

C.S.O.

(Formerly)

SUBJECT :

FALKLAND ISLANDS FREEZER.

CONFIDENTIAL.

0588/II

AGR/AJG/2 # 3

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8
/
II

23/04/54
to
4/3/55

CONNECTED FILES.

NUMBER AND YEAR.

DEBENTURE IN ENVELOPE IN H.C.S.'s SAFE (See 271)

DECODE.

TELEGRAM.

194

From The Governor's Deputy.

To Governor, HMS St. Austell Bay.

Despatched : 23rd April, 19 54 Time : 1030

Received : 19 .. Time :

Barton has now received instructions from Head Office to reopen credit to Freezer Company in respect of limited quantity food stores and hide preservatives up to the end of this month.

GOVERNOR'S DEPUTY

Re. 30/4
p/n. Q
2/4

195

DECODE.

TELEGRAM SENT.

From GOVERNOR to SECRETARY OF STATE

Despatched: 3.5.54 Time: 1530 Received: Time:

193 in Vol 2

REPLY URGENTLY REQUIRED.

CONFIDENTIAL. No 120. My telegram No 110. Breezer.
Glad to know how matter stands. Though I have learned
that Falkland Islands Company have advanced food stores up
to end of killing season no decision has been reached over
gasoil. Position in this respect is worse than originally
advised as stocks at Ajax Bay will be exhausted by middle
of this month.

GOVERNOR'S DEPUTY.

BU 5 days.
(Intld)C.C.

As above
BU 8/5

DECODE.

TELEGRAM SENT.

From SECRETARY OF STATE to GOVERNOR.

Despatched: 6.5.54 Time: 0005 Received: 6.5.54 Time: 0845

PRIORITY.

No 88. Confidential. Your telegram No 110. Freezer.

£10,000 debenture loan has not repeat not yet been arranged as Colonial Development Corporation asks for payment of whole. In your telegram No 100 you said you were prepared to release total sum subject to assurance that balance would not be swallowed up in paying off existing debts of the Company. 192

2. Position has been discussed with Colonial Development Corporation who maintained that £33,000 advanced by them was working capital which they advanced in anticipation of your Government's taking up debenture. Also stated debt to the Falkland Islands Company is wholly or partly for consumable stores required in connection with current killing season. It is evident that paying off debt to the Falkland Islands Company and clearing Colonial Development Corporations advance if they require it to be immediately cleared in full will swallow up whole debenture money. As long however as it can be accepted that these liabilities are for most part at any rate in respect working capital for the current season's activities I should regard it as reasonable that you should proceed with debenture. 180 Your predecessor's telegram No 62 stated that understanding was that Government contribution would enable Colonial Development Corporation advance to be cleared. But would use as such?

3. I appreciate that your concern is lest Government contribution will be swallowed up and Company still left with no working capital. It is understood from the Colonial Development Corporation that they are confident if animals come forward as expected i.e. some 15,000 sheep and 300 cattle and meat sells satisfactory there will be enough cash in hand after paying farmers to meet preliminary expenses for the next season. Farmers are understood to have agreed to wait for payment until meat is sold.

4. It looks as if ability of the Company to continue depends upon the immediate release of the sum against debenture. Provided you are satisfied with the position as summarised above and that debenture instrument as drafted by Webb will be adequate secure your contributions you may consider best course is to authorise total sum to be advanced and debenture signed.

5. Clifford has agreed to discuss with Young as proposed in paragraph 3 of your telegram No 100. Opportunity was taken to discuss debenture position with him along lines of paragraph above. 192

6. Please telegraph whether you confirm total sum may be released.

7. Your telegram No 120. Understand Colonial Development Corporation have arranged with the Falkland Islands Company provision of additional stores including diesel oil to cost £3,000. Corporation have accepted responsibility for this bill in order to keep plant operating but Freezer Company's indebtedness to them will be increased accordingly. 195

Reply at 216

YR

(194)

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I have discussed with C.T. and we are not at all happy about this reply.

The crux of the matter appears to be the sentence I have underlined in para 2 where the Colonial Office, having been asked for their financial advisers opinion, merely pass the buck back to us. We wanted their advice as to whether we can or should accept C.C.C. assistance.

- 2) The debt to C.C.C. must now be about £36,000 and to F.C. about £24,000 so even if the position is looked at in the most optimistic light, our contribution must be whittled down immediately by £10,000.
- 3) In addition the debt to F.C. ^{described as} is wholly or partly in connection with the current killing season. I would think very partly.
- 4) As regards C.C.C. advance of £33,000, if it were true working capital, the company would have debtors to balance this sum which I am sure they have not.
- 5) My feeling is that we are not justified in accepting that the debts to F.C. & C.C.C. are for the most part in respect of working capital for the current season, and ^{it seems} that C.C.C. & Co. are trying to manoeuvre us into financial participation which they always considered to be our duty. The Executive tries to

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participate but the proposal was twice
turned down by the Legislature and I
am sure that they would do so again
if asked.

- 6) Another inconsistency which makes me suspicious
is X/ on (132). Here Lord Keith states that
the whole of the working capital is being
provided by CDC as a temporary loan.

At (171) we asked what amount of working
capital was considered necessary & in (173)
Lord Keith said the full £50,000.

But in (184) we learn that CDC's
maximum figure for working capital
was £20,000. Clearly he was
looking for £ at least £20,000 from us
£ per of debts.

Q
615-

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HISTORY OF THE COLONIAL DEVELOPMENT CORPORATION FREEZER

IN THE FALKLAND ISLANDS.

File 114/39

(5)
(23)

In 1939 Government asked Sheep Owners' Association to consider the possibility of a Government financed freezer project but the matter was shelved after discouraging advice was received by Sheep Owners' Association from Secretary of State's economic advisers.

File 0588
20
A

The subject was reviewed in 1947 when Sir Miles Clifford advised Secretary of State that a Freezer would play an essential part in the Colony's agricultural development and asked for Colonial Development Corporation assistance.

(1) (2)

The Secretary of State was interested and discussions took place between Chairman Colonial Development Corporation and Mr. Young, Secretary Sheep Owners' Association on the lines of a Company owned by Colonial Development Corporation, Sheep Owners' Association and Government.

Most of the farmers supported the idea though Mr Dean, Chairman Falkland Islands Company was a powerful opponent.

(51)

(60)

Sir Miles Clifford then put up a scheme to Secretary of State based on the Colonial Development Corporation and Sheep Owners' Association discussions in which he estimated the cost of a freezer at £30,000 and the cost of installing refrigerating space in Falkland Islands Company's ship at £20 - £25,000. The money was to be put up by Colonial Development Corporation as 'development'. Secretary of State replied that Colonial Development Corporation would consider these proposals and in early 1949 the Corporation sent out an investigator, Mr. Tinker.

(160)

On the strength of Mr. Tinker's report the Colonial Development Corporation put certain proposals to the Sheep Owners' Association in London who replied promising the project their support but guaranteeing no financial investment. They however agreed to payment for sheep being deferred until the seasons kill was sold.

(178)

(146)

The Board of the Colonial Development Corporation debated the project on 6th October, 1949 (which it was estimated would cost £241,678) and presumably approved it as in November they made arrangements for the shipment of equipment.

0588/Cont:

(24)

(43)

(45)

By October 1951 the mounting expenses and the mismanagement and incompetence of the Colonial Development Corporation staff caused Lord Reith to contemplate 'pulling out' but Sir Miles Clifford urged him to continue and he was finally persuaded to do so on the advice of his Head of Works, Mr. Phillips. Secretary of State however stated that as the ultimate capitalization would reach £450,000, Colonial Development Corporation would only carry on if Sheep Owners' Association put up £50,000. In return Colonial Development Corporation would treat £200,000 as deferred shares.

Government/

200

(51) Government participation had not been mooted since the 1947 discussions but Sir Miles Clifford considered that Government should give a lead with £20,000 - the balance to be found by Sheep Owners' Association. Legislative Council approved this contribution only on condition that Sheep Owners' Association also participated, but by this time the waste, inefficiency, exorbitant wages etc., referred to at length in Phillips' report had antagonized the farmers and Sheep Owners' Association declined to participate.

(90)

The Colonial Development Corporation then formed the Falkland Islands Freezer Company, after the first killing season in 1953. They continued to press for local participation and in 1954 Legislative Council voted a £50,000 debenture loan for working capital. This has now been withheld until Government is satisfied that the money will be put to a proper use.

Jf Pao 20 (199) 2

have other copies for
circulation to members of
the meeting who can check
the accuracy.

QK

H.C.S.
2 copies

C O P Y

DRAFT

FALKLAND ISLANDS FREEZER CO LTD

FIFTH LONDON COMMITTEE MEETING

HELD IN LONDON ON 7.4.54

PRESENT

Mr H.A. Cochran in the Chair
Mr G.W. Eastburn
Mr L.W.H. Young
Mr H.L. Pryce (Alternate to Mr W. Rendall)

Mr K.G. Carr Acting Secretary

Mr J.C. Davey
Mr J.G. Caunce (Minutes 54 - 57 only)
Mr L.S. Coxon

54 Minutes

Signed: Minutes of London Committee Meeting
on 11.3.54.

55 Commencement of Season

Reported: Advice from FI that freezer opened on
22.3.54 and commenced with cattle.

56 Directors' Fees (Board Minute 72 of 21.9.53)

Reported: Letter of 26.2.54 from the Secretary
advising arrangement to pay ten
guineas to each local director for
the half year to 31.12.53.

57 Finance

Considered: Draft debenture to secure loan by
FI Govt.

Agreed: (1) Terms acceptable subject to
following amendments -

- (a) debenture to cover whole £50,000
loan, payable as required;
- (b) instalments to be payable in
London or FI at borrower's
option;
- (c) debenture to be executed under
hand only to avoid delay
occasioned by despatch to FI for
sealing.

.../(2) Meeting

20~

- (2) Meeting to be arranged with Colonial Office to seek approval for above amendments.

Resolved: That Mr. Cochran and Mr. Eastburn be and they are hereby authorised to execute under hand on behalf of the Company a debenture to secure repayment of a loan of £50,000 from the Falkland Islands Government.

58 Banking and Financial Control

Considered: (1) "Bank" overdraft and stores account with FI Co (now totalling about £20,000) in relation to first charge to be created by FI Govt debenture.

(2) Need for further credit to finance current season's operations until proceeds of the kill are forthcoming.

Noted: Mr. Young undertook to have the overdraft and stores account analysed.

Agreed: (1) On receipt of £50,000 loan from FI Govt, stores section of FI Co account to be settled.

(2) FI Co to be requested to continue overdraft facilities for current season.

(3) (a) more effective local financial control required;

(b) to this end Mr. Harding be asked to visit freezer and obtain answers to a number of points as agreed by London Committee.

(4) The question of local financial control to be further considered at next meeting.

59 Stores

Agreed: (1) Continued lack of proper inventory most unsatisfactory.

(2) Works Manager and bookkeeper to take an inventory of stores at the close of the current killing season.

(3) Mr. Harding to be asked to supervise.

60 Managing Agents' Verbal Report

(1) Shipping

Shipping space for meat and hides (and possibly some skins also) had been arranged for second week of June, (much earlier than had been expected).

.../(2) Sale

(2) Sale of Meat

It was still uncertain whether this season's shipment would be taken by MCF or sold privately; depended to some extent on date of arrival.

(3) Stores

Works Manager had requisitioned a considerable quantity of oils, although stocks were believed to be sufficient for the current season.

Agreed:

(1) Arising from (3) above, Works Manager to be asked to reconsider size of order and cable minimum quantities required.

(2) Accept Mr. Young's offer to reserve shipping space for Freezer stores in the November sailing.

FALKLAND ISLANDS FREEZER CO. LTD (LOCAL BOARD) 25/26th April 1954

MEMORANDUM

1. The Local Board met the Works Manager at Sancarlos on 25th April 1954 and discussed every aspect of the present and future conduct of Freezer matters.

2. The Works Manager was complimented on this Season's progress and the way Chilean labour appears to have settled down to the work, but was reminded that attention to correspondence and the requirements of London Office was of equal importance. In reply Mr. Boyd said that he regretted now having accepted the Resident Engineer's lists of plant and equipment without a personal check. So far as the Accounts side of the business is concerned Mr. Boyd stated that the system was entirely new to him, and if the Rio Seco system were adopted he and the Book-keeper would be saved many hours' labour.

3. Arising out of the numbered Minutes of the Meeting, the following points were recorded for the consideration of the Managing Agents and information of the Works Manager.

114. SURPLUS PLANT AND EQUIPMENT:

So far, only the Compressor (£850), Stone Crusher (£950), Cement Mixer, small (£100), 2 Generating Plants (£20 each), Block Maker (£140) had been sold. There was a potential buyer for the Land Rover at £350.

Prices of other major items for which no bid had been received were reduced as follows:-

	£
T.D.9 <u>International Tractor</u> (requires new tracks and sprocket wheels)	1500
<u>Skipdozer</u> (tracklayer)	270
<u>Cement Mixer</u> (Blaw Knox)	300
<u>Ace Hoist</u> (Power-winch)	100
<u>m.v. "Penelope"</u> (requires new mizzen rigging, caulking, repairs to sheathing and stern-gear)	2500
<u>Police Launch</u>	800
<u>Parker Granulator</u>	400

The Works Manager stated that the voluminous lists of smaller equipment alleged to be on the site at 30th June 1953 bore no relation to what was actually there when CDC (Engineering) handed over to him some months later. He was finding it impossible to price many of the items scheduled for disposal.

115. FREE MESSING

At the present time Staff living in the bungalows find themselves in food including meat, whereas employees living in the Cookhouses are "all found".

The Board recommends that during the "off-Season" messing arrangements should be based on established local custom, and that every person employed should pay for his keep with the exception of the usual Camp perquisites, i.e.

Rent
Meat
Milk (an allowance of tinned milk in lieu of fresh)
Fuel
Light, Beds, Mattresses and Bedding (exceptional to Ajax Bay)

Memorandum (contd)

116. PERMANENT STAFF

The Board recommended that the Managing Agents instruct the Works Manager to reduce Permanent STAFF TO twelve, namely:-

Works Manager
Engineer
Assistant Engineer
Bookkeeper/Storekeeper
Foreman
Cook
6 General Hands.

Wages:

Apart from salaried technicians, wages should be based on Farms' Monthly rates as follows:-

Foreman	£18	}	All plus Cost-of-Living
Cook	16		Bonus @ £8.2.6 monthly
Labourers	10.10.0		(Rate at 1st April 1954)
Boys, start			
at	6		Cost-of-Living Bonus in proportion.

The following Rates, Bonuses and Holidays should also apply:-

Overtime: Flat Rate of 2/- per hour.

Prosperity Bonus: As paid to Farm Employees, based on the price for Falkland Island wool.

Holidays: One week at Christmas, one week during the Winter with passages to and from Stanley paid, if desired.

Working hours: These should be the same as on the Farms throughout the year.

Old Age Pensions: These employees contributions as on Farms.

N.B. The Works Manager reported that a number of his hourly paid men were leaving after the season and going to England. This would appear to be the opportune moment to reduce wages and overtime pay. The Board realised that Mr. Boyd might find himself without labour, but the critical financial position demanded desperate measures.

The Managing Agents are requested to sanction the reduction at the earliest opportunity.

