Government
contribution be secured by debenture. This is
acceptable to Reith. Ends.

GOVERNOR

See 166

DECODE.

TELEGRAM SENT.

From GOVERNOR to SECRETARY OF STATE

Despatched: 15. 12. 53 Time: 1051 Received: Time:

No. 246. Grateful you pass to Chairman Colonial Development Corporation begins:-

Grateful information regarding respective responsibilities of

(a) Local Board

(b) London Board and

(c) Managing Agents of Freezer Company and as to whom Project Manager is responsible.

Local directors with whom I have discussed matter are unable to enlighten me. Ends.

GOVERNOR.

Y.L.
forward to sec (138)

29.12

Seen MC 29
29/12

Reply at 157

G.T.C/SS
Typed/CG

DECODE.

TELEGRAM SENT.

From SECRETARY OF STATE to GOVERNOR

Despatched: 23.12.53 Time: 1000 . Received: 24.12.53 Time: 1530

CONFIDENTIAL. No 181. Following personal from Lord Reith. Your telegram No 246. Cannot understand why local directors unable explain chain responsibility which fully explained paper September 21st approved Company Board Meeting with Harding, Bonner present. Indeed they helped draft. Copies sent October 8th for distribution local director. Briefly only one Board with London Committee with certain reserve powers. Project Manager responsible manage agents generally and local members Board daily operations. Another copy airmailed you. Hope hear result Legislative Council Meeting about capital.

SECRETARY OF STATE

45 Above has now been decoded more accurately. The only new piece of information is that the London Board is non-existent & instead there is a London C.tee. Otherwise, as far as I am concerned, the position is just as obscure as ever. *P.2*

GTC
RMG/PMN

158

C9

Donner, with whom I have discussed, ~~still~~ doesn't seem to be clear; where does Barton fit in?

However the attached, lent to me this morning by Mr Barton (who is alter ego for Yang on the London Committee but describes himself as Secretary) throws a little more light on it but still seems very clumsy and I wouldn't like to be Boyd with so many marks.

Better take copies for our files. Done

MC 30
XII

Good
for 1st 3 copies
2 attached & return.
20/12

Cof
153

CONFIDENTIAL.

21 st September, 1953.

FALKLAND ISLANDS FREEZER CO LTD

Responsibilities for Control and Management
(issued in accordance with Board Minute 79)

The following sets out the responsibilities and relationship between the Board of the Company, the London Committee, the Local Board, the Managing Agents and the Works Manager.

2 Works Manager - Mr G.A. Boyd

(1) Responsible to Managing Agents for the whole operation of the Freezer and Abattoir.

(2) Responsible to Local Board for day to day operations and must comply with its instructions provided these do not conflict with the instructions of the London Committee or the Managing Agents' responsibilities and authority.

3. Managing Agents - The South American Export Syndicate Ltd

Responsible to the Board for management and conduct of the business including -

- (a) Purchase of stores, plant, machinery etc;
- (b) Purchase and delivery of live and dead stock for the works;
- (c) shipment and sale of products;
- (d) collection of proceeds;
- (e) insurance; subject CIO opportunity to quote;
- (f) engagement, dismissal and control of staff (subject Board approval in case of Works Manager); transport of same;
- (g) keeping of accounts in FI supervised by FI Co;
- (h) periodic returns and estimates required by Board.

4 Local Board

(1) Members

H. Harding (Chairman)
J.F. Bonner
N.K. Cameron
A.C. Grieve (CIO Regional Controller, Caribbean)
T.P. Jones
Govt nominee
A.G. Barton (alternate to L.W.H. Young)
S.B. Robson (alternate to T.P. Jones)

.../(2) Will

(2) Will deal, as a Board, with all statutory matters; with all local matters requiring local Board decision in so far as this is not in conflict -

(a) with Managing Agents delegated authority and responsibility;

(b) with the powers reserved for London Committee.

(3) In practice the local Board will also be consulted, whenever time permits, before major decisions are taken by the London Committee and will also be asked to decide on matters referred to it by the London Committee from time to time.

5 London Committee

(1) Members -

H.A. Cochran (Chairman)
G.W. Eastburn
W. Rendell (alternate J.C. Walker)
L.W.H. Young

(2) Responsible to full Board, but able to act independently with full powers if required. The London Committee will, in particular, deal with -

(a) Matters requiring consultation with S&L or FI Co in London;

(b) finance;

(c) Changes in policy;

(d) important negotiations.

6 Full Board (with alternates as above)

(1) Members

H.A. Cochran (Chairman)
J.F. Bonner
H.K. Cameron
G.W. Eastburn
A.C. Grieve
H. Harding
E.F. Jones
W. Rendell
L.W.H. Young
Govt nominee

(2) It will be almost impossible in practice for the members of the full Board to meet together in one place as a Board; inevitably it will normally operate as local Board and London Committee in consultation.

(3) While depending on the local Board for advice and leaving matters of only local importance to them, the full Board or the London Committee will be ultimately responsible for the policy and operations of the company since CDC in London has the predominant financial interest.

(Sgd) F.G. Nelson

F.G. Nelson
Acting Secretary.

Copy

164

CONFIDENTIAL

FIF 10/53
21.9.53

FAULKLAND ISLANDS FREEZER CO LTD

CONTROL AND MANAGEMENT

Letter dated 16. 9. 53 from
The South American Export Syndicate Ltd
to Mr. H.A. Cochran

Referring to the decision of the London Committee at the Board Meeting held on the 30th July last that Messrs. Harding, Bonner, Robson and myself should meet and discuss the question of the responsibilities of the Boards, Managing Agents and Works Manager.

No copy

I was able to arrange a meeting with Messrs. Harding and Bonner, but Mr. Robson was, unfortunately, unable to attend. We discussed your Draft Memorandum, and I set out below certain amendments which we recommend.

2 Works Manager - Mr. G. A. Boyd

- (1) Responsible to Managing Agents for the whole operation of the Freezer and Abattoir.
- (2) Responsible to the Local Board for day to day operations and must comply with its instructions, provided these do not conflict with the instructions of the London Committee or the Managing Agent's responsibilities and authority.
- (3) It is suggested that Boyd be instructed that the Local Board has authority to advise or instruct on all day to day matters affecting the Freezer (except in such technical matters as Refrigeration and Engineering on which the Local Board would not be competent to advise) unless such advice or instructions are contrary to previous decisions taken by the London Committee or the Managing Agents, bearing in mind the necessity at all times for close co-operation of all interested parties.

1 - 14 m
0588/E

Since the above draft suggestions were considered by Mr. Harding, Mr. Bonner and myself on the 9th September you will have had opportunity of perusing a copy of Mr. Jones' comments dated the 25th August, 1953, on the Meat Inspector's Report and your draft of the Responsibilities for Control and Management, in which, in referring to the latter matter, he quite rightly gave a timely reminder of the unavoidable limitation of the Managing Agent's responsibilities because of the present inadequate lines of communication between Ajax Bay and Punta Arenas. This state of affairs makes it essential that the necessity for a Local Board should be fully recognised in accordance with a definition of their duties as set out in (3) above. This means that the Local Board, being immediately available for

consultation would take the full responsibility of dealing with those matters that could not be dealt with by us in Punta Arenas because of the time factor, through lack of communication facilities.

3 Managing Agents

We see no reason to alter the various items enumerated by you under this heading except that as far as clause (c) is concerned you should add "except for those Insurances already being effected by the C.D.C. (as per the draft Agreement), and as far as (i) is concerned we suggest this is a matter which should be attended to by the Local Board or the Falkland Islands Co. who are both competent to handle these local requirements, and therefore this clause should be deleted from our responsibilities.

4 Local Board

(1) Members

You will remember that Mr S.B. Robson is alternate to Mr. T.P. Jones.

Y.E. I think (131) is the letter you wish to see. Q. 47.

Y.E. (155)

Draft telegram at lower ofc p22.

2) The next step, I think, is to tie up our 'terms' with Lin Webb.

That is so - early pt.

Q. 131

MC 13
1

Date 30/7/53

CS →

File
pt.

163

~~CT~~

It has been confirmed to us by the F.I.C. representatives on Dixie Bay board that the Company's proposed share capital is £360,000.

Under these arrangements with the Treasury, repayment of the loan is by 33 annuities comprising interest and capital beginning in the eighth year i.e. no interest is paid during the first seven years.

But even putting off the evil day in this way it is still going to take a devoted big profit to be able to meet amortisation charges in the 8th year? I doubt very much whether revenues will balance several outgoings until the Farmers

164

begin to take the freezer seriously.

It is, for instance, clear that not more than 5,000 sheep will come from the West and outlying islands next season.

My own expressed view was that the capital should be written down to £200,000 (Yang B's figure of £100,000 quoted by Githu is absurd) and I still believe that is about the correct figure. What should be the annual charge (incl. trap.) on such a sum over 33 years?

MC 30
vii

Repayment of loans by means of annuities£360,000 repayable over 33 years.

| | | |
|--------|----------------|-------------------|
| at 3%. | Annual payment | £17336-4-0 |
| at 3½% | -do- | <u>£18566-1-5</u> |
| at 4% | -do- | £19837-5-9 |

£200,000 repayable over 33 years.

| | | |
|--------|----------------|-------------------|
| at 3%. | Annual payment | £9631-4-6 |
| at 3½% | -do- | <u>£10314-9-8</u> |
| at 4% | -do- | £11020-14-3. |

J.F.B.
31/7/53.