117. POWER AND LIGHT

Mr. Boyd promised to supply a report by Mr. Swan (Engineer-in-charge) on the Gardner Generator together with his views on the tentative proposal to purchase a 75-kilowatt plant which would cope with all demands for Power and Light once Killing was over, and the consequent saving in Diesel Fuel which constitutes the Freezer Company's greatest single expense.

Memorandum (contd)

118. FERTILISER

The Works Manager was asked to furnish the Board with a copy of the chemical analysis of the sample which had been sent to U.K. The price for local sales was increased from £22 to £25 per ton f.o.b. and when the tonnage of the amount processed was known offers to purchase would be invited over the local Broadcasting system.

119. OFF-SEASON WORK

The Works Manager stated that the Power House roof must be relaid and suggested using the material off the Sheep Shelter which was of the same type and gauge. He would indent for material to replace the Sheep Shelter roof. Other work was to level the earth floor of the Skin-Shed, build a Skin Baling floor, repair and re-organise Cattle Enclosures. Care and maintenance as required.

120. CATTLE PRICES

The action of Mr. Boyd in grading the consignment of Port Sancarlos cattle into 1st, 2nd, 3rd and reject was approved. THE Managing Agents would be asked to approve payment on this basis rather than a price per head which was considered impracticable.

Suggested prices:

1st Grade..	6d	per lb
2nd "	.. 5d	" "
3rd "	.. 4d	" "
Rejects	.. 3d	" "

Hides:

Coarse salt had now been recieved in sufficient quantities to deal with all hides this season. It was hoped that the vessel which shipped the produce would also lift the hides, otherwise there would be no opportunity to ship direct to U.K. until the end of 1954.

123. SKIN SHED

Every Member of the Board had viewed the skins hanging in the new Shed and remarked favourably on the difference in the appearance of them to last year. It would be inadvisable if not foolish to attempt to bale them for shipment in June.

124. SKIN PRESS

The Company was not in a position financially to purchase the second-hand Hydraulic Press offered by the Sancarlos Sheep Farming Company. The Works Manager was instructed to indent for a replacement for the Donalds' Press, now on loan from the aforesaid Company, the same to be charged to Freezer account and delivered to Sancarlos.

/Other...

Memorandum (contd)

Other matters discussed with the Works Manager but not referred to in the Minutes are as follows:-

GARDENS

The lack of fresh vegetables is a major drawback and expense in the economy of the Freezer. There was no apparent reason why these could not be grown on site, as on every Farm. Mr. Bonner stated that he would raise no objection to a garden being made in the valley below the Wreck house, provided it was suitably fenced.

PIGS

The Board unanimously favoured the keeping of pigs, particularly in the Season when there were quantities of 'swill' and offal available.

CHILEAN LABOUR

Work and conduct was favourably reported upon. The fact that one of their number had been flown (free) to and from Stanley for treatment in hospital had impressed those Chileans who might have thought they were not 'accepted' labour.

Mr. Boyd was asked to enquire as to the prospects of hiring Chilean labour for shearing on Falkland Island farms prior to engaging for the Freezer.

COOKSTOVES

Mr. Boyd recommended that a large Electric Cooker be obtained for auxiliary use in the main galley, then the existing oil-fired auxiliary stove could be transferred to the Chilean galley to replace the stove belonging to Admiralty.

If the Managing Agents agree to this proposal, there would be no Diesel fuel used for cooking on the site in the off-season.

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FALKLAND ISLANDS FREEZER COMPANY LIMITED

Fifth Meeting of Local Board
at Sancarlos, East Falkland
Sun/Mon, 25/26th April 1954.

M I N U T E S.

PRESENT:

Messrs H. C. Harding, J.P. (Chairman)
N. Keith Cameron, O.B.E., J.P.
J. F. Bonner, J.P.

and A. G. Barton (Secretary)

108. MINUTES

The Minutes of the Fourth Local Board Meeting on 18th February 1954 were confirmed.

109. MINUTES

The Minutes of the Third London Committee Meeting on 22nd February 1954 were received.

110. AGREEMENTS

The following Agreements were received and counter-signed by the Chairman:-

- (a) Loan Agreement (C.D.C. to F.I.F.Co).
- (b) Transfer of Assets and Assignment of Lease (C.D.C. to F.I.F.Co).
- (c) Managing Agents' Agreement (South American Export Syndicate Ltd)

111. MANAGING AGENTS' AGREEMENT

It was resolved to ask the Managing Agents for a copy of the Works Manager's contract and to enquire whether his salary is paid out of the annual management fee.

The Works Manager, Mr. G. A. Boyd, attended the Meeting from 1130 a.m. to 3.30p.m.

112. ESTIMATES

The Works Manager produced estimates for essential stores and fuel required to 30th June 1954 as follows:-

.../(a)Foodstuffs

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(a) Foodstuffs	£400	- Partly recover- able from Wages.
(b) Diesel Oil	2000	
(c) Petrol	150	
(d) Unforeseen	100	
(e) Canteen Stores	<u>400</u>	- Wholly recover-
Total	<u>£3050</u>	able from Wages

113.

FINANCE

Reported):-

The Falkland Islands Company had stopped the Freezer Company's Credit as from 18th March in view of the debit balance of £20,127 approximately on the Company's books. Special credit of £230 was allowed in April for the purchase of salt and barrels for casings.

Agreed):-

The Board is perturbed to learn that the London Committee though cognisant of the Falkland Islands Company's intention to suspend credit failed to advise the Local Board of this serious development until the Chairman in his telegram of 19th March requested confirmation.

The Board feels that it has never been kept properly informed as to the financial position, not knowing yet the amount realised by last Season's produce.

114.

SURPLUS PLANT AND EQUIPMENT

Selling prices of the higher-priced items were reviewed and in some cases revised to expedite disposal. Regarding the 1952 list of equipment compiled by the Resident Engineer and accepted by the Works Manager this is completely out of date.

Mr. Boyd has been instructed to produce a revised list which has not yet come forward, but he states it will be impossible for him to price many of the items.

(See also Memorandum)

115.

FREE MESSING

The Board considers the Freezer cannot continue to bear the excessive cost of free messing and the present high rate of wages and overtime paid out of season.

(See also Memorandum)

116.

PERMANENT STAFF

The Board recommends that this be reduced after the Season to a maximum of 12 including the Works Manager.

(See also Memorandum)

117.

POWER AND LIGHT

Gardner Engine: Minute No. 89b refers.

This engine (30 KVA) is not serviceable and in any case is not powerful enough to cope with off-season requirements (heating, lighting, cooking, and electrically operated equipment). Consequently one of the two large Mirlees Alternators has to be used all the year round and both during the killing season.

If a 3-cylinder 75 KVA alternator were purchased it would result in the saving of enormous quantities of Diesel oil per annum, for in the opinion of the Engineer the small machine could maintain temperatures in the Cold Store pending shipment of produce cope with all off-season requirements including the storage of frozen meat for domestic consumption all the year round. This alone would save hundreds of pounds per annum in transport costs for meat from Sancarlos and Port Sancarlos as well as making full use of carcase meat unfit for export but fit for local consumption.

The Engineer (Mr. Swan) has been requested to report fully on the above proposal which is recommended by the Board.

118.

DISPOSAL OF PRODUCE

The Board was informed by the Works Manager that R.M.S. "TWEED" was expected to arrive in the Falklands mid-June to load produce. Mr. Boyd stated that he could not possibly ship skins by this opportunity but would endeavour to ship all frozen produce (estimated at 300 tons) and hides.

m.v. "PROTECTOR III" and m.v. "PENELOPE" would again ferry the produce from shore to ship. It was not economical to hire scows from the Falkland Islands Company.

Fertiliser:

Excellent results had been obtained by Farms who purchased last year. It was considered that the price should be increased to £25 per ton fob and that no difficulty would be encountered in selling at that price.

119.

OFF-SEASON WORK

Power House roof is unsatisfactory and must be re-laid, to prevent snow and rain entering with resultant damage to plant. Roofing sheets have not been given sufficient 'lap', nor is the ridging deep enough. The Works Manager was instructed to examine the roof construction of Cold Storage chambers and submit a report.

(See also Memorandum)

PRICE OF CATTLE

Reported - The Managing Agents have agreed to 160/- to 240/- per head, rejects 50% less. Preliminary Returns for 135 animals delivered at Works by Port Sancarlos Ltd. were examined.

This consignment was composed of animals varying considerably in age and weight. The Board does not consider it practicable to pay on a per-head basis, unless it is on the hoof in the Owners' corrals, and recommends that the following rates per pound dressed weight should apply for this season:-

1st Grade	...	6d
2nd "	...	5d
3rd "	...	4d
Rejects	...	3d

On this basis Port Sancarlos Ltd. would receive an average of £10.15.6d per head frozen (125%). No weights were available for

Rejects $4\frac{1}{2}$ (2 Jaundiced, $2\frac{1}{2}$ bruised).
 Yearlings 5 (Retained for domestic consumption)

SCHEDULE

	<u>Grade</u>	1.	2.	3.	<u>Total:</u>
$94\frac{3}{4}$ Oxen Weight in lbs		27388	19133	3169	49690
Av. 524 lbs					
16 Cows do		2855	2820	275	5950
Av. 372 lbs.					
15 Heifers		2001	1573	420	3994
Av. 266 lbs.					
		<u>32244</u>	<u>23526</u>	<u>3864</u>	<u>59634</u>
	=	55 $\frac{1}{2}$ %	=38 $\frac{1}{4}$ %	=6 $\frac{1}{2}$ %	

Agreed

To recommend the Managing Agents to pay on the aforesaid basis.

The Works Manager left the Meeting at this juncture.

COMMUNICATIONS

Minute No. 29 refers. Radio telephone contact with the Managing Agents in South America has not been established. Contact with Stanley by R/T is public and not wholly reliable.

A permanent land-line linking Ajax Bay with San Carlos could be erected by arrangement with Mr. J.F. Bonner, but this would not entitle the user to speak on the main line to Stanley which is private. Ways and means of improving communications are being explored.

122.

OLD AGE PENSIONS

The Secretary was instructed to write to the Board of Management protesting at the decision to charge the Freezer Company with the employers' contribution in respect of the seasonal Chilean labour.

N.B. The Chileans themselves have been exempted from the employees' contribution.

123.

SKIN DRYING SHED

Reported - In spite of initial difficulties the Shed had been completed by Stanley labour by 23rd March at a cost of:

Masons	...	£494. 8. 0
Carpenters	...	594. 0. 0

plus cost of passages, travelling pay, and hourly pay for casual work done while awaiting transport to Stanley.

Board members had individually viewed the building and the skins hanging therein.

Agreed

The skins were being well cared for, and the cost of the building, though high, would eventually amply be repaid.

124.

SKIN PRESS

In view of the critical state of the Company's finances, the Board did not feel justified in confirming the London Committee's counter-offer of £400 for the Sancarlos Sheep Farming Co's second-hand Hydraulic Press, which, taking into consideration the outlay on the necessary engine would cost £1000 to instal.

No complaints had been received regarding the folding of skins pressed by Donalds' or Ferrier-type hand-Presses in use at Ajax Bay and elsewhere.

Agreed

To recommend the Managing Agents to purchase a new Donalds' Press and deliver to the Sancarlos Sheep Farming Co. on behalf of which Company Mr. Bonner stated that no rental would be charged for the Press now on loan to the Freezer.

125.

JETTY

Correspondence on this subject was reviewed. It was reported that loading of the s.s. "RIPPIINGHAM GRANGE" in 1953 was not delayed on account of the shortcomings of the Jetty which admittedly is not sited to the best advantage, rather was the delay due to the length of time required to stow the frozen produce in the various holds.

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126.

WORKS MANAGER - ENTERTAINMENT ALLOWANCE AND HOUSING

London Committee Minute No, 34 refers.

Agreed

- (1) To recommend that the Works Manager be provided with basic furniture in all rooms, beds - mattresses - linen and bedding in all rooms, china and glass against replacement but no cutlery or plate. The Works Manager to render an Inventory to the Managing Agents with copy to the Local Board.
- (2) Board and Lodging - To recommend an Entertainment Allowance of One Guinea per visitor per diem or Seven shillings per meal.

127.

MEAT INSPECTOR - SALARY ETC.

Reported - The Colonial Government at present pays all passages, salary, hotel expenses and board and lodging at Ajax Bay, without recovering any portion of the cost.

The Meeting adjourned 'sine die'
at 4.30p.m. on Monday the
26th April.

F. I. ref: 0588/II.

C. O. ref:

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SAVING TELEGRAM.

From: The Officer Administering the Government of the Falkland Islands.

To: The Secretary of State for the Colonies.

Date: 13th May, 1954.

No. 89. SAVING. COLONY CONFIDENTIAL.

My telegram No. 138 Confidential. Freezer.

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I enclose four copies of an analysis of such figures as are obtainable locally which has been prepared by the Colonial Treasurer in consultation with the Falkland Islands Company to whose accounts he has been allowed access in this respect.

GOVERNOR.

Analysed Statement

Falkland Islands Freezer Co. Ltd. account with the Falkland Islands
Co. Ltd. for period March 1953 to 30th April, 1954.

Net debits in respect of pre-incorporation

<u>Liabilities</u>	£.	s.	d.	£.	s.	d.
Wages: Maintenance	1636.	19.	7.			
" Capital	2368.	9.	5.			
Rent	618.	15.	-.			
Stores	2666.	11.	3.			
Handling produce	254.	-.	5.			
Sundries	84.	14.	5.			
	7629.	10.	1.			
<u>less: Re-imburement</u>	60.	5.	4.	7569.	4.	9.

Net debits in respect of post incorporation

<u>Liabilities</u>	£.	s.	d.	£.	s.	d.
Wages	3972.	16.	9.			
Rent	618.	15.	0.			
Stores	13304.	12.	3.			
Workmen's Compensation	1000.	0.	0.			
Sundries	1122.	12.	5.			
Capital Works - Skin Shed	1818.	5.	8.			
" " Minor	429.	7.	7.			
	22266.	9.	8.			
<u>less: Sales-Fertilizer</u>	2455.	15.	10.			
" Winch	5.	0.	0.			
Earnings "Penelope"	30.	0.	0.	490.	15.	10.
				21775.	13.	10.

Net operating and capital costs

£ 29344. 18. 7.

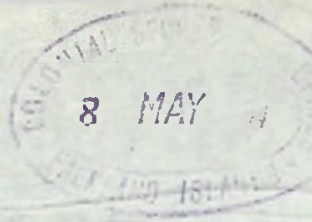
<u>deduct:</u> Receipts from C.D.C.	5079.	4.	10.			
Balance of amount deposited by P.R. Tilbury	1300.	0.	0.	6379.	4.	10.

Amount due to Falkland Islands Co. Ltd. at
30th April, 1954.

£ 22965. 13. 9.

Notes

- The Falkland Islands Freezer Co. Ltd., was incorporated on the 9th June, 1953.
- All debits up to 30th June, 1953 have been included as pre-incorporation liabilities.
- Debits in respect of wages are for advances only and there are presumably liabilities in respect of these at the end of both the pre and post incorporation periods.
- It appears probable that the balance of P.R. Tilbury's deposit amounting to £1300 has been liquidated by the C.D.C. in London and this represents a payment by C.D.C. to the Falkland Islands Co. Ltd.



215A

XX

BYWAYS.

GRAVEL PACE.

BERKHAMSTED.

7 April 1984.

Sd. 169 Your letter OS88 of 2.2.84.

215C-F

In compliance with your letter of above reference I send here with draft Debenture to secure the moneys to be advanced by the Government to the Falkland Islands Freezer Co. Ltd.