Even at £200,000 repayment will take a
very large sum.

DECODE.

TELEGRAM SENT.

From GOVERNOR to SECRETARY OF STATE

Despatched: 14.1.54 Time: 1558 Received: Time:

155 CONFIDENTIAL. No 20. My Confidential telegram No 213
of 1953. Freezer. Legislative Council have approved
provision of working capital not exceeding £50,000 repeat
£50,000 by purchase of 3% first debenture stock and have
agreed waive interest for two years from date of purchase.
Request approval issue Special Warrant. Grateful also
you inform Reith in reply his message 23rd December
157 contained in your telegram No 181.

GOVERNOR

See 171, 173

0588 (confd).

DECODE.

TELEGRAM SENT.

167

From SECRETARY OF STATE to GOVERNOR

Despatched: 29.1.54

Time: 1000

Received: 29.1.54 Time: 1400

No. 25. Following from Chairman Colonial Development Corporation begins:-

Very pleased your cable Freezer working capital, Assume arrangement effective immediately. Regret delayed reply due delayed transmission your cable to Corporation. Ends.

SECRETARY OF STATE.

See 166

GTC/SS
CGG

This is not in question: he was equally concerned. But we must get approval of course.

Action as in para 2 now

two 30

Yes

Para see (166) + (167)

we have not yet got S/S approval.
2) If approx we will wish to consult
in budget & also ascertain what
sum up to £50,000 etc. want.

See 171

301

C.T.

168

I propose asking JFS to confirm approval,
ask C.C.C. what sum they want — &
advise them that we are corresponding
with L.A. over terms of mortgage.

2) Can you pose to a draft to
Sir H. Webb explaining exactly what we
want

Q
2/2

H.C.S.

Draft S. at C.C.C.

~~Capital~~ I have assumed the intention is to
be loaned in perpetuity. H.C. should
confirm this before finalising.

J.H.B.
3/2/54

Y.F. (167) x (168)

Draft to Sir H. Webb ofc. at cover

Is this usual? If so I confirm. If not then we should fix
the same term as allowed by Treasury for recovery of its advances to
C.C.C. ~~the~~ ^{the} 4/2.

JFS This is not usual but does not are the circumstances
of the loan. The intention, as I interpreted it,
was financial participation i.e. shares but secured
with the money secured against the assets of
the Freezer. If we make the loan redeemable
by a certain date we hang another millstone
around the Freezer's neck in the form of a
sinking fund of approx £1,700 annually.

I think therefore that a loan in
perpetuity is the most advantageous offer we
can make and at the same time satisfying allay
the ~~misgivings~~ fears of the Legislature by securing it.

Very well. the 5/11

Q

0588

8th February,

54.

CONFIDENTIAL

Sir,

I am directed to inform you that Government proposes to provide working capital for the Falkland Islands Freezer Company, Limited, (a private company incorporated in the Colony) up to a limit of £50,000. The exact amount has not yet been settled but the money must be secured by a first mortgage debenture in perpetuity.

2. The terms on which the money is to be provided are as follows:-

1. Interest at 3% per annum to be paid half yearly on the 1st July and 1st January. Interest for the first two years being waived by Government.
2. The money to be secured by a charge against the Company's undertaking and all its property both present and future including any uncalled capital.
3. The principal money secured to become immediately payable in the event of:-
 - (a) The Company making default for a period of three months in the payment of interest and at the expiration of this period Government in writing calling in the principal money.
 - (b) A distress or execution being levied upon or against the property and assets of the company and not being paid out within 7 days.
 - (c) An order being made or a resolution passed for winding up of the company.
 - (d) A receiver of the property and assets of the company being appointed.
4. At any time after the principal money secured becoming payable, Government to be empowered to appoint any person or persons to be a receiver or receivers of the property charged, any receiver so appointed to have power to:-

Reply at 215A in Vol II

See 185

Sir Henry Webb, Kt.,
c/o The Crown Agents for the Colonies,
4, Millbank, S.W.1.

VF

- (a) Get in and take possession of all or any of the property charged.
 - (b) Carry on the business of the company.
 - (c) Sell any of the property charged.
 - (d) To make any arrangement or compromise he considers to be in the interest of Government.
5. No mortgage in priority to or pari passu with the Government debenture is to be created.

3. I am to request that you will be good enough to draft the necessary deed giving effect to the above and embodying any further conditions which you may consider necessary to ensure that Government's contribution to the company is fully protected.

I am,
Sir,
Your obedient servant,

(Sgd) C. Campbell

COLONIAL SECRETARY.

DECODE.TELEGRAM SENT.

From GOVERNOR to SECRETARY OF STATE

Despatched: 9. 2. 54

Time: 15.30

Received:..... Time:

CONFIDENTIAL.

166

167

No. 51. My Confidential telegram No. 20 and your confidential telegram No. 25. Freezer.

If issue Special Warrant approved grateful Chairman Colonial Development Corporation be advised that terms of Debenture are being prepared by Legal Adviser. Glad to know also what amount of working capital he considers to be necessary.

GOVERNOR

G.T.C.
LJH

172

4th we have still to finalize the question of a Govt nominee on the F.S.C. Board.

2) I note from (159) that there is still a place reserved on both local & Full Board.

3) It was Lef Co's recommendation that he should be a financial man & I suggest that C.T. is the obvious choice.

| Action being taken?

Does should be so appointed.

4) If 4th agrees, I will make the necessary representations to, presumably, C.D.

10/10/2

I understand that SW has been approved? Is the intention to do the loan out in instalments?

no 11/11

1588/Caf.
DECODE.

No. 33.

TELEGRAM SENT.

173

From SECRETARY OF STATE to GOVERNOR

Despatched: 9. 2. 54

Time: 16.40

Received: 10. 2. 54 Time: 09.00.

CONFIDENTIAL.

166

No. 36. Your telegram No. 20. Freezer.

Approval given to issue Special Warrant for purchase of
Debenture as stated up to 250,000.

SECRETARY OF STATE.

G. T. C.

L. J. H.

Yh.

(172) + (173)

The p sum voted was up to £50,000 &
they may not have require it all. A telegram
has however just come in been deciphered & is
being faded indicating, as I suspected, that
they want it all!

And I!

mc%

1612

I hope that Local Board shall ensure that loan is
 used to ^{ensure provision of} ~~complete~~ outstanding capital works of which the
 most important is a Jetty to enable the product to
 be shipped expeditiously and without risk of deterioration.
 I regard this as most important and we should discuss
 with Messrs Harding Barnes et al.

mc. 17/ii

DECODE.

TELEGRAM SENT.

175

From SECRETARY OF STATE to GOVERNOR

Despatched : 16.2.54.

Time : 1205

Received : 16.2.54 Time : 1430

CONFIDENTIAL. No 40. Following from Chairman Colonial Development Corporation begins. Glad to hear progress terms debenture. Requirement working capital is matter for Freezer Board. London Committee meet end of February on Young's return and will approve budget. For your personal information expect Board will need full amount fairly soon.

SECRETARY OF STATE

Yes Pse see (175) - with regard (174) I
suppose Exco. would be an opportune moment
to mention - we will have Henry Barton, Cameron
& Standing. @
172

Right, agenda copy.
me 17/
ii

GTC
SM

See 177 + 221

18th February,

54.

Sir,

159-162 I am directed to refer to the Minutes of the Falkland Islands Freezer Company Limited dated the 21st of September, 1953, setting out the responsibilities for Control and Management of the Company.

2. It is noted that a vacancy occurs both on the Full Board and the Local Board for a Government nominee and I am to request that the Colonial Treasurer of the Falkland Islands Government may be appointed to these Boards.

I am,

Sir,

Your obedient servant,

(Sgd) C. Campbell

COLONIAL SECRETARY.

H.A. Cockran Esq.,
Chairman,

Falkland Islands Freezer Company, Limited,
Colonial Development Corporation,
33, Hill Street,
LONDON, S.W.1.

177
DECODE.

TELEGRAM SENT.

From SECRETARY OF STATE to GOVERNOR

IMMEDIATE.

Despatched:

22.2.54

Time: 1800

Received: 22.2.54

Time: 1845

175 No 49. CONFIDENTIAL. S.W.7. Freezer. From the Chairman
Falkland Islands Freezer Company Limited reference Colonial
Development Corporation Chairman's cable 15th begins.

Meeting London Committee Company Board today resolved risk
urgent advance £10,000 payable London on account debentures
meet certain immediate commitments. Ends. ^{ASK ?}

May Crown Agents for the Colonies be authorized advance
this sum?

SECRETARY OF STATE

Cypher

Typed/SM

Reply at 180

DECODE.

TELEGRAM SENT.

178

From SECRETARY OF STATE to GOVERNOR.

Despatched: 22.2.54

Time: 1730

Received: 23.2.54

Time: 0845

No 48. CONFIDENTIAL. Freezer.

Colonial Development Corporation have told me informally that they would like to see this undertaking turned over entirely to a local organisation. Main reason is that present arrangement involving remote control from London over the South American Managing Agents is impracticable. Normal arrangements for control of scheme through regional Controller is not practical in this case and devolution to a local body on which Corporation representation would not be more than nominal would not be satisfactory whilst the Colonial Development Corporation is sole shareholder.