2. Clause 2 provides that interest shall not be payable for the first two years. As this is the waiver of a right which normally the lender would have the Company may wish to have the Debenture executed by the Governor.

3. Clause 3 of the land upon which the Company's factory stands has been conveyed to the Company in fee simple, or leased to it for any substantial period, the words in brackets should be included, and the mortgage created by the Debenture registered as required by the Land Ordinance.

KIV. //

4. As desired I have drafted the Debenture to cover "uncalled capital", but I understand that in fact there is no uncalled capital of the Company, all the shares issued being fully paid up.

5. I have made the Debenture transferable in case

C.T. And for the
chief & admin
11/8

It should hereafter be desired to dispose of it.

I am, Sir,

Your obedient servant.

Henry Melb.

The Colonial Secretary.
Falkland Islands.

H. C. S.

Para 2. of letter - I do not understand the reference to Governor executing the Deed of Surrender.

Para 3. H. S. C. to say.

Clause 3 & 4 of conditions do not make sense. Clause 3. provides that Governor is entitled - Clause 4. states the right and envisages the Deed of Surrender as having been granted to Governor personally not to the 'office'. - why register a transfer or change of office holder.

Clause 9. I have not a copy of L.P. No 1925. but this clause appears in a 'model' in Topham Company Ltd.

[Signature]
19/5

215c

(Copy)

DEBENTURE.

THE FALKLAND ISLANDS FREEZER COMPANY, LIMITED.

1. IN consideration of the sum of £ already lent by the Government of the Colony of the Falkland Islands and its Dependencies to the Falkland Islands Freezer Company, Limited, (hereinafter called "the Company") the Company will as and when the principal moneys hereby secured become payable in accordance with the conditions annexed hereto pay to the Governor of the Colony of the Falkland Islands and its Dependencies (which expression means the person for the time being lawfully administering the Government of the Colony), or other the registered holder for the time being hereof the sum of £
2. THE Company will during the continuance of this security pay to the Governor or such other registered holder interest thereon at the rate of three per cent per annum by half-yearly payments on the 1st day of January and 1st day of July in each year, ~~the first of such half-yearly payments to be made on~~ ^{beginning from} ~~whichever of the said dates shall first occur after~~ the expiration of two years from the date hereof, ^{no} ~~the~~ interest for the said two years being ^{payable.} ~~made.~~
3. THE Company hereby charges with the repayment of such principal moneys and interest its undertaking and all its property present and future, including its uncalled capital [and as beneficial owner by way of legal mortgage all that piece of land ^{known as} ~~known as~~ The Apex Bay Freezer, . . . situate at (Lizant) and bounded etc. etc.]
4. THIS debenture is issued subject to and with the benefit of the conditions annexed hereto, which are to be deemed part of it.

GIVEN under the common seal of the Company the day of

THE common seal of the above-named Company

was affixed hereto in the presence of

of

(description)

/Conditions

215d-f.

CONDITIONS

The Conditions hereinbefore referred to.

1. THE charge created by this Debenture is to be a floating security, but so that the Company is not to be at liberty to create any mortgage or charge on its property *pari passu* with or in priority to this Debenture.
2. THE name, address and description of the registered holder for the time being of this Debenture shall be entered in a register to be kept at the Company's registered office, and such register will at all reasonable times during business hours be open to the inspection of the holder hereof and his successors in the office of Governor and any person authorized in writing by him or them.
3. THE registered holder, or his successor in the office of Governor, will be regarded as exclusively entitled to the benefit of this Debenture, and all persons may act accordingly; and the Company shall not be bound to enter in the register notice of any trust, save as herein provided, and except as ordered by some Court of competent jurisdiction to recognize any trust or equity affecting the title to the Debenture or the moneys thereby secured.
4. UPON the death, retirement, resignation or transfer of the person for the time being holding the office of Governor of the Colony of the Falkland Islands and its Dependencies the Company shall not have the right to call for the execution of a transfer of this Debenture but shall register the same in the name of his successors in office without fee. Save as aforesaid every transfer of this Debenture shall be in writing under the hand of the registered owner ^{or} and his legal personal representatives, and the transfer must be delivered at the registered office of the Company with a fee of 2/6 and such evidence of title as the Company may reasonably require, and thereupon the transferee will be recognized as having become entitled to the benefit of this Debenture free from any equities, set-off or cross-claims which, but for this provision the Company would be entitled to set up against the transferor, and the transferee will be registered and a note of such registration will be indorsed hereon. The Company shall be entitled to retain the transfer.
5. THE principal moneys and interest hereby secured will be paid without regard to any equities between the Company and the original or any intermediate

/holder

holder hereof, or any set-off or cross-claim, and the receipt of the registered holder for such principal moneys and interest shall be a good discharge to the Company for the same.

6. THE Company may at any time give notice in writing to the holder hereof or his legal personal representatives, of its intention to pay off this Debenture, and upon the expiration of six months from such notice being given the principal moneys hereby secured shall become payable.

7. THE principal moneys hereby secured shall immediately become payable -

(a) If the Company makes default for a period of three months in the payment of any interest hereby secured, and the registered holder hereof, before such interest is paid, by notice in writing to the Company calls in such principal moneys; or

(b) If a distress or execution is levied upon or against the property or assets of the Company and remains unsatisfied for a period of seven days; or

(c) If an order is made or an effective resolution is passed for the winding-up of the Company; or

(d) If a receiver of the property and assets of the Company is appointed.

8. AT any time after the principal moneys hereby secured become payable the registered holder of this Debenture may from time to time appoint by writing any person or persons to be a receiver or receivers of the property charged by it, and may remove any such receiver, and a receiver so appointed shall have power -

(a) To take possession of, collect and get in the property charged hereby, and for that purpose to take all proceedings in the name of the Company or otherwise as may seem expedient;

(b) To carry on, or concur in carrying on, the business of the Company, and for that purpose to raise money on the property charged in priority to this Debenture or otherwise;

(c) To sell, or concur in selling, all or any of the property charged by this Debenture after giving to the Company at least seven days notice of his intention to sell, and to carry any such sale into

215F

effect by conveying in the name and on behalf of the Company or otherwise;

(d) To make any arrangement or compromise which he or they shall think expedient in the interest of the holder of this Debenture.

9. A receiver so appointed shall be deemed to be the agent of the Company, and the Company shall be solely responsible for his acts or defaults and for his remuneration. The provisions of Sections 101(1) and (2), 104, 106, 107 and 109(3), (4), (6) (7) and (8) of the English Law of Property Act, 1925, and the powers thereby conferred on a mortgagee or receiver shall, so far as applicable, apply to the receiver so appointed as if such provisions were incorporated herein, save that all moneys received by such receiver, after providing for the matters specified in Clauses (i) to (iii) of Section 109(8) aforesaid, and for all costs, charges and expenses of or incidental to the exercise of any of the powers of such receiver shall be applied towards satisfaction of the Debenture.

10. ANY notice required by these conditions may be served by sending it through the post in a prepaid letter addressed to the holder of this Debenture at his registered address, or to the Company at its registered office, as the case may be. Any notice served by post shall be deemed to have been served at the expiration of ^{one month} ~~hours~~ after it is posted, and in proving such service it shall be sufficient to prove that the letter containing the notice was properly addressed and put into the post office.

Hon. Col. Treasurer,

The following are the boundaries of actual site of the
Freezer at Ajax Bay.

88. B.
~~Registration~~
7. vii. 54

2159

situate at Ajax Bay, East Falkland, containing 14 acres, and
bounded as follows: on the North by land in the holding of
San Carlos Sheep Farming Co. Ltd., approximately 711 feet, on the
East by Ajax Bay approximately 960 feet, on the West by land in
the holding of San Carlos Sheep Farming Co. Ltd., 960 feet, and
on the South by land in the holding of San Carlos Sheep Farming
Co. Ltd., 711 feet.

TELEGRAM SENT.

From GOVERNOR to SECRETARY OF STATE.

Despatched: 14.5.54 Time: 1500 Received: Time:

PRIORITYCONFIDENTIAL. No 138. Your telegram No 88 Confidential. Freezer

I have discussed matter at length with members Executive Council which include Chairman Local Board Freezer Company and Colonial Manager, Falkland Islands Company.

2. Such information as is available locally does not indicate that the Colonial Development Corporation's contention that the loan of £33,000 was used for working capital should be accepted without substantiation. Since Falkland Islands Freezer Company was incorporated in June, 1953.

- (a) A skin shed estimated at £8,000 has been erected. The Colonial Development Corporation knew that this had to be done and it appears from the minutes of a Directors' Meeting that the Falkland Islands Freezer Company accepted the liability. It is nevertheless not a proper charge against working capital and this the Colonial Development Corporation, which controls the Falkland Islands Freezer Company must know.
- (b) The wages and passages of the construction gang which carried on until last October have had to be paid.
- (c) Minor capital works including improvement of hygiene arrangements and erection of cattle pens and cattle fence have been undertaken.

I am not in a position to find out how these liabilities which are not a proper charge on the working capital of the Falkland Islands Freezer Company were met but it is presumed that the £33,000 loan from the Colonial Development Corporation was used. Furthermore all normal recurrent expenses such as wages, fuel, stores and supplies have been met from the Falkland Islands Company advance instead of from the Colonial Development Corporation £33,000 loan which one would have expected to be used for the purpose if it was genuinely intended for working capital. This expenditure accounts for about £19,500 of the debt to the Falkland Islands Company.

3. In addition examination of the Falkland Islands Company account of £29,000 shews that £7,500 was advanced in respect of expenses incurred before the Freezer Company was incorporated and there has since been further expenditure on capital work, the amount of which cannot be disentangled locally. To offset this £6,400 was received through their Head Office from the Colonial Development Corporation which probably also represents part of the £33,000 provided by the Colonial Development Corporation.

4. As regards the last sentence of paragraph 2 of your telegram under reference my predecessor's telegram no 62 states that the purchase of debenture was authorised on the understanding that the Colonial Development Corporation had advanced £50,000 working capital. In fact the Colonial Development Corporation advance was only £33,000 and there is strong reason to suppose that most of this amount was not used as Falkland Islands Freezer Company working capital.

See 221 / 5. 223

196

180

217

5. I should be prepared to agree that £50,000 debenture loan should be made available to liquidate such part of the Freezer Company's debts to Colonial Development Corporation and Falkland Islands Company as may genuinely represent working capital in respect of present season and the rest to provide working capital for the future, but I should be grateful if the Colonial Development Corporation might first be pressed to produce detailed figures of how the money represented by existing debts has been spent and if your financial advisers could satisfy themselves as to how much of this expenditure can be regarded as genuine working capital in respect of this season's operations.

6. With regard to paragraph 3 of your telegram under reference although no information is available here regarding meat selling prices it seems most probable that the difference between what the Company will get for its meat and hides on this season's kill and what they will owe to farmers will be a comparatively small amount which may be almost entirely swallowed up by a wage commitment in respect of Chilean butchering gang and other employees. We know nothing here of how the Falkland Islands Freezer Company proposes to pay these people. Even if £50,000 were made available and used only to meet genuine recurrent expenses for present season it is still possible the Freezer Company will not have sufficient working capital to operate satisfactorily next season.

7. I am sending by BISCOE mail leaving on 14th a.m. analysis of such figures as I have been able to obtain locally.

GOVERNOR

DECODE.

TELEGRAM SENT.

218

From SECRETARY OF STATE to GOVERNOR

Despatched: 14.5.54 Time: 2045 Received: 15.5.54 Time: 0845

196

No 94. CONFIDENTIAL. My telegram No 88. Freezer.

Grateful early reply.

SECRETARY OF STATE

Telegrams crossed pl. see 216?

sm.

219

DECODE.

TELEGRAM SENT.

From GOVERNOR to SECRETARY OF STATE

Despatched: 18.5.54 Time: 1400 Received: Time:

216

No 145. My telegram No 138. Freezer. I visited Freezer today travelling by air. I received no figures but project manager informed me in confidence that during present season's working he has received no remittance direct from England and all current expenses have been met by credits and advances from Falkland Islands Company.

GOVERNOR

EXTRACT FROM LETTER FROM SIR MILES CLIFFORD TO HIS
EXCELLENCY THE GOVERNOR OF 29. 4. 54.

~~4/5~~
220

Dear Arthur,

192 in
0588/I
S. Conf.

I was met on the night on my arrival (12th) by Bent who showed me a copy of your telegram about the Freezer when I expressed my willingness to discuss matters with Young on your behalf. I heard nothing further from the Colonial Office until the 27th when Morris phoned and asked if I could look in and see him which I did yesterday when the same telegram was once more trotted out. The wheels turn slowly. Willis, their Economic "expert" was present and gave us to understand that the C.D.C. had only agreed to further advances (working capital) to the Freezer in expectation of the £50,000 from the Colony or - if farmers refused to contribute - from the Government "as promised by the Governor". Needless to say I had made no such promise - what I had in fact done was to promise that I would put this to the Legislature and so far as I personally was concerned, would support such action but I was particularly careful to explain that the Council had an Unofficial Majority and I was not in a position to force the issue. I think that the greater part of the sum will have been taken up in (a) money owing on purchase of sheep (b) further work (including skin drying shed) as a result of the Fletcher report and (c) general day-to-day expenses and I think that it may be justifiably regarded as working capital; Webb's "instrument" which I have seen, secures us and I would see no objection to letting them have the money. The more so as it gives Government the first claim and it is absolutely clear that C.D.C. intend to pull out. The next point divulged by Willis was that Young had been in close touch with the C.D.C. and had made an offer of £70,000 for the plant and buildings which is a pretty miserable offer even for the F.I.C. C.D.C. (said Willis) was not prepared to part under £1 million, he would write to them again but was quite certain that this would be the answer. At this point I suggested that writing was a waste of time and that I would be quite prepared to go and see Keith myself and subsequently to see Young and try and arrive at a sensible figure and get him to agree to the setting up of a small local corporation or "co-op" or whatever you like to call it including all farmers and Government with F.I.C. as managing agents. This was agreed to in principle and they are to tell me when to go in to bat!!

A

They asked what I thought of Rippon, the Vet. and I replied that I didn't think much of him. I was told that he had the reputation of being bone idle but he was all they could put their hands on at the time.

.....

Can this please be typed and put on the file early.
We must consider it at once.

(Intld)ORA

TELEGRAM SENT.

221

From GOVERNOR to SECRETARY OF STATE.

Despatched: 26.5.54 Time: 1620 Received: Time:

NC 156. Following personal and Confidential for Bourdillon.

220

I have had a personal letter from Clifford which leads me to suppose that Colonial Development Corporation may try to represent this Government as acting in bad faith over the provision of £50,000 for the Falkland Islands Freezer Company in that the Colonial Development Corporation only agreed to advance £33,000 to Freezer in anticipation of the provision of £50,000 which was "promised by the Governor".

184

175

2. Until the resolve was passed in Legislative Council the Governor had no authority to make any promises and Clifford assures me that he did not do so nor does any such promise appear on the papers. He was at pains to make it clear that the provision of any money was conditional on approval of the Legislature, on which there was an unofficial majority. In the event the Legislature did provide £50,000 for a debenture loan but they did so with the greatest reluctance and only to provide working capital. They would never have granted the money to liquidate debts incurred in connection with construction. They were prompted by fear of the wild extravagance of the Colonial Development Corporation of which there is ample evidence locally. They feared that the money would be all swallowed up by existing debt that none would be left over to provide working capital next year and that the same position would arise again. I am now bound to seek your help to ensure that the money is applied for the purpose for which it was voted. It is true that the views of the Colonial Development Corporation conveyed to my predecessor in your telegram No 65 envisage the repayment of the loan of £33,000 to the Corporation and the use of the remaining £17,000 to provide working capital for the 1954 season, but this Government never agreed to this proposal and it seems inconsistent with the Colonial Development's expectation conveyed to my predecessor in your telegram No 40 that the full amount of £50,000 offered for working capital would be required and with their present claim that the £33,000 advanced by them has been used as working capital. I cannot admit that this Government has acted in anything but good faith.

216

3. Whether the Colonial Development Corporation have themselves acted in good faith depends on whether the £33,000 which they put up last year and now represent to us as provided for working capital for the Falkland Islands Freezer Company to be repaid out of the £50,000 debenture loan was, in fact, spent on objects which could be described as a fair charge on working expenses in respect of Falkland Islands Freezer Company's operations. From here this seems unlikely since all the money for current working expenses this season was provided by the Falkland Islands Company locally and represents the greater part of the money owed to them by the Falkland Islands Freezer Company (see my telegram No 138 Confidential). It seems more likely that since the establishment of Falkland Islands Freezer Company the Colonial Development Corporation has debited to the Falkland Islands Freezer Company account all expenditure in connection with the Freezer regardless of whether it represents working expenses of the Falkland Islands Freezer Company or not, that this expenditure accounts for the bulk of the £33,000 owed to the Colonial Development Corporation, and that the Colonial Development Corporation which controls the finances of Falkland Islands Freezer Company has relied on running up a debt with the Falkland Islands Company to provide what might truly be described as working capital for this year. I have

/no sure means

2.

no sure means of finding out if this is so but
if it is, it is inexcusable for the Colonial
Development Corporation to represent the £33,000
they provided as having been provided for working
capital and any attempt to impute bad faith to
this Government would be insufferable.

GOVERNOR

GTC
SM

222

DECODE.

TELEGRAM SENT.

From GOVERNOR to SECRETARY OF STATE

Despatched: 27.5.54 : Time: 1445 Received: Time:

220

No 158. Grateful you pass to Clifford begins.
Many thanks your freezer letter and assistance.
Will anxiously await developments. Am asking
Secretary of State show you recent correspondence.
Ends.

2. Grateful Clifford be shown latest
freezer telegrams.

GOVERNOR

KIN
X Co

DECODE.

542

TELEGRAM SENT.

223

From SECRETARY OF STATE to GOVERNOR

Despatched: 28. 5. 54. Time: 09.15 Received: 28. 5. 54. Time: 09.10

216. Reply urgently required. No. 105. Confidential
Your telegram No. 138 FREEZER.

Substance your point is being put to Colonial Development Corporation.

2. Meanwhile Colonial Development Corporation state it is urgently necessary to guarantee Ministry of Food that Freezer Company will pay 39,000 cost of shipping 375 tons of meat and offal after the end of this season. As this would be a true working capital purpose do you agree that guarantee may be given on basis of this (?) call (?) becoming part of 350,000 to be advanced on debenture?

SECRETARY OF STATE

G.T.C. SM.
Typed VP

Reply at 225

224

COLONIAL DEVELOPMENT CORPORATION

CHAIRMAN'S OFFICE

33 HILL STREET
LONDON · W. 1

18th February, 1954

*My Dear Excellency,*Thank you for your note of 23rd January.

*Personal
Re: mention
Letter Book*

We much appreciate your efforts to get your Legislature to vote £50,000 for the Freezer Company on debenture, particularly in view of the opposition you have had to face. This will be most helpful - indeed essential - in providing working capital.

We are glad also to hear that Mr Young and the farmers will support the Freezer Company; if the support grows, we may yet see a successful project.

As to the jetty, it is unfortunate but there is no money for a jetty until the freezer begins to pay; we shall have to make do as best we can with the old one.

*With best wishes,**Yours ever,**Clifford*

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

*to see
y. This was sent
in by Mr Miles
Clifford*

*KIV
225*

*OKA
25*

DECODE.

TELEGRAM SENT.

From GOVERNOR to SECRETARY OF STATE

Despatched : 29.5.54.

Time : 09.55

Received :

Time :

IMMEDIATE. Confidential. No. 161. Your telegram No. 105.
Confidential. FREEZER.

I agree that transport expenses would be correct charge against working capital for which we are providing up to £50,000 on terms described in previous correspondence.

2. I do not however understand why C.D.C. should come to us for a guarantee since I should have thought that transport charges would be paid immediately out of proceeds of sale of meat. I presume C.D.C. is not planning to leave this expenditure to be met from the money put up by debenture loan for working capital while applying the proceeds of the sale of this years meat to the indiscriminate liquidation of F.I.F.Co. debts including those incurred by C.D.C. before F.I.F.Co. came into existence and those incurred on construction,

GOVERNOR'S DEPUTY.

Extract from the Minutes of a Meeting of Executive Council
held 26th May, 1954.

0588.

12. FREEZER.

A draft telegram to the Secretary of State for the Colonies was circulated and Council advised that it should be despatched.

Whittle

Acting Clerk of the Executive Council.

DECODE.

TELEGRAM.

227

From Lord Reith, London

To H.E. the Governor.

Despatched : 2nd June, 19 54 Time : 1323

Received : 2nd June, 19 54 Time : 1400

No 523. Disappointed learn Government loan £50,000 not paid despite previous Governor's offer last November confirmed Leg.Co. January. Colonial Development Corporation financial limit now reached and failing news loan made we propose inform Company Board no more funds available from Colonial Development Corporation and Freezer should be closed after shipment this month. Responsibility of the consequent loss of the Islands export estimated this year at least £30,000 with the Government. Provided loan forthcoming C.D.C. ready provide additional working capital next season and subsequent within existing sanction.

REITH

C.T. Pte see (227) & discuss. olympus has entered the frag!
the first step seems to be to clarify X.

See 238

316

Reply 229

228.

H. C. S.

227.

x. I assume this means that
C.S.C. will again advance up to
whatever amount is refunded to
them out of the £50,000.

J. S. G.
3/16

DECODE.

TELEGRAM.

227

From The Governor's Deputy

To C.D.C., London.

Despatched : 4th June, 19 54 Time : 1600

Received : 19 .. Time :

227

For Reith begins. Your telegram 523 of 2nd June.
Regret reply awaits Governor's return from tour
on the 9th June. In meantime very grateful
clarification last sentence. What amount would
be available within your existing sanction?

2. Assume estimated loss mentioned in
penultimate paragraph refers to Colony's
economic potential in the future. Ends.

GOVERNOR'S DEPUTY

DECODE.

TELEGRAM SENT.

230

From SECRETARY OF STATE to GOVERNOR

Despatched : 4.6.54 Time : 1730 Received : 5.6.54 Time : 0845

221

CONFIDENTIAL. No 110. Following from Bourdillon
begins. Your telegram No 156. Freezer.

C.D.C. have now supplied details expenditure
covering their own advance now £60,000 and account
with Falkland Islands Company of over £20,000. ^{£40,000??}
Items classified as working capital total £51,000.
Details follow in our immediately following
telegram.

Understand our enquiries have prompted Reith
to telegraph to you direct taking line envisaged
in your telegram under reference; but we have
not seen copy there is clearly no basis for
accusation bad faith against Colony and Clifford,
who has discussed point with us, refutes any
suggestions that he made promise of such a nature
to Reith.

Clifford is making preliminary enquiries with
Young on possibility local body taking over project
from C.D.C.

Meanwhile C.D.C. have themselves guaranteed payment
freight (our telegram No 105). Ends.

SECRETARY OF STATE

KIV 230

GTC
SM

223

DECODE.

TELEGRAM SENT.

231

From SECRETARY OF STATE to GOVERNOR

Despatched: 4.6.54

Time: 1820

Received: 5.6.54

Time: 0845

CONFIDENTIAL. No 111. Your telegram No 138 and 156. Following is extract of letter received today from C.D.C.

216 221

143 The Corporation has always understood Government's proposed £50,000 advance was for working capital. This was agreed in our cable to Governor of November 10th 1953.

C.D.C. advances at December 31st 1953 made in anticipation Government loan were about £30,000 having since risen to £40,000. Falkland Islands Company's current account was at December 31st 1953 £13,900; today is over £20,000. Total of these 2 accounts say £60,000 has been spent roughly as follows:-

Skin drying shed, corrals, and other small equipment £8,200

Roller and Gambrels for loading meat into the Freezer £2,500

Total £10,700

Deduct proceeds from sale of equipment £1,800 leaving £8,900 working capital

Operation store £34,000

Debtor and deposit £2,000

Purchase of sheep 1953 season £8,100

Operating expenses less sale of proceeds (wages, insurances, management fees etc) £7,000

Total £51,100 plus £8,900

Grand total £60,000.

Details expenditure by Company since the beginning of this year and of stock at December 31st are not available in London so that above figures are approximate.

Any wages and passages of construction gang paid out of Company's funds have been credited by Colonial Development Corporation and do not appear in above.

The above table shows working capital expenditure at £51,000. Consequently even if whole Government £50,000 advance were used to repay C.D.C. and F.I.C. it would be used for working capital purposes.

SECRETARY OF STATE

C.E. P. 22 (220) 221
discuss
7/6

CONFIDENTIAL

Colonial Secretary's Office,
Stanley, Falkland Islands.

8th June, 1958.

Dear Harding,
Barton,
Slessor,

I enclose for your information copies of telegrams recently exchanged on the subject of the Freezer. The matter will be further discussed on His Excellency's return.

With regard to the Secretary of State's telegram No. 111

(a) Operating Store £34,000.

What does this represent?

(b) Debtor & Deposit £2,000.

This presumably is the Tilbury transaction which has now been adjusted.

(c) Purchase of sheep 1953 season £8,100.

You will note that this refers to 1953.

(d) Operating expenses less sale of proceeds £7,000.

It would appear either that the Colonial Development Corporation have appropriated the money realised by 1953 meat sales and left Falkland Islands Freezer Company to pay for the sheep or that the operating costs make the venture quite uneconomical.

Yours sincerely,

(Sgd) Colin Campbell

The Honourable
Mr. H.C. Harding, J.P.
The Honourable
Mr. A.G. Barton, J.P.,
The Honourable
The Senior Medical Officer,
STANLEY.

These pp have been seen by Ex Co. members in Stanley.

2) The explanation at (231) still seems most unsatisfactory as a lot of the money owing is in respect of 1953.

3) I rather incline to the view now that we will not get much further arguing over the accounts and the alternatives are

a) Withdraw our original offer of a debenture loan of £50,000 and incur a possible charge of bad faith.

b) Take x/ of (227) & x/ of (231) on trust and pay up & see what sort of a showing we can make.

4) The worst that can happen under 3 (b) is that we get landed with the project for £50,000, but the real crux of the matter is not the capital cost of the project but whether it can be operated economically.

If we are satisfied that it can be & the other farms are keen on a coop: then we can go ahead; if not, then I think we should withdraw.

5) As the ~~rather~~ provisions of the loan now becomes more speculative than when the money was voted I think we should take the opportunity of getting an informal expression of opinion from the Leg Co. members at the joint conference. In

234

support of the convention that it can be
run economically is the fact that
Young has made an offer of £20,000.

234

G
8/6

To X6s only please. Saturday 11 am

RA
2 15/6

235
DECODE.

TELEGRAM.

From General Manager, Colonial Development Corporation.

To H.E. the Governor.

Despatched : 10th June, 19 54 *Time :* 1830

Received : 11th June, 19 54 *Time :* 0845

224
Your telegram 4th June. Assume Freezer 1954 revenue
£30,000 balance existing sanction available working
capital also £30,000. Your assumption correct.

GENERAL MANAGER, CDC

URGENT 236

45 paper covering
237 memo to Ex Co. ofa.
attached.

11/28

PS Since drafting, (235) has
just come in which
indicates that esp. will
leave in their £ 30,000 - or
what is left of it. I will
copy to Ex Co. members.

APP
DRA

61

L.B.S.

I have them all
ready to seal up when
you app. p! L.B.S. 11/6

MEMORANDUM.

237

~~238~~

11th June, 19 54.

It is requested that, in any reference to this memorandum the above number and date should be quoted.

STRICTLY CONFIDENTIAL

To: All Members of Executive Council,

From: The Colonial Secretary,

Stanley, Falkland Islands.

SUBJECT:- Ajax Bay Freezer.

Members have already received copies of recent telegrams and enclosed is a reply received from Lord Reith which indicates that the Colonial Development Corporation are prepared to leave with the Falkland Islands Freezer Company their loan of £30,000 - or what is left of it. Though the explanations contained in Confidential Telegram No. 111 cannot be regarded as wholly satisfactory, it is unlikely that any useful purpose will be served by further prolonged telegraphic wrangling.

2. The alternative courses of action now appear to be:-

- (a) to withdraw our offer of a debenture loan of £50,000, with the risk of incurring a charge of bad faith and of jeopardising the success of the project in the future, or
- (b) to accept the statements that £50,000 will be used as working capital and to pay up.

3. The crux of the matter is whether or not the project can ever be operated economically. The opinion of the local board of Directors is that it can - provided there is a change of management and obvious economies are effected. Another pointer is the fact that it is understood that the Falkland Islands Company have already made an offer of £70,000 for the concern.

4. Members will accordingly be invited to approve the payment of the debenture loan and the issue of the enclosed draft telegram.

C. Campbell

COLONIAL SECRETARY.

DRAFT.

238

TELEGRAM.
Received.

London

18.30

10/6/54.

To Governor F.I.

Your telegram 4th June. Assume Freezer 1954 revenue £30,000 balance existing sanction available working capital also £30,000. Your assumption correct.

GENERAL MANAGER, COLONIAL
DEVELOPMENT CORPORATION.

DRAFT TELEGRAM.

From: The Governor of the Falkland Islands.

To: Lord Reith, P.C., G.C.V.O., G.B.E.

227. Your telegram No. 523 dated 2nd June, 1954. Freezer.

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Your telegram No. 531 of the 10th of November, 1953, also assumed that my predecessor's telegram of the 6th of November, 1953, constituted an offer of a loan. This assumption was corrected by my predecessor in his telegram of the 11th of November, 1953. In fact until the matter had been placed before the Legislature my predecessor was not in a position to make an offer. £30,000 was voted by Legislature for debenture loan to "provide working capital" for Freezer Company. Legislature shewed reluctance and my predecessor had difficulty in securing passage of resolve. No communication recorded here shews that loan was ever intended for any purpose other than to provide working capital for Freezer Company and for this purpose it has always been available. Any suggestion that this Government has been guilty of a breach of good faith is untrue.

2. It became known locally that Freezer Company had heavy liabilities in respect of debts incurred before it came into existence and on matters such as construction which would not be a fair charge against working capital and that the normal working expenses on such matters as wages, fuel, food and beasts were being met by running up a debt to the Falkland Islands Company and to farmers who had agreed to wait for payment. The true position was unknown here since at no meeting of the Board of Directors of the Freezer Company attended in London by local members were any figures produced shewing outstanding liabilities and how it was proposed to meet them, nor was any budget for this year's working produced. In fact the letter from the Falkland Islands Company of the 24th March last to the Works Manager advising him that they would pay Freezer Company cheques for wages only and would not accept any other debts, by reason of an overdraft of £21,000 on their books at that date, came as a complete surprise to members of the local Board. Pressure was brought to bear on my predecessor by his local advisers to ensure that the money provided by debenture loan was used to provide working capital only and for this reason payment of the money was temporarily suspended by my predecessor while the point was being cleared up by telegraphic correspondence with the Secretary of State. Such pressure increased upon me.