2. Colonial Development Corporation consider Freezer properly managed by local people with a financial interest in its success will perform a useful function and be an economic success at an appropriate capitalisation. Loan already received from the Falkland Islands Government will enable the Company to carry on for present without further financial support from the Colonial Development Corporation who do not propose to put in more money.

3. They have therefore asked me to (EXAM) ways and means of handing over scheme to a local body without further financial loss. I understand that the Colonial Development Corporation are prepared to write-off some 225,000 of 475,000 invested.

4. I should be grateful for your views. I would see no objection to the Colonial Development Corporation selling out at a proper valuation subject to satisfactory arrangement being made efficient and economic running of the undertaking. In principle this might not be too difficult if present Managing Agents continue under direction of a local organisation. One possible solution might be to set up statutory Corporation to own and run the undertaking which it would purchase from the Corporation at an impartial determined valuation and with, if necessary, funds obtained by a loan from the Colonial Development Corporation, service which would be guaranteed by the Falkland Islands Government. This is only a tentative suggestion and should not be undertaken as a definite proposal but I should be glad to have your views on it and any other suggestions you may be able to make.

SECRETARY OF STATE

Reply at 183

See 180

GTC
SM

It may be to see this immediately before it is too late. Does it denote that the ship is sinking?

2) Para 1. I suggest that it is equally difficult to control S. American Managing Agents from here under the present set up.

3) Para 3. I understand that C.D.C. has already written the money off.

4) Para 4. I see no hope of interesting the Dept. at the moment. The only hope C.D.C. has of getting back their money is to sell it as a going concern which it has still to be brought about.

24.2

seemed I - I have confidence in the and divided control.

it is not clear as to how they have in mind over the £50,000 working capital; we must get this clear.

in with another man than £200,000.

Yes.

So did I.

Now what about

I think FIC would buy at THEIR valuation which is £100,000.

- 2) It seems clear that ~~etc.~~ will be set out as soon & as advantageously as possible, and
- 3) there is an inference in para 2 & 4 that they would ~~etc.~~ accept a lower capitalization figure than the present one.
- 2) Para 3 however is obscure & contradicts this inference as ~~etc.~~ only ask for a scheme to be considered whereby they can get out w/o further financial loss — as opposed to the most advantageous terms possible.
- 4) I think further loss is inevitable and that the only possible purchaser is FIC or an FIC/Govt combination. It would be necessary to dispense with the present Managing Agents, as
- a) ~~the~~ Control would be equally remote from here as from London.
 - b) the best manager they can produce is Boss.
 - c) Jones appears to take little interest in the project &
 - d) They have been unwilling or unable to quote a price at all attractive to farmers.

This statement is rather sweeping ~~and~~ ^{but} if ~~Govt~~ FIC purchased, they would probably like to take on the whole organization & if Govt went in with them we would require much more convincing evidence than is at present available as to the advantages of retaining S.A.E.C. as Managing Agents.

- 5) As regards Govt participation with FIC. I have grave doubts whether we would convince the Legislature of the desirability of or whether FIC would welcome any Govt participation which ^{would need} ~~stands~~ to be 50-50 to carry any weight. As a preliminary step we might 'sound' Messrs Jackson & Blake during when they are in for the Co. meeting.

DECODE.

TELEGRAM SENT.

178
180

From GOVERNOR to SECRETARY OF STATE.

Despatched: 24.2.54 Time: 1600 Received: Time:

177

No 62. CONFIDENTIAL. Your telegram No 49. Freezer. Owing to Legislatures very definite insistence that Government's contribution must be fully secured I regret I cannot authorize any payment until terms of debenture have been accepted by Company and necessary legal formalities completed.

178

2. Purchase of debenture was authorized on the understanding from Local Directors that Colonial Development Corporation had advanced £50,000 working capital and that Government debenture would enable advance to be cleared. From present request it appears working capital provided by Colonial Development Corporation has been absorbed into undertaking and purchase of debenture would not provide means for repayment of Colonial Development Corporation's advance with effect that undertaking is being capitalised at £356000 although only £256000 will lie as purely risk capital. In view of this and lack of information here may your financial advisers examine the position and advise on the propriety of Government proceeding with the purchase of the debenture. This is the more urgent in view your telegram No 48 Confidential just received to which I am replying separately.

GOVERNOR

GTC
SM

Reply at 184.

See 189. & 216

H. C. F.

(179)

As C.S.C. own all the shares in the Freyer they are at present in a position to do all that a Statutory Corp^t could. i.e. appoint other Agents and/or a full time Managing Director on the spot.

What cannot be done is - compel F.S.C. to feed the Freyer.

I see no merit in a Govt. F.S.C. combination - it would I think result in the Freyer operating but not necessarily economically, for instance an inflated price might be paid for Sheep, which would enhance F.S.C.'s profits whilst the Freyer's capital dwindled away.