3. Telegrams recently received from Secretary of State give figures furnished by Colonial Development Corporation indicating that working expenses represent over £50,000 of present debt of Freezer Company and I have therefore informed him that the £50,000 in respect of debenture loan ~~will~~ be made immediately available for Company on terms set out in previous correspondence. I assume that "working expenses" means working expenses since Freezer Company came into existence and should be grateful if you would assure me that this is so.

4. The figures furnished to the Secretary of State are disquieting. If, as you say in your telegram under reference, earnings are likely to be worth £30,000 and if working expenses since the Freezer Company came into existence were £51,000 it appears that some modification in system of operation is imperative. I have taken advice locally from every available source and it does not appear that present system of operation by a Board, some of whom are in London and some local using as operating agent a firm whose main interests are in Chile, can work efficiently, especially since the local members who might be in a position to effect economies have no knowledge of the financial position and no effective authority. If a local firm were used as operating agent it could reduce staff at the Freezer to a maintenance basis only during the off-season which is about two-thirds of the year, employing the remaining staff elsewhere: it could also use its own resources already available locally for certain constructional additions and alterations which are still required. The only possibility is the Falkland Islands Company. It would, of course, be necessary to continue to use the South American Exports Syndicate to provide a slaughtering gang and refrigerated shipping space but the Falkland Islands Company would probably be in a position to come to an agreement about this with the Syndicate. By such an arrangement much economy could be effected and the position of the local members of the Freezer Company's Board would be vastly strengthened in watching and promoting the Company's interests locally. I suggest that these members should also be kept informed of the financial position.

5. An alternative which my predecessor suggested and I support would be to form a Co-operative Society of sheep-owners to take over the Freezer. I understand that this proposal is being pursued by the Secretary of State.

TELEGRAM SENT.

240

From GOVERNOR to SECRETARY OF STATE.

Despatched: 14.6.54 Time: 1515 Received: Time:

231

No 179. CONFIDENTIAL. Your telegram No 111. Freezer. For your information I have exchanged the following telegrams with Lord Reith quote.

227

From Lord Reith dated 2nd June.

"Disappointed learn Government loan £50,000 not paid despite previous Governor's offer last November confirmed Leg.Co.January. Colonial Development Corporation financial limit now reached and failing news loan made we propose inform Company Board no more funds available from Colonial Development Corporation and Freezer should be closed after shipment this month. Responsibility of the consequent loss of the Islands export estimated this year at least £30,000 with the Government. Provided loan forthcoming C.D.C. ready provide additional working capital next season and subsequent within existing sanction."

229

227

To Lord Reith dated 4th June.

"Your telegram of 2nd June. Regret reply awaits Governor's return from tour on the 9th June. In meantime very grateful clarification last sentence. What amount would be available within your existing sanction?"

2. Assume estimated loss mentioned in penultimate paragraph refers to Colony's economic potential in the future."

235

229

From Lord Reith of 10th June.

"Your telegram 4th June. Assume Freezer 1954 revenue £30,000 balance existing sanction available working capital also £30,000. Your assumption correct"

Unquote.

2. Grateful you pass the following to Lord Reith begins.

Your telegram No 523 dated 2nd June 1954. Freezer.

Your telegram No 531 of the 10th November, 1953 also assumed that my predecessor's telegram of the 6th of November, 1953, constituted an offer of a loan. This assumption was corrected by my predecessor in his telegram of the 11th November, 1953. In fact until the matter had been placed before the Legislature my predecessor was not in a position to make an offer. £50,000 was voted by Legislature for debenture loan to "provide working capital" for Freezer Company. Legislature shewed reluctance and my predecessor had difficulty in securing passage of resolve. No communication recorded here shews that loan was ever intended for any purpose other than to provide working capital for Freezer Company and for this purpose it has always been available. Any suggestion that this Government has been guilty of a breach of good faith is untrue.

2. It became known locally that Freezer Company had heavy liabilities in respect of debts incurred before it came into existence and on matters such as construction which would not be a fair charge against working capital and that the normal working expenses on such matters as wages, fuel, food and beasts were being

met by running up a debt to the Falkland Islands Company and to farmers who had agreed to wait for payment. The true position was unknown here since at no meeting of the Board of Directors of the Freezer Company attended in London by local members were any figures produced shewing outstanding liabilities and how it was proposed to meet them, nor was any budget for this year's working produced. In fact the letter from the Falkland Islands Company of the 24th March last to the Works Manager advising him that they would pay Freezer Company cheques for wages only and would not accept any other debts, by reason of an overdraft of £21,000 on their books at that date, came as a complete surprise to members of the local Board. Pressure was brought to bear on my predecessor by his local advisers to ensure that the money provided by debenture loan was used to provide working capital only and for this reason payment of the money was temporarily suspended by my predecessor while the point was being cleared up by telegraphic correspondence with the Secretary of State. Such pressure increased upon me.

230-231
3. Telegrams recently received from Secretary of State give figures furnished by Colonial Development Corporation indicating that working expenses represent over £50,000 of present debt of Freezer Company and I have therefore informed him that the £50,000 in respect of debenture loan will be made immediately available for Company on terms set out in previous correspondence. I assume that "working expenses" means working expenses since Freezer Company came into existence and should be grateful if you would assure me that this is so.

4. The figures furnished to the Secretary of State are disquieting. If, as you say in your telegram under reference earnings are likely to be worth £30,000 and if working expenses since the Freezer Company came into existence were £51,000 it appears that some modification in system of operation is imperative. I have taken advice locally from every source and it does not appear that present system of operation by a Board, some of whom are in London and some local using as operating agent a firm whose main interests are in Chile, can work efficiently, especially since the local members who might be in a position to effect economies have no knowledge of the financial position and no effective authority. If a local firm were used as operating agent it could reduce staff at the Freezer to a maintenance basis only during the off-season which is about two-thirds of the year, employing the remaining staff elsewhere; it could also use its own resources already available locally for certain constructional additions and alterations which are still required. The only possibility is the Falkland Islands Company. It would, of course, be necessary to continue to use the South American Exports Syndicate to provide a slaughtering gang and refrigerated shipping space but the Falkland Islands Company would probably be in a position to come to an agreement about this with the Syndicate. By such an arrangement much economy could be effected and the position of the local members of the Freezer Company's Board would be vastly strengthened in watching and promoting the Company's interests locally. I suggest that these members should also be kept informed of the financial position.

5. An alternative which my predecessor suggested and I support could be to form a Co-operative Society of sheep-owners to take over the Freezer. I understand that this proposal is being pursued by the Secretary of State. Ends.

GOVERNOR

242

DECODE.

TELEGRAM SENT.

From GOVERNOR to SECRETARY OF STATE

Despatched: 14.6.54 Time: 1545 Received: Time:

230

231

CONFIDENTIAL. No 180. Following for Bourdillon begins. Many thanks your telegram No 110. Freezer. I have sent Secretary of State officially copies of telegrams exchanged with Lord Reith. Colonial Development Corporation still seems to be behaving disingenuously for example it is clear from your telegram No 111 that part of Freezer Company's debt which is called working expenses was in respect of purchase of sheep for 1953 season before Freezer Company came into existence and what is said about the proceeds of the sale of produce for that year is obscure but seems to indicate that further losses in respect of 1953 working have been passed on to Freezer Company.

240

The matter was discussed at length in Executive Council and since it seems unlikely that Government can lose its money it seemed better not to prolong the wrangle but to make the money immediately available. It will be interesting to see what Lord Reith says in response to the assurance I seek in paragraph 3 of my last telegram. Ends.

GOVERNOR

DECODE.

TELEGRAM.

243

From The Colonial Secretary.

To The Crown Agents for Oversea Govts. & Admins.

Despatched : 14th June, 19 54 Time : 1600

Received : 19 .. Time :

No Copy.

URGENT. Following for Webb begins. Your letter 7th April
draft debenture for Freezer Company. Glad to know reasons
for nominating Governor as debenture holder and whether
there is any objection to substituting Government for
Governor. Grateful very early reply. Ends.

SECRETARY

Reply 245

H.B.S.

You have letter referred to p. 1?

C.T. has it
@

14/5/6

Pls for reply C.T. is holding letter

15/5/6
20

GTC
SM

Extract from the Minutes of a Meeting of Executive Council
held 12th June, 1954.

0588.

3. FREEZER.

After discussion, Council agreed to the terms of a draft
240 telegram His Excellency proposed sending to Lord Reith.

Whittle

Acting Clerk of the Executive Council.

c/0588/II
DECODE.

TELEGRAM.

245

From The Crown Agents for Oversea Govts. & Admins.

To The Colonial Secretary

Despatched : 19th June, 19 54 Time : 1212

Received : 20th June, 19 54 Time : 0845

In c/0588/II
with H26
243

Your telegram 14th June. Following from Sir Henry Webb. More convenient and usual for debenture holder to be an individual see conditions 6 and 8. If Government is to be substituted debenture should be redrafted.

GROWN

C.T.
To see pl.,
(Intld) W.H.
21/6.

See 7/23/6

W.H.

C.T. to see pl
W.H.
for C.T. 22/6/54

GTC
SM

DECODE.

TELEGRAM.

246

From Lord Reith, London.

To H.E. the Governor.

Despatched : 23rd June, 19 54 Time : 1816

Received : 24th June, 19 54 Time : 0845

240
Para 2

No 637. Your cable June 16th. Freezer Company incorporated June 9th 1953 with responsibility of operating revenue and expenditure from January 1st 1953. Paragraph 23 last sentence seems to introduce new conditions but to get matter settled Colonial Development Corporation will finance net operating expenditure £3400 paid prior to incorporation. /x

2. Pending receipt information from Falkland Islands impossible calculate exactly working expenses paid since June 9th 1953 but not less than £45,000 including FIC account. Understand that you will instruct that Freezer Company may draw up to this. Sale proceeds available due course to repay working capital advances.

3. Corporation always understood Government money available working capital only. Colonial Development Corporation has kept faith by operating for 1953/1954 season without money you would not entrust to it.

4. Have accepted Colonial Office suggestion future be discussed with Sir Miles Clifford. Your suggestion follows thought mentioned to you January 28th. Over last year Colonial Development Corporation in vain pressed local directors take more responsibility. /Y

REITH.

4/5

(246)

1/6. Somewhat hesitant in tone. 1/6. X/ is a new one and Y/ is ridiculous in view of the impossible complicated system of control set up by C.D.C. 2) No action would appear necessary as C.D.C. is arranging the debenture. 2/6

See 253

247

Have we a copy of the Articles?

See A on 127 w.I

RA

25

Y.L.

(246)

Mr Harding knows nothing of the arrangement in para 1) or this was certainly not the impression gained by him. There is presumably nothing against P.F.C. assuming this responsibility under P (i) or (iv) of the memo. of Association but certainly the local directors were not advised of this intention & I suspect they have just thought it up. Y.L. wished me to reply.

24/6

247A

26th June, 1954

Dear Sir Miles,

No copies.

Please forgive a typed letter.
Thank you for your letters of the 16th and 31st May. We have now agreed to make the money for the Freezer available, and therefore things are not quite as urgent as they were but the sooner the Colonial Development Corporation get out, and let the thing be run by a Sheep Owners' Co-operative, the better.

Extracted to
0068/m -
Medical Dept.
Staff/ { Your news about Nursing Sisters is pretty gloomy, I hope, however, that we shall at last get the German T.B. Sister and Miss Mackintosh.

Extracted to
1626 - Review
Colonys Program
army 1946 -
1954. { I enclose a copy of the Secretary of State's reply to the long Despatch you wrote on the 8th March, giving an account of your stewardship. I thought you might like to have it.

Yours sincerely,

Raynor Arthur (Signed)

Sir Miles Clifford, K.B.E., C.M.G., E.D.,
East India and Sports Club,
LONDON, S.W.1.

TELEGRAM SENT.

248

From GOVERNOR to SECRETARY OF STATE.

Despatched: 29.6.54 Time: 1630 Received: Time:

242

No 188. Following personal and confidential for Bourdillon begins. My telegram No 180. Freezer.

246

I have received the following telegram from Lord Reith:-

Begins. Freezer Company incorporated June 9th 1953 with responsibility of operating revenue and expenditure from January 1st 1953. Paragraph 2 last sentence seems to introduce new conditions but to get matter settled Colonial Development Corporation will finance net operating expenditure £3400 paid prior to incorporation.

2. Pending receipt information from Falkland Islands impossible calculate exactly working expenses paid since June 9th 1953 but not less than £45,000 including FIC account. Understand that you will instruct that Freezer Company may draw up to this. Sale proceeds available due course to repay working capital advances.

3. Corporation always understood Government money available working capital only. Colonial Development Corporation has kept faith by operating for 1953/1954 season without money you would not entrust to it.

4. Have accepted Colonial Office suggestion future be discussed with Sir Miles Clifford. Your suggestion follows thought mentioned to you January 28th. Over the last year Colonial Development Corporation in vain pressed local directors take more responsibility. Ends.

2. Of the liability stated in the first sentence of the above telegram to have existed since the incorporation of the Freezer Company nothing is known here. If anything had been known of an intention to saddle the Freezer Company with previous debts of the Colonial Development Corporation the Legislative Council would never have voted the £50,000 for debenture loan. No mention of this liability is made in the memorandum and Articles of Association although liability in respect of a contract with the South American Export Syndicate is mentioned. The Chairman of the local Directors knew nothing of it. It appears from paragraph 2 of your telegram No 88 that the Secretary of State knew nothing either. It is also clear that the Colonial Development Corporation must have known from our correspondence that we were ignorant of this inherited liability and thought it important that Freezer Company's liabilities should start with incorporation. Whether this liability truly existed from the start as Lord Reith says, in which case the Colonial Development Corporation must have concealed this important point from the Secretary of State, this Government and the local Directors, or it is possible since the London directors hold complete control of Freezer Company's finances that the liability was accepted at some date after incorporation and possibly quite recently.

196

Reply 251

3. My predecessor is now in the position of having persuaded Legislative Council against their judgment to

/put up

put up £50,000 without the true position being revealed to them and I am in a similar position vis-à-vis Executive Council. Furthermore, I cannot reveal the contents of Lord Reith's telegram to the local Directors since its tone is so discourteous that it would probably bring about their resignation. Its last sentence is untrue. What I am to say if the matter is raised in Legislative Council I do not know.

4. The discourteous tone of the telegram is difficult to understand. The Colonial Development Corporation has got our money by concealing important circumstances in a way almost amounting to a trick and why the Chairman should be rude about it I don't know, unless his subordinates have kept the true facts from him and have been covering their own shortcomings by misrepresenting this Government's position so that the Chairman is feeling genuine resentment.

5. The reference in paragraph 3 to keeping faith is meaningless. The Colonial Development Corporation began operations in 1953 entirely in their own interests and on the advice of my predecessor who though considering that this action was premature was convinced that the project was so discredited in the eyes of the farmers that the delay of another year might well result in the Colonial Development Corporation being compelled to abandon the whole venture and lose the enormous sums of money they had sunk in it.

6. I do not, repeat not, want either (a) to compromise discussions about the future by wrangling over the past and compelling the Chairman of the Colonial Development Corporation to go through further undignified gymnastics in order to justify himself or his subordinates or (b) to reveal locally the way in which this Government has been treated by the Colonial Development Corporation whose reputation here is already bad enough or (c) to let any imputation of dishonourable behaviour by this Government go unanswered. I am in doubt as to what, if anything I should do and should much value your own advice which I shall treat as personal to myself. Perhaps the best thing would be to content myself with making sure that the Secretary of State knows that this Government has done nothing dishonourable and await further developments. After all we have succeeded in ensuring so far as we can that the Freezer Company starts with a clean slate (see Lord Reith's telegram of 10th June and last sentence of first paragraph of telegram quoted above).

GOVERNOR

Extract from letter dated 31st May, 1954, from
Sir Miles Clifford to His Excellency the Governor.

250

192
para 3

".....Your telegram asking me to see Young and
Reith about the Freezer was handed to me on the night
of my arrival and I told the C.O. that I was entirely
at your and their disposal. Nevertheless I had to ring
them up myself about it before any discussion was held.
At this (three weeks ago at least) it was agreed that I
should see both Young and Reith as soon as they gave me a
mandate to do so - I have reminded them twice since and
am still waiting! This morning I received a copy of
your Confidential Telegram 138 and quite appreciate your
apprehensions - but they make a meeting with Young and
Reith more, not less, urgent. I shall ring C.O. again
today ..."

216

The Draft Telegram etc. ab

over.

5/7

DECODE.

TELEGRAM SENT.

251

From SECRETARY OF STATE to GOVERNOR

Despatched: 6.7.54 Time: 2240 Received: 7.7.54 Time: 0845

248

No 132. CONFIDENTIAL. Your telegram No 188. Freezer.

Following personal from Martin. Begins.

246
Thankyou for keeping us in picture. We understand your resentment at tone Reith's telegram I do not know what lies behind his apparent imputation breach of faith. We certainly do not accept it and we shall make this clear to him but we doubt (from experience) whether argument is worth pursuing. In any case important thing now seems to be to proceed with discussions to try to find a new basis for continuing Freezer's operation with local control. ^{for} If that reason we accept your suggestion that you should content yourself with having made position about debenture loan clear to Secretary of State and suggest you should authorise Company to draw on loan up to full amount of \$50,000.

2. Please let us know when instructions have been given so that we may give Clifford word to go ahead with negotiations on future. Ends.

SECRETARY OF STATE

See 254 + 275

48

(251) has just arrived 20

have not despatched draft at cover. By implication it seems clear that Sir Miles is & will be kept in the picture.

2) As regards the loan, both C.T. & I feel that the whole sum ~~money~~ should be handed over in exchange for the debenture & that Sir Miles should not ^{never} be authorized to draw up to that amount.

3) Mr Harding has been in correspondence with the Chairman who says the debenture must be signed in London. I propose therefore sending it off on next mail to C/Agents & asking them to conclude the deal. I suggest we so advise Lord Keith & Sir John Martin.

By Telegram
at once
pls.

18

As you suggest. We needn't wait to get the debenture off to tell them what we're doing. The Telegram to Sir John Martin must express my thanks. It should begin "Many thanks for yours - -" & go on to tell him about the debenture.

DMMA
?

DECODE.

253

TELEGRAM.

From H.E.the Governor.

To C.D.C.London.

Despatched : 8th July, 19 54 *Time* 1200

Received : 19 .. *Time :*

246

Following for Reith begins. Your telegram No 637
of 23rd June. Debenture document is being forwarded
to Crown Agents on mail leaving July 16th and they
are being instructed pay 250,000 to Freezer Company
in exchange for signed document.

GOVERNOR

254

DECODE.

TELEGRAM SENT.

From GOVERNOR to SECRETARY OF STATE

Despatched: 8.7.54 Time: 1530 Received: Time:

251
u

CONFIDENTIAL. No 199. Your telegram No 132. Freezer. Following personal for Martin begins. Many thanks for your telegram No 132. Whole sum of 250,000 will be handed over in exchange for debenture. Document ready for signature here but Chairman Freezer Company wishes arrangement concluded in London and am therefore forwarding it on mail leaving July 16th to Crown Agents who will complete transaction. Ends.

GOVERNOR

See 275

13th July, 54.

Gentlemen,

256-261

I am directed to state that this Government is making a loan of £50,000 to the Falkland Islands Freezer Company which will be secured by Debenture. I enclose three copies of the relative document and I am to request that you will make early arrangements for its completion with the Chairman of the Company whose address is c/o The Colonial Development Corporation, 33, Hill Street, London, W. 1, and in exchange pay over to the Company the sum of £50,000 from the Colony's General Account. I am to request that you will forward the completed document to this office in due course.

2. Should any difficulty arise over the wording or interpretation of the document I am to request that you will seek the advice of Sir Henry Webb, Kt.

3. I am to request that you will advise the Colonial Office for the information of Sir John Martin, K.C.M.G., C.B., C.V.O. as soon as the transaction has been completed.

I am,

Gentlemen,

Your obedient servant,

(Sgd) C. Campbell

COLONIAL SECRETARY.

The Crown Agents for Oversea Govern-
ments & Administrations,

4, Millbank,

LONDON, S.W.1.

VP Copies to: Treasury, Audit.

Reply at
271.

See 263

DEBENTURE

Debenature is in envelope with 256. safe. shm

THE FALKLAND ISLANDS COMPANY FREEZER COMPANY, LIMITED.

1. IN consideration of the sum of £ 50,000 already lent by the Government of the Colony of the Falkland Islands and its Dependencies to the Falkland Islands Freezer Company, Limited, (hereinafter called "the Company") the Company will as and when the principal moneys hereby secured become payable in accordance with the conditions annexed hereto pay to the Governor of the Colony of the Falkland Islands and its Dependencies (which expression means the person for the time being lawfully administering the Government of the Colony), or other the registered holder for the time being hereof the sum of £ 50,000
2. THE Company will during the continuance of this security pay to the Governor or such other registered holder interest thereon at the rate of three per cent per annum by half-yearly payments on the 1st day of January and 1st day of July in each year beginning from the expiration of two years from the date hereof, no interest for the said two years being payable.
3. THE Company hereby charges with the repayment of such principal moneys and interest its undertaking and all its property present and future, including its uncalled capital (and as beneficial owner by way of legal mortgage all that piece of land known as The Ajax Bay Freezer, situate at Ajax Bay, East Falkland, containing 14 acres, and bounded as follows: on the North by land in the holding of San Carlos Sheep Farming Company, Limited, approximately 711 feet, on the East by Ajax Bay approximately 960 feet, on the West by land in the holding of San Carlos Sheep Farming Company, Limited, 960 feet, and on the South by land in the holding of San Carlos Sheep Farming Company, Limited, 711 feet.

4. THIS debenture is issued subject to and with the benefit of the conditions annexed hereto, which are to be deemed part of it.

GIVEN under the common seal of the Company the
day of

THE common seal of the above-named Company
was affixed hereto in the presence of

of

258

CONDITIONS.

The Conditions hereinbefore referred to.

1. THE charge created by this Debenture is to be a floating security, but so that the Company is not to be at liberty to create any mortgage or charge on its property *pari passu* with or in priority to this Debenture.
2. THE name, address and description of the registered holder for the time being of this Debenture shall be entered in a register to be kept at the Company's registered office, and such register will at all reasonable times during business hours be open to the inspection of the holder hereof and his successors in the office of Governor and any person authorised in writing by him or them.
3. THE registered holder, or his successor in the office of Governor, will be regarded as exclusively entitled to the benefit of this Debenture, and all persons may act accordingly; and the Company shall not be bound to enter in the register notice of any trust, save as herein provided, and except as ordered by some Court of competent jurisdiction to recognise any trust or equity affecting the title to the Debenture or the moneys thereby secured.
4. UPON the death, retirement, resignation or transfer of the person for the time being holding the office of Governor of the Colony of the Falkland Islands and its Dependencies the Company shall not have the right to call for the execution of a transfer of this Debenture but shall register the same in the name of his successors in office without fee. Save as aforesaid every transfer of this Debenture shall be in writing under the hand of the registered owner or his legal personal representatives, and the transfer must be delivered at the registered office of the Company with a fee of 2/6 and such evidence of title as the Company may reasonably require, and thereupon the transferee will be recognized as having become entitled to the benefit of this Debenture free from any equities, set-off or cross-claims which, but for this provision the Company would be entitled to set up against the transferor, and the transferee will be registered

and a note of such registration will be indorsed hereon.

The Company shall be entitled to retain the transfer.

5. THE principal moneys and interest hereby secured will be paid without regard to any equities between the Company and the original or any intermediate holder hereof, or any set-off or cross-claim, and the receipt of the registered holder for such principal moneys and interest shall be a good discharge to the Company for the same.

6. THE Company may at any time give notice in writing to the holder hereof or his legal personal representatives, of its intention to pay off this Debenture, and upon the expiration of six months from such notice being given the principal moneys hereby secured shall become payable.

7. THE principal moneys hereby secured shall immediately become payable -

- (a) If the Company makes default for a period of three months in the payment of any interest hereby secured, and the registered holder hereof, before such interest is paid, by notice in writing to the Company calls in such principal moneys; or
- (b) If a distress or execution is levied upon or against the property or assets of the Company and remains unsatisfied for a period of seven days; or
- (c) If an order is made or an effective resolution is passed for the winding-up of the Company; or
- (d) If a receiver of the property and assets of the Company is appointed.

8. AT any time after the principal moneys hereby secured become payable the registered holder of this Debenture may from time to time appoint by writing any person or persons to be a receiver or receivers of the property charged by it, and may remove any such receiver, and a receiver so appointed shall have power -

- (a) To take possession of, collect and get in the property charged hereby, and for that purpose to take all proceedings in the name of the Company or otherwise as may seem expedient;
- (b) To carry on, or concur in carrying on, the business of the Company, and for that purpose to raise money on the property charged in priority to this Debenture or otherwise;
- (c) To sell, or concur in selling, all or any of the property charged by this Debenture after giving to the Company at least seven days notice of his intention to sell, and to carry any such sale into effect by conveying in the name and on behalf of the Company or otherwise;
- (d) To make any arrangement or compromise which he or they shall think expedient in the interest of the holder of this Debenture.

9. A receiver so appointed shall be deemed to be the agent of the Company, and the Company shall be solely responsible for his acts or defaults and for his remuneration. The provisions of Sections 101(1) and (2), 104, 106, 107 and 109(3), (4), (6) (7) and (8) of the English Law of Property Act, 1925, and the powers thereby conferred on a mortgagee or receiver shall, so far as applicable, apply to the receiver so appointed as if such provisions were incorporated herein, save that all moneys received by such receiver, after providing for the matters specified in Clauses (i) to (iii) of Section 109(3) aforesaid, and for all costs, charges and expenses of or incidental to the exercise of any of the powers of such receiver shall be applied towards satisfaction of the Debenture.

10. ANY notice required by these conditions may be served by sending it through the post in a prepaid letter addressed to the holder of this Debenture at his registered address, or to the Company at its registered office, as the case may be. Any notice served by post shall be deemed to have been served at the expiration of one month after it is posted, and in proving such service it shall be sufficient to prove that the letter containing the notice was properly addressed and put into the post office.

DECODE.

Telegram charged to F.I.F.Co.

copy sent to Mr. Harding.

TELEGRAM.

262

From Mr. Harding, F.I.F.C.

To C.D.C. London

Despatched : 17th July, 1954 Time 1150

Received : 19.. Time :

Following for Cochran. Owing to circumstances that have arisen recently Local Board and Works Manager strongly recommend and advise that Conroy be left in complete charge of Freezer until arrival of new Manager. Must receive cabled reply within a week.

HARDING.

H.B.

*Shd. we ask Mr Harding for copy
of reply pse?*

add 4/8

No - It is their affair.

*Q
uto*

BU 15/8

DECODE.

No. 72.

TELEGRAM.

265

From The Crown Agents

To The Colonial Secretary

Despatched : 13th August, 1954. Time 17.22

Received : 14th " 19 54 Time : 09.00

255

Your letter No. 0588/II Confidential 13th July.
Following from Webb.

Freezer Company Debenture. Development Corporation
suggest omission of land as assignment of lease to Com-
pany cannot be granted until new trustees of Bonner
estate have been appointed. Cable if you agree to
omission.

Reply 265

CROWN.

RSC
above. I do not quite understand the
had been made - and it be that
it is invalid?

16/8

I/L: VF

Hon. Col. Sec.,

The Colonial Development Corporation agreed on the 15th Dec. 1953 to assign the lease to the F.I. Freezer Co., but a deed of assignment has never been executed.

2. Mrs. S. K. G. Sydenham - Clarke, who was one of the Trustees of the Bonner Estate, died recently and apparently no new Trustee has been appointed.
3. The lease cannot be assigned without the written consent of the Trustees.

H. B.
Registrar
16.viii.54,

GOVERNMENT TELEGRAPH SERVICE

FALKLAND ISLANDS

SENT

265

Number

Office of Origin

Words

Handed in at

Date

19.8.54

To

CROWN LONDON

HOA/C

263
YOUR TELEGRAM 13TH AUGUST STOP FOR WEBB BEGINS NO OBJECTION OMISSION
OF LAND FROM FREEZER DEBENTURE STOP ENDS.

SECRETARY

By 26/8

15/9

Be with 1077

1/10

Time

CC/SM



266

BYWAYS.

GRAVEL PATH.

BERKHAMSTED.

Burr

22.8.1954.

The Colonial Secretary
Falkland Islands.

169

Sir,

Loan to Freezer Co. - box 0588 of 2.2.1954.

On the 13th August I received a letter from the Colonial Development Corporation proposing two alterations in the Draft Deed of Assignment: 1. the omission of the clause upon the Company's land (clause 3) because the assignment of the leasehold interest to the Company cannot be completed until Trustees of the estate of George Bonner (the lessor) have been appointed - their consent to the assignment being necessary; and 2. the execution of the Deed of Assignment (since it was to take place in London and the Company's Seal is in the Colony) to be by two of the Company's London directors. Copies of the resolutions of the London Committee authorizing the two Directors to sign were sent to me, and are enclosed.

268-270

269?

268?

263

I agreed to no. 2 but asked the Com. Agents to cable you for instructions regarding no. 1. I understand that the cable was sent on the 14th.

On the 17th August I received a further letter from the Colonial Development Corporation suggesting that as no reply to the cable has been received, and as it was usually

desired to have the transaction completed speedily, I should agree to its completion upon the two directors executing an undertaking to perfect in favour of the Government a first charge upon the lands when assigned to the Company, if called upon to do so.

In the circumstances, and as I imagine that a leasehold interest in 4 acres of land can constitute only a trifling portion of the security for the loan, I agreed to the transaction being completed upon these lines. Copies

See 272-275. of the Draft Debenture and of the Undertaking, signed by me as approved, have been sent to the Crown Agents.

When the charge upon the lands is created it will be liable, under Chapter 36, to stamp duty at the rate of 1% for every £50. Such duty (as also any stamp duty payable on the Debenture) will be payable by the Company, and, if the instrument of charge is executed in England, must be paid within 6 months - see Sections 12 and 13. The instrument of charge must also be registered: see section 9.

I am, Sir,

Yours obedient servant,

Henry Mordaunt.