There appears only 2 solutions :-

1. Put the Freyer on a cost plus basis & wait for a slump in wool.
2. For C.S.C. to sell out to F.S.C. & for Govt. to legislate against restrictive practices should it occur.

J.F.C.
2/3/54

Y.F.

(178) (179) (181)

Prosser

The only merit of Govt coming in would be as ~~apparent~~ ^{to be} a possible protection for the other farmers. We have no real evidence that these farmers wish to be so protected or, if they do, whether they would wish it to take the practical form of financial participation.

2) In any case we hold the whip hand and are in a position to dictate all the terms.

3) It is not a campaign here.

We cannot do so;

it would
be quite
and less.

interest non-F.C. farms, the F.C. will not
only doubtless perhaps become annoyed but
will also have a big laugh if they subsequently
reject our proposals.

He may
make
approach and
be broken so
easily, I will
be so on his
behalf.

(4) I feel therefore that the approach is through
the young & can only suggest that J.C.
may feel prepared to discuss with him in V.K.

If he will not consider any extraneous
participation we can gracefully retire
with or without threats of legislative control.

This is the
palant
consideration

If he is prepared to consider some
form of partnership then we can
sound opinion here frankly & openly
without any suspicion or mistrust
being engendered.

4/3

CS

We have still to reply to the cri de coeur
at 117 and I attach draft at back cover for you
and CT to dwell upon. Much depends on
the way young is approached.

MC 4/III

C.T.

(184) - (182)
For your view on draft at cover. My only suggestion
would be a more definite reference to our doubts
of Holden as man. Agents.

H.B.S.

Draft gives the only set-up that would
work, i.e. with F.C. as agents - does not
appear specific of to Holden's needs.

4/3

DECODE.

TELEGRAM SENT.

From GOVERNOR to SECRETARY OF STATE.

Despatched : 5.3.54 Time : 1130 Received : Time :

178

No 76. CONFIDENTIAL. Your telegram No 48. Freezer.

I have given much thought to your telegram under reference and the news which it conveys comes as no surprise to me albeit I had not expected it until after the end of the coming season.

2. It is obviously clear to Corporation that Falkland Islands Company which contribute bulk of the sheep holds success or failure of project in its hands. It is equally clear to me (a) that no commercial interest other than Falkland Islands Company would be likely to bid for it and (b) that they will do so on their own terms and Corporation will be playing from weak hand since realisable assets by time that they have been prepared for shipment and freight has been paid on them cannot amount to much.

3. Young has consistently maintained that £100,000 repeat £100,000 was proper figure for construction and although I do not share his view I am reasonably confident that he will not offer more.

4. From experience of Colonial Development Corporation over past four years it is quite obvious that they are incapable of making a success of venture and that Falkland Islands Company is only agency that is likely to do so.

5. If Falkland Islands Company should obtain complete control you will appreciate that we are strengthening immeasurably the economic grip which this Company has over the Colony since meat is the sole alternative to wool and the independent farmers will be still more at their mercy.

6. The best solution if it could be secured (and it can only be secured by negotiation with Young) would be for the Freezer to be owned co-operatively by the Sheepowners' Association with or without Government financial participation (limited to the £50,000 already approved but not released) with the Falkland Islands Company as managing agents and shippers which would give them an additional incentive.

7. I will discuss with Arthur at Montevideo and if it should be his wish and yours would be willing to explore on these lines with Young directly I get back.

GOVERNOR

GTC
SM

DECODE.

TELEGRAM SENT.

184

From SECRETARY OF STATE to GOVERNOR

Despatched: 12. 3. 54 Time: 22.15 Received: 13. 3. 54 Time: 09.30.

PRIORITY IMMEDIATE. CONFIDENTIAL.

180

No. 65. Your telegram No. 62 of February 24th. Freezer.

Corporation were given gist of your message and have replied that position is apparently not understood. The temporary loan by Corporation to Company was agreed at a maximum figure of £30,000. It was in fact about £31,000 at the end of 1953 and is now slightly more. The proposal for Falkland Islands Government debenture of £50,000 is that present amount of Corporation's loan Company shall be repaid and balance about £17,000 shall be paid to Company use as working capital in 1954 season; the Company is now in urgent need of this money. There is no change in capitalisation of Company which will be £250,000 ordinary capital issued to Corporation; £6,000 future issues to South American Export Syndicate and £50,000 working capital provided by Falkland Islands Government Debenture. Total £306,000.

2. This explanation seems to answer enquiry in your paragraph 2.

4? 3. Corporation say that payment of at least £10,000 in the United Kingdom required immediately commencement killing season not to be postponed. I shall be grateful to learn within the next few days whether in view of explanation in paragraph 1 above your Government is now prepared to authorise Debenture and if so how soon Crown Agents can be instructed to advance £10,000.