FALKLAND ISLANDS FREEZER CO LTD

Extract from First Board Meeting
held on 10th June, 1953

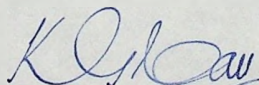
9 LONDON COMMITTEE

Resolved:

(1) That pursuant to Articles 83 and 84 the following Directors, while holding office as such are hereby appointed a London Committee of the Board and, at all meetings properly convened they shall have all the powers of managing the affairs of the Company and otherwise (including the making of calls on shares) vested in the Directors -

H.A. Cochran; and Chairman of the Committee
G.W. Eastburn
W. Rendell
L.W.H. Young

Certified true extract
from Board Minutes



Acting Secretary to
London Committee

FALKLAND ISLANDS FREEZER CO LTD

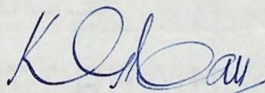
Extract from Minutes of London Committee Meeting
held on 7th April 1954

57 Finance

Resolved:

That Mr Cochran and Mr Eastburn be
and they are hereby authorised to
execute under hand on behalf of the
Company a debenture to secure
repayment of a loan of £50,000 from
the Falkland Islands Government.

Certified true extract from
London Committee Minutes



Acting Secretary to
London Committee

FALKLAND ISLANDS FREEZER CO LTDEIGHTH LONDON COMMITTEE MEETINGHELD IN LONDON ON 13.8.54PRESENT:

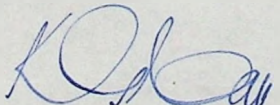
Mr W.Rendell in the Chair
Mr G.W.Eastburn
Mr H.L.Pryce (Alternate to Mr H.A.Cochran)

74 Finance

Noted: Execution of Falkland Islands Government
Debenture as authorised by Minute 57 not
possible due to absence of Mr Cochran.

Resolved: That Mr Rendell and Mr Eastburn be and
they are hereby authorised to execute
under hand on behalf of the Company a
Debenture to secure repayment of a loan
of £50,000 from the Falkland Islands
Government.

Certified true copy of London
Committee Minute


Acting Secretary



PERSONAL

*Refin in
Freezer Confidential file*

Colonial Office,
The Church House,
Great Smith Street,
London, S.W.1.

5th August, 1954.

Dear Arthur,

In his Personal telegram No. 132 of the 6th July about the tone of some of Lord Reith's telegrams to you Martin said that we certainly did not accept Lord Reith's imputations of breach of faith by the Falkland Islands Government and that we should make this clear to him. For reasons which I will explain we have not, in fact, carried out that promise and I hope you will agree that in the circumstances we need not now pursue it.

We have, in fact, recently had a good many examples of this kind of thing from Lord Reith, and a few days earlier I had occasion to send Lord Reith a very outspoken rejoinder to a particularly uncalled-for letter which he wrote to me about a case in another Colony. This has led to Lord Reith severing all relations with myself and although, by following the procedure in that case on which I insisted, we have now been able to sanction what he wanted, the breach has not so far been healed.

I felt it necessary to report all these cases - there are about four of them including yours - to the former Secretary of State, who was himself so indignant about the tone of Lord Reith's correspondence that he suggested writing a personal letter to him himself. Mr. Lyttelton said that he wished to discuss this idea with Lloyd and myself and, in the circumstances, it was agreed that I should hold over any letter to him about the Falkland Islands freezer. Mr. Lyttelton did in fact himself dictate a very outspoken letter to Lord Reith but never sent it, as events were overtaken by his resignation. I think you will agree that it is a little difficult now, after this lapse of time, to enter a protest about Lord Reith's handling of the Falkland Islands freezer. As you will see, this case was but one example of many and, unless we can bring about some general improvement of our relations, I think we had better leave it alone. But if you have any further difficulties with him do please let us know.

Yours sincerely

Mr. Lyttelton

G. To see. R Perhaps it had better not go on the file, but I must answer. Pl. bring it with you next time you come

O.R. Arthur, Esq., C.M.G., C.V.O.

Please file in date order 12

Communications to be addressed to
THE CROWN AGENTS
FOR OVERSEA GOVERNMENTS AND ADMINISTRATIONS
the following reference and the date
of this letter being quoted.



271
4, MILLBANK,
LONDON, S.W.1.

0/Falkland Islands 80

23rd August, 1954.

TELEGRAMS { INLAND : "CROWN, SOWEST, LONDON."
 OVERSEAS : "CROWN, LONDON."
TELEPHONE : ABBEY 7730.

CONFIDENTIAL

Sir,

255
265
I am directed to refer to your letter No. 0588/II Conf. of the 13th July, regarding a loan of £50,000 to be made to the Falkland Islands Freezer Co. Ltd. and to your telegram of the 19th August, and to inform you that Sir Henry Webb eventually agreed to omit reference to amount in the Debenture, upon the Company giving a separate undertaking to execute a charge upon their lands, if so required; when the assignment of the leasehold interest therein to the Company shall have been completed.

212-275
The Debenture and undertaking executed on the 20th August, the form of which was approved by Sir Henry, are enclosed. A cheque for £50,000 was issued on the same date, and the relative debit will no doubt appear in our Falkland Islands General Account for the current month. It is assumed that you will make any necessary arrangements for the documents to be stamped locally.

The Colonial Office has been informed of the completion of this transaction.

I am, Sir,
Your obedient servant,

[Signature]

The Colonial Secretary,
Colonial Secretary's Office,
Stanley,
Falkland Islands.

CEP/MDM

*Debenture undertaking
deposited in Br. Sec's safe.*

23/12.

BoF

Mail from 266

272

MILLBANK

LONDON, S.W.1



Communication to be addressed to
THE CROWN OFFICE
AND TO BE DELIVERED TO THE
RELEVANT OFFICE AND THE
DATE OF DELIVERY TO BE
NOTED IN THE
RELEVANT OFFICE

c1/ (26) - (21)

Any comments?

G
m9

CONFIDENTIAL

217

A.C.S.

No comment

The departure should be

removed from file and kept
in your safe.JCB
22/9

ACS

To R.C.

23/9

R.S.C.

Departure at 100.

Does this require

registration etc.

If grateful if you will

take n. a. p.

W4/21
23/9Recalled from
R.S.C. for 273.

No.

It is requested that, in any reference to this memorandum the above number and date should be quoted.

Original in 45,49
MEMORANDUM.

~~14th~~
272a

14th. October, 19 54.

Confidential.

To:

From: The Collector of Customs,

The Honourable,

Stanley, Falkland Islands.

The Colonial Secretary,
Stanley.

SUBJECT :-

Discussions with Captain Salvesen.

233
10/14/54
With reference to your confidential Memorandum of the 9th. October, 1954 in connection with the forthcoming meeting between His Excellency and Capt. H.K. Salvesen, I have the honour to inform you that apart from the Whale Oil taxation question which no doubt will be on the agenda for this meeting I have nothing further to suggest concerning this department.

I would, however, in all sincerity, like to offer the following suggestion:-

"That the produce from the Falkland Islands Freezer be made attractive to the Pelagic and South Georgia Whaling Companies through Capt. Salvesen, who, I understand is a member of the International Whaling Board".

To support this suggestion I wish to state that some twelve Floating Factories together with their Catchers, Tow boats etc. pass our door annually en route to the whaling grounds carrying approximately 6,000 men. These vessels usually take on frozen meat from Ports in Europe that has either been imported from Australia, New Zealand, or the Argentine, not to mention further supplies carried to the whaling grounds by Transports; some of which also pass these Islands. It is my opinion after recent visits to Ajax Bay that a scheme of this nature would be more profitable to the Freezer than the present costly arrangements of sending its products to the United Kingdom market.

H. J. Brinson
Collector of Customs.

~~473~~
2726

0588/IV.

CONFIDENTIAL.

16th October, 54.

Sir,

I am directed to inform you that in all probability Captain H. K. Salvesen will be visiting the Colony for a few days in mid December for discussions with His Excellency. It is thought that a very useful item for discussion would be the possibility of supplying the whaling companies with frozen meat from Ajax Bay.

2. This idea has been mooted before but it is understood that it was thought advisable to endeavour to establish the Colony's produce on the British market in the first instance.

3. In view however of the very costly and complicated arrangements required to transport the meat to Britain and of the end of meat rationing in that country it is possible that the question could now be profitably reviewed. I am therefore to suggest that you may wish to obtain the views of the London Board before Captain Salvesen's arrival.

I am,

Sir,

Your obedient servant,

(Sgd.) C. CAMPBELL

COLONIAL SECRETARY.

Bu 28/10
15425/11

The Chairman,
Falkland Islands Freezer Co. Ltd.,
STANLEY.

COLONIAL DEVELOPMENT CORPORATION

CHAIRMAN'S OFFICE

33 HILL STREET
LONDON · W. 1

15th October, 1954

As per Secretary

We have given much careful thought to transferring management control of the freezer works to the Falkland Islands, pending conclusion of a farther-reaching arrangement.

The freezer company board decided, on the advice of three of the local directors, that the best practicable method would be the appointment of a managing director resident in the Falkland Islands; and from all account the best man for this appointment seems to be Mr H.C. Harding.

Management control would then be vested in the board located in the Falkland Islands with Mr Harding as deputy chairman of the company and managing director.

The London board would retain overriding financial and policy control for so long as the Corporation had a preponderant stake in the business.

South American Export Syndicate Ltd would welcome the proposed arrangement, since experience has shown that the difficulties of communication prevent them functioning efficiently as managing agents. They are ready to relinquish the management, but would continue to act as selling agents - an essential service.

I do not know how this would tie up with any idea of a consortium of local interests which you may have. I hope to see Sir Miles Clifford shortly; I understand he has some ideas to discuss with us.

I should be glad to have your views as a large creditor of the company. A letter is going to Mr Harding by the same mail sounding him as to whether he would accept the position of managing director; I expect he will consult you.

His Excellency O.R. Arthur, CMG, CVO,
Government House,
Falkland Islands.

*But**Yours sincerely,**Lincoln**KW 202*

Y.A.

(273)

I think that the appointment of Harding as Managing Director is a step in the right direction. I am somewhat doubtful, however, whether he will take on the job.

- 2) Otherwise there seems nothing in the letter to get one's teeth into. Lord R talks about 'farther-reaching agreement' & 'consortium of local interests' without giving any indication of what he has in mind.

It also seems extraordinary that he has not yet seen Sir Miles Clifford. At (192) we asked on 5/4 if this meeting could be arranged.

- 3) The ~~first~~ first step seems to be to ascertain Mr Harding's intentions.

Q
S.M.

P.C. show (273) to Mr. Harding & speak, with him. Phil 5-

Record.

Returned 8/11
273 sent to Mr. Harding under letter from H.C.S. of 6.11.54.

S.M.
6/11.

Y.A. (273)

Draft reply g.a.
at cover.

Q
11/11

DECODE.

TELEGRAM SENT.

275

From GOVERNOR to SECRETARY OF STATE.

Despatched: 11.11.54 Time: 1600 Received: Time:

273
CONFIDENTIAL. No 288. Grateful you pass following to Lord Reith begins. Your letter of 15th October Resident Managing Director Freezer Company. I consider Harding would be most suitable for post and I welcome this move towards centralizing management control of Company.

I see no reason why appointment should conflict with any idea of a consortium of local interests but as action to form such a consortium can only be taken in London and as I have no information of any recent developments I am in no position to give a considered opinion. The Secretary of State would however be able to provide you with information as to present position.

2. I must however emphasize that irrespective of appointment of local managing director the immediate problems of Freezer Company are appointment of project manager and engagement of imported killing gang for next season. Ends.

2. For your information Lord Reith, while seeking my views on appointment of Harding as deputy chairman and resident managing director, has at the same time made firm offer to person named. Person named however has no desire to shoulder additional responsibility at present since it seems certain that the same administrative muddles will occur during the coming season as have been experienced in the past which at this late stage he will be powerless to prevent. He therefore proposes decline present offer.

251
254
3. Your telegram No 132 paragraph 2 and my telegram No 199. Glad to know if there have been any developments.

GOVERNOR

Bu 23/11

Reply 276

GTC
CC/SM

DECODE.

TELEGRAM SENT.

From SECRETARY OF STATE to GOVERNOR

Despatched: 19.11.54 Time: 2215 Received: 20.11.54 Time: 0900

275

Cooperation

CONFIDENTIAL. No 197. Your telegram No 288. Freezer. Following from Lord Reith begins. Very glad you approve appointment. He has not replied. Perhaps you could see him. Negotiations proceed with Sir Miles on taking over of Company by Consortium locally. Necessity Works Manager and imported killing gang understood. Ingram appointed by South American Exports today and arrangements in train for gang. But without considerable increase co-operation by Sheep Owners further heavy loss 1955 unavoidable. Co-operation may decide Freezer will not open for 1955 unless firm undertaking from Sheep Owners to deliver 35,000 sheep and 1,000 cattle. Further. more much improved quality animals perhaps by proportion lambs. Ends.

SECRETARY OF STATE

BUF
(Intld)C.C.

Reply 277

GTC
SM

DECODE.

TELEGRAM SENT.

From GOVERNOR to SECRETARY OF STATE

Despatched: 23.11.54 Time: 1215 Received: Time:

276 CONFIDENTIAL. No 294. Your telegram No 197. Freezer.
Grateful you pass to Lord Reith begins. Harding informs
me that he has written to Cochrane declining offer of post
of Managing Director. Ends.

2. For your information Harding sees little prospect
of more than 15,000 sheep and 500 cattle being offered to
Freezer this season in view of indifferent lambing.

GOVERNOR'S DEPUTY

Bu 12/12

See 281

Reply at 278.

[Faint, illegible handwritten text]

TELEGRAM SENT.

278

From SECRETARY OF STATE to GOVERNOR.

Despatched: 4.12.54. Time: 14.00 Received: 5.12.54. Time: 09.00

277

Confidential No. 207. Your telegram No. 294. Freezer.

Following from Clifford with whom we have remained in close touch during negotiations begins:-

Following discussion with Colonial Development Corporation latter have agreed dispose Freezer to local interest on the following terms

- compromised?*
- (a) after writing off £200,000 in 1953 their holding compromised preferred share £240,000 deferred share £10,000 loan account balance £32,000 total £282,000.
 - (b) They will dispose these assets (deferred share excepted) and transfer £20,000 loan capital for £100,000 and thereafter maintain loan account at minimum £20,000.
 - (c) They would accept new Company to repay ^{after?} any excess of loan capital above that figure.
 - (d) They desire to retain deferred share in case project should some time show a profit but would agree to amend existing article so that deferred share would qualify pari passu after preferred share have enjoyed dividend of 5%.
 - (e) offer excludes minority holding of £4,000 preferred share by South American Export Syndicate but I have no doubt latter could be acquired at very reasonable figure and will negotiate.

2. This appears to be reasonable offer and approximates closely to figure I had in mind on the assumption Government existing debenture would be converted to deferred share thereby leaving £100,000 new money to be found locally. Independent expert examination of plant would appear to be essential prior consideration.

3. I have since discussed with Young who contends corporation anxious disembarass themselves and that since there is no one else in market or likely to be plant has nothing more than scrap value and that it would be better to let project go into liquidation. He admits that if it does it would be impossible to persuade farmers to support it again but in same breath refers to possibility them building one for themselves at Goose Green in 5 years time.

4. He has asked me to put proposition to him formally so that it can be considered by his Board. I will do so and notify you of result as soon as I get his reply.

5. Meanwhile is there any other line that you would wish me to pursue. Ends.

PTC.