G.T.C.
LJH.

SECRETARY OF STATE.

Reply at 185 See 22

DECODE.

TELEGRAM SENT.

185

From GOVERNOR to SECRETARY OF STATE.

Despatched : 15.3.54 Time : 1545 Received : Time :

184

No 85. Your telegram No 65. Freezer.

If you are satisfied emergency referred to in your paragraph 3 in fact exists grateful Crown be instructed to advance £10000 on terms set out in Colonial Secretary's letter No 0588 of 8th February addressed to Sir Henry Webb. After Company has agreed to these terms in proper form.

169

2. Am perturbed to learn that Colonial Development Corporation will not loan further money for such an emergency particularly as it would appear to be in their own interests to do so and grateful for full information on this point.

178

183

3. In view of your telegram No 48 and my telegram No 76 and general uncertainty of Company's financial state am deferring payment of the £40000 balance pending the advice of your financial advisers requested in my telegram No 62.

180

OFFICER ADMINISTERING THE GOVERNMENT

See 189

COPY of Code Telegram from H.C.Harding to H.A.Cochran. Dated 20/3/54.

Cochran Velop Audley London.

Presume you are aware Fleetwing have stopped all Freezer credits except
that
wages but possibly including groceries. Stop. Suggest/you arrange to
defray overdraft.

Harding.

Reply at 187.

COPY OF CODE TELEGRAM FROM C. D. C. LONDON - DATED 22/3/54

HARDING STANLEY

PLEASANTLY ASSED KNOWLEDGE OF LONDON COMMITTEE WHICH IS GREATLY
DISTURBED BY WAY BOYD SPENDS THOUSANDS STORES WITHOUT REFERENCE
MANAGING AGENTS STOP IF YOU CONSIDER MILLING SEASON JEOPARDISED
DESPITE APPARENT AMPLE STORES AVAILABLE SUGGEST THAT YOU OBTAIN
AN ADVANCE FROM THE GOVERNMENT OR EXPEDITE SALE OF PLANT STOP
C. D. C. NOT AUTHORISED MAKE FURTHER SUBSTANTIAL ADVANCE

COCHRAN

See 186

186-187

Ag of R Harding handed me the attached. Apparently
FIF Co owe him £20,000 & he are stopping
or threatening to stop all credits except wages.
Harding is understandably very browned off
the Managing Agents do nothing & the London
Board tell him nothing & merely send
perme wires instructing him to retrieve
the situation locally.
I told him about our £10,000 & he is
waiting a day or two to see how the situation
develops.

24/3

188

G.H.

(187) - is what I anticipate

184 - is to say the least misleading

Advance by C.D.C. 31,000.

Owing to F.I.C. 20,000.

£ 51,000

How does £50,000 provide
working capital of £17,000?

24/3

Ag of

Exactly. We are 'in' for £10,000. Now
which I think will be recoverable from
machinery etc., but if improbable event
of this company folding up & the possible
event of P.C. ^{or other} not purchasing the project
we might look a little n'tly holding
the baby for £50,000.

24/3

Hi this file gives most of the story Vale of the
Freya. (80) is interesting as written by a C.D.C. man.

- 2) The recent 'disposal' history & starts at (178). A
recent talk with the Barton gave me the impression
that P.C. would wish to participate with other farmers
but the only person who really knows the answer
is the Young.

2/4

DECODE.

189

TELEGRAM SENT.

No. 46.

From SECRETARY OF STATE to GOVERNOR

Despatched: 2. 4. 54. Time: 18.45 Received: 3. 4. 54. Time: 09.00

184

No. 72. Confidential. Your telegram No. 85. Freezer.

Colonial Development Corporation unable loan further money because limit to my capital sanction has been reached. Further financial provision by Colonial Development Corporation would necessitate application to me for further capital sanction. Having regard to total sum already advanced for this project I should not feel able to sanction further capital for it.

180

2. On general question of propriety of Falkland Islands Government contribution (your telegram No. 62) fact must be faced that failing this contribution Colonial Development Corporation will probably be obliged to close plant. It seems to me this would be a great pity without further trial. ? technical shortcomings have now been attended to and that success of Freezer depends on sufficient sheep and cattle of good quality to enable it to operate economically. Since this is bound up with general livestock policy in Falkland Islands contribution by Government which would give it a say in operation of Freezer would appear to be a good thing.

3. Understand negotiations Colonial Development Corporation and Webb nearly completed and debenture ready for signature. Trust therefore that you will be able to agree release of total sum involved.

SECRETARY OF STATE.

It is requested that, in any reference to this memorandum the above number and date should be quoted.

CONFIDENTIAL

5th April, 19 54.

To: All Members of Executive Council.

From: The Colonial Secretary,

Stanley, Falkland Islands.

SUBJECT:- Falkland Islands Freezer Company.

Members are aware that, after persistently refusing to authorise direct financial participation by Government in the Freezer project, the Legislative Council recently voted a loan of £50,000 for working capital provided that this money was adequately secured by debenture.

2. Arrangements were put in train to make over this sum but following the receipt of advice from the Secretary of State for the Colonies (a) that the Colonial Development Corporation had told him informally that they would like to see the undertaking turned over entirely to a local organisation and (b) that £10,000 of the loan was required immediately to prevent the killing season being delayed, it was thought prudent to authorise the immediate payment of £10,000 only and to make further enquiries before paying the balance.

3. The Secretary of State for the Colonies in reply to Government's enquiries stated that the temporary loan from Colonial Development Corporation to Falkland Islands Freezer Company for working capital was agreed at a £30,000 maximum and on receipt of the Government's £50,000 the Colonial Development Corporation would be repaid and the balance would go to the Falkland Islands Freezer Company as working capital for the 1954 season.

4. Government however has learned unofficially that the urgent need for £10,000 was due to the fact that the Freezer Company owed the Falkland Islands Company something in the nature of £20,000 and that the latter proposed to suspend credit for all items except wages. It would therefore appear that Government's loan will immediately be swallowed up by outstanding debts to Colonial Development Corporation and Falkland Islands Company and that the Freezer Company will still be without working capital.

5. Attached is the latest communication from the Secretary of State for the Colonies and a draft reply which will be considered at the Council meeting.

189

191

C. C. Fisher

COLONIAL SECRETARY.

Draft telegram to Secretary of State.

No. . Confidential. Your confidential telegram No. 72. FREEZER.

180 & 185
184
£50,000 was authorised by Legislature to provide working capital and not to pay off existing debts of Freezer Company and object of request for guidance from your financial advisers in my confidential telegram No. 62 and my confidential telegram No. 85 was to ensure that this sum would not be swallowed up by £33,000 debt to C.D.C. (your confidential telegram No. 65 refers) and debt exceeding £20,000 which I am informed is owed locally to Falkland Islands Company and which has resulted in the latter suspending credit.

2. Subject however to assurance that balance of £40,000 will not be thus swallowed up and the Company again left without working capital am prepared to release total sum.

183
3. Submit that question of formation of Co-operative Society of Sheepowners to run freezer on lines suggested in paragraph 6 of my telegram No. 76, Confidential, now becomes urgent requirement. If you agree ~~subject~~ suggest Clifford should discuss this proposal with Young earliest possible and grateful if you could so arrange.

GOVERNOR.

DECODE.

TELEGRAM SENT.

From GOVERNOR to SECRETARY OF STATE.

Despatched: 5.4.54 Time: 1500 Received: Time:

189
No 100. CONFIDENTIAL. Your Confidential telegram
No 72. Freezer.

180
185
184
£50,000 was authorized by Legislature to provide working capital and not to pay off existing debts of Freezer Company and object of request for guidance from your financial advisers in my Confidential telegram No 62 and my Confidential telegram No 85 was to ensure that this sum would not be swallowed up by £33,000 debt to Colonial Development Corporation (your Confidential telegram No 65 refers) and debt exceeding £20,000 which I am informed is owed locally to Falkland Islands Company and which has resulted in the latter suspending credit. It was also hoped your advisers would be given opportunity of seeing estimated revenue and expenditure of this year's operation.

2. Subject however to assurance that balance of £40,000 will not be thus swallowed up and the Company again left without working capital am prepared to release total sum.

183
3. The present arrangement, by which Freezer Company is operated by Board partly in London and partly here through agents based on Chile with whom communications are so difficult that the necessary personal supervision of project manager cannot be carried out by them, makes efficient operation of freezer almost impossible and formation of Co-operative Society of Sheepowners' to operate freezer on lines suggested in paragraph 6 of my predecessor's telegram No 76 Confidential is urgent requirement. If you agree suggest Clifford should discuss this proposal with Young earliest possible and grateful if you could so arrange.

See 193
GOVERNOR

DECODE.

TELEGRAM SENT.

From GOVERNOR to SECRETARY OF STATE

Despatched: 22.4.54 Time: 1555 Received: Time:

REPLY URGENTLY REQUIRED.

192 CONFIDENTIAL. No 110. My telegram No 100. Freezer. Glad to know if £10,000 debenture loan has been arranged and if this will enable Freezer Company to obtain further credit from Falkland Islands Company.

2. Local Chairman informs me that suspension of credit is already hampering killing season and if maintained position will worsen progressively with certain prospect of work coming to standstill in six weeks time.

GOVERNOR

CLOSED

195
Storey and 2 Jan
Recd at 15th