279

2. Whilst I do not propose at this stage to interfere in Clifford's negotiations I must make it clear that I consider Colonial Development Corporation offer fair and reasonable and if Falkland Islands Company stick to their attitude and Colonial Development Corporation decided to close the plant until such time as a reasonable offer was forthcoming I should feel obliged to support them.

SECRETARY OF STATE.

G.T.C.: SMM/VP
Typed: VP

Could you please make a brief note explaining in simple terms the effect of para 1 as you interpret it. i.e. what is C.D.C. prepared to sell out at, what holdings will C.D.C. retain, what exactly is the loan capital & 'loan account' & where does the Govt. debenture come in.

7/12

A.C.S.

The effect is:-

- C.D.C. will sell Shares of nominal value £240,000 for £100,000.
- In return they will expect the Company to repay them any money they have advanced in excess of £20,000 (this is put at £12,000) and they will leave £20,000 as an advance (loan).
- They will also retain their £10,000 nominal value Deferred Shares but are willing to accept an alteration of the terms regarding the dividends payable on these shares.

Briefly put:- for £100,000 the buyer receives

$$\frac{240,000}{254,000} \times \text{the value of the Frejus assets less } £82,000 \text{ (Govt. £50,000 C.D.C. £32,000)}$$

2. Sir Miles Clifford had no reason to assume that Govt. Debentures would be converted into a 'Deferred Share' - the Legislature would not provide even £20,000 for 'Preference' participation.

J.B. 7/12/54

DECODE.

TELEGRAM SENT.

281

From SECRETARY OF STATE to GOVERNOR

Despatched: 7.12.54 Time: 1715 Received: 8.12.54 Time: 0845

CONFIDENTIAL. No 209. Following from Clifford begins.

I suggest it would assist negotiations and future of
Freezer if Harding could be persuaded accept offer
Managing Directorship without prejudice subsequent
developments. Ends.

SECRETARY OF STATE

Ref. page 277

See 289

(278) - (281)

I do not see that there is anything which we can do about (278) at the moment other than air in Ex Co. It might however be advisable in view of SFS' para 2 to acquaint him with some of the gloomier prognostications of the Oxa Bay engineer regarding the condition of the plant & buildings. The matter is now really in the hands of ~~SFS~~ B.C. & C.O.A. in London & I cannot see or imagine that they will be interested in C.S.C.'s offer.

- 2) With regard to para 2 of Sir Miles Clifford's message & C.T.'s para 2 (280)³, it is conceivable that the Legislature would agree to convert the debenture into a share if a cooperative organization of Govt, B.C. & C.O.A. were formed but I do not think we can bank on this or hold out any real hope. It might perhaps be worth mentioning this to SFS.
- 3) I am not clear what is behind (281) and can only presume that Harding's acceptance would be interpreted as a proof of local interest and faith in the principle of the project. In fact, under the present ^{or proposed} set up, Harding would have little more influence than he has at present & ~~one~~ could expect many more kicks.

9/12

P.S. Since writing about Sir Harding has sent me a copy of the Engineer's report - at both conv. 9/12

MA
"

Confidential

49 HANOVER GATE MANSIONS

REGENTS PARK

N.W. 1.

AMBASSADOR 1951

Ref

283

file in
freezer file
for Ex Co. @ 12

5th November.

Dear Arthur,

I received, a few days ago, a letter from Momin suggesting that I should now embark on discussions with Reith about the Frezza. I called on him to-day: Rundle, the new General Manager, was there and Cochrane who looks after the area in which The Fallowlands is included. I suggested that their best line was to sell out at as low a price as they could accept to a local organisation comprising ~~Government~~ F.I.C. & SOR with FIC as managers; I could not see how the condensation ~~could~~ be run except as a purely local venture with purely local responsibility and felt that unless this

were decided upon it would just continue to be a pain in the neck to themselves: it would be better to cut their losses. There was no one else likely to ~~enter~~ the field as a bidder.

Asked as to my idea of a fair price I
 (without, of course, committing anyone)
 suggested £150,000 to include the £50,000

already subscribed as a debt allowed by Court i.e.

a balance of £100,000. I think Rother might

have accepted this but Rundle has it firmly in his head that F.I.C. ~~was~~ deliberately non-cooperative last season and will so continue in an attempt to put down the value of the project to the point where it would be fair they could buy it up for a song; said he had been informed to this effect from the Falklands (? the last meat inspector) etc. I replied that it was an allegation easy

49 HANOVER GATE MANSIONS

REGENTS PARK

N.W.1.

AMBASSADOR 1951

to make but impossible to prove and recalled
that when Young came out early in the year
he had assured me that he had done so with
the express purpose of securing support for the
Freeze by his own people - this is in the files.
In any event, General's departure would give
the Admon³ first lien (one of the objects of
the exercise). Rundle then felt that CDC should
retain a dormant interest as he clearly thought
that directly ownership changed the Freeze would
begin to show a profit. (which is what I
too hope and believe). He then spoke of
threatening to close down or at least to suspend
activities to which I replied that with most

at the present price such a thrust would not be likely to have the desired effect. It is quite common that the freezer can be filled to capacity (70,000) immediately and without difficulty which is, of course, nonsense - that is if he is talking in terms of animals which are fit to freeze and export. I suggested that where quantity is necessarily limited we should concentrate on quality and that the F.I. product ought to be able to sell on its reputation which, at the moment, must be very low indeed.

Rath is to let me know his conclusions and, if favorable, I will get to work on it again. When I last saw him he was not minded to put any money into it at all but I think that he can be won over and

that if he decides to come on the Bonanza, Becker, Casanova et al will follow suit. Stop all 2000 and call 4000. Yarrow. Secretary. Walter Clifton.

CONFIDENTIAL

7/12/54

286A

Dear Colin,

Harwell Chief Engineer's
Report from Apex Bay

You will note that the
fresh water supply tank had to
be entirely rebuilt a year ago.

The re-roofing of the Power
House with new corrugated
iron & ridging has now been
sanctioned.

Up to the present, nothing
has been done about the
plastering in the cold stores.

Yr
Hugh



CHIEF ENGINEER'S REPORT No 2

Ajax Bay 28th September 1954

MIRRELES ENGINE No 1 This engine was completely overhauled after the season and is now running very satisfactory and not using so much lubricating oil as before. I have renewed all piston rings and made all adjustments necessary, I have also examined all bearings and found no signs of undue wear.

MIRRELES ENGINE No 2 During the season there was quite a lot of trouble with the fuel pumps sticking, the reason being, that the engine was not stripped before running when installed. There was quite a lot of rust and pitting opposite the ports, and I think we have got over the trouble now, as we have not had any stuck since we last stripped and polished them. I have checked all bearing and have not had any more scores since cleaning the crank case thoroughly and removed quite a quantity of sand and rust. This engine, at the present, is running quite well. I have had one starter coil burn out in the cooling system and have had to short it out until one can be obtained. The faulty one has been in Port Stanley for months and no signs of getting it yet.

GENERATORS The generators have been trouble free and have done good service during the season, except for having one main cable burn out through sinking. The tractors crossing over it constantly assisted in this. Excluding this, the work concerning the generators has just been routine maintenance and greasing etc.

REFRIGERATION The plant has been very badly installed and no care has been taken to see that the inside of the piping was clean, which gave trouble all through the season with the strainers and regulators choking and having hardly any oil, meant that we could only strain and use again which I did not like doing. In fact, I am not at all satisfied that the plant is what is required here. There has been no allowance made for any breakdown with only having one unit in each room, and all coils are common which means that a faulty one cannot be shut off if necessary. The units themselves work quite well but having no trunking fitted means the stowing has to be done very carefully to get the air to reach the far end. I think that another unit should be installed in No 2 & 3 cold stores, which are the largest. I had a great deal of trouble with defrosting during the season and do not think that it is satisfactory for the number of times it had to be done through dampness, I had to lag the pipes to get the hot gas there and even then it was not successful and finished up having to use blow-lamps. No arrangements have been made to drain the water away from the unit, what does melt runs all over the floor and is picked up on the coils again. I suggest that York Shipley should be able to supply trays to fitted under the units. In fact, it is not a finished job by any means, and we have neither the labour or the material here to do any alterations. I have handed in orders for stores and material which we are in need of, but I am of the opinion that they have never left the site. What work we have done has been with material salvaged from the dump; everything was put there when the site was cleared for the Governor's visit. This happened before I arrived here. I am quite aware that every thing has been here to complete the job, but much of it has been used in the wrong place and used by people who had no idea what they were doing, and since I came here it has just been a case of altering and getting things in working order.

MAIN BOILER I have had to strip all boiler mountings and refit some of the faces, which were very badly fitted and leaking, after much work they are tight and we have had no trouble in this area since. By what I have been told it was a case of flashing up and raising steam as quick as possible; if leaking blow down and fill up with cold water so it is not surprising what the results were. The feed tank was fitted above the boiler and supplied by a half inch balltap, why, nobody knows. I have put on floor level with a tap into it, also a direct line from the water main to the pump suction. Everything now is quite satisfactory as regards to the boiler and when the spares arrive we will have less worries. The steam pipes I have lagged and did not have any trouble in maintaining sufficient steam for the plant. There is, however, quite a few water valves on the steam lines still to be changed.

(Continued)

FRESH WATER The supply tank is quite satisfactory and tight since being rebuilt. The supply being extended further up the hillside. There is a steady overflow most of the time. I have had to dig up the water main and remove 25' of 1 1/2" pipe where it had been reduce from 3" and then back to 3" which was another of those things I have failed to fathom out. I have still another one to remove yet; the supply to the jetty is run from the main in the power house with 4" and then increased to 3" from the road to the end of the jetty where there is a 3" tap and when less urgent jobs are attended to I will alter it. During the frosty weather there was quite a lot of burst pipes and I have repaired most of them except where we are waiting for fittings which we are unable to obtain here. The hot water system in all the houses require altering as there is constant trouble with air locks through the way the pipes have been installed. The pipes also require lagging through the false roof to prevent further freezing.

COLD STORES There is quite a lot of work requires doing and quite a lot of cracks are appearing in the walls and floors. The chill rooms, passage way and bagging rooms still have to have the ceiling plastered. At the present time is just felt which has gone moldy and will have to be removed. It is roughly 550 square yards that requires plastering. I have had the entrances to all doors cut away as the barrows were smashing the plaster away, so no being out back should cure that trouble. I am also covering the bottom of the doors with galvanised iron where the barrows are bumping them. There had been bolts fitted into the walls for holding baffle boards, only nobody here knew what they were for, so they have cut them off and now there is no baffles.

LOADING FACILITIES There has not been any arrangements made for this, therefore the meat has to be handled so many unnecessary times that it is soft before reaching the ship. I had the chambers at low temperatures and the meat was taken out frozen hard but so much time was wasted getting it to the ship that it was soft on arrival at the ship. There will have to be some proper lighters for conveying the meat to the ship and not just dumped on the open deck, and then find that the boat is stuck on the mud until the tide rises high enough for her to float again.

POWER HOUSE The roof needs to be repaired and leaks so badly that I have had to cover the engines and switchboard with waterproof paper to prevent short circuits. It is a corrugated iron roof and has not been lapped enough, the rain and snow just drives through. The skylights have been fitted the wrong way and that does help matters.

SKIN SHED At present we are putting a floor in the second half of the skin shed which will allow the skins to be dried, baled and stored in the same building, in addition this will keep them away from the rats which are plentiful. The bottom floor can then be used for stowing tallow and bone meal and everything is handy for shipping. The bottom store I have wired for lights and will start on the top floor next week. At the present moment it is the general store for the site and so badly lumbered up that nobody knows what there is in it; this will have to be checked while it is being moved to the other store which we are preparing for it.

ABATTOIR The door where the cattle are brought in will have to be enlarged and the rails outside to be altered. The rails that are there now were put up in a rush while the cattle had already arrived. The race for the cattle to be brought in will have to be altered, as now they are being driven over rocks and in places up to the belly in mud. It is like everything else here, unfinished.

LABOUR During the past season we were running the job shorthanded and I was asking for more men all the time but got nothing but promises and at present there is only the assistant, a watchkeeper and a labourer, so there is very little hope of getting all the work completed. The place has been built by mostly unskilled labour but it is another matter to run the plant successfully with such. I am doing the best I can under the circumstances and will feel much happier when we have the material and tools to work with. I have handed in the orders to the office for what we have required and now I cannot find any trace of these being forwarded to London. A number of the orders were made out by the people who installed the plant as being necessary, but when I asked about them was assured that they were on order; none have arrived.

CHIEF ENGINEER'S REPORT

286d
(Page 3)

GENERAL I started the season with less than a barrel of compressor oil which I found on the dump and had to take a risk as I expected some, which, incidentally has not arrived. I handed the order into the office the first week in January. At one time during the season we were on our last drum of diesel oil when the FITZROY arrived and saved the situation.

ELECTRICITY At present I am running the plant from 0700 to 0900 and stopping for breakfast, then 1000 to 1300 stopping until 1500 and close down at 2200 This is consuming between 40/45 gallons of oil per day varying with the weather

Yours faithfully,

D. I. Swan

D I Swan
Chief Engineer.

287

DECODE.TELEGRAM SENT.

From SECRETARY OF STATE to GOVERNOR

Despatched: 14.12.54 Time: 0920 Received: 14.12.54 Time: 0845

281

No 212. CONFIDENTIAL. My telegram No 209 Confidential
 December 7th. Following from Clifford begins. Freezer.
 Regret to inform you Board of Falkland Islands Company
 having considered the proposal have declined to participate.
 Ends.

SECRETARY OF STATE

See 289

Y.S. (287) has just come in
 and the drafts to Sir Miles Clifford
 & S/S are etc. at 15.

14/12

P.T.O.

258

4/12

Revised draft sfc. at cover.

I suggest.

- a) That first sentence of para 2 should be transferred to para 1.
- b) In para 4... I think we should draw S/O's attention to (276) in the first instance where Lord R makes the suggestion about closing.

Also is it worth referring to para 3 of (176) (mentioned in my draft) which infers that 15,000 sheep & 300 cattle was enough to enable them to rich over last year?

15/12

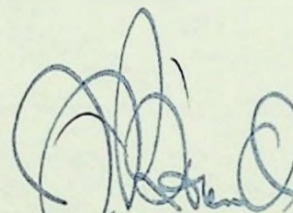
288A

Extract from the Minutes of a Meeting of Executive Council
held 13th December, 1954.

0588/II Confd.

13. Freezer.

Council noted that Sir Miles Clifford had negotiated an offer from the Colonial Development Corporation to dispose of the Freezer to the Falkland Islands Company. Developments would be awaited, but in the meantime His Excellency the Governor proposed to draw the Secretary of State's attention to the fact that the Colonial Development Corporation after obtaining the Government debenture loan expressly to enable them to continue operations, now contemplated closing the plant unless the number of sheep and cattle forthcoming were very greatly increased.



Clerk of the Executive Council.

588|II|Cont
DECODE.

TELEGRAM SENT.

289

From GOVERNOR to SECRETARY OF STATE

Despatched: 16.12.54

Time: 1615

Received:

Time:

281
287

CONFIDENTIAL. No 308. Following for Clifford begins. Your
telegram No 209 and your telegram No 212. Freezer. Regret
there is no chance of persuading Harding accept offer of Managing
Directorship during present period of uncertainty.

Am most grateful for your efforts on our behalf and I have
communicated my views on situation generally to Secretary of State.
Ends.

GOVERNOR

See 293

Y^h

Re-type of draft is at bc.

On review I ~~was~~ feel that it might perhaps be unwise to quote the figures in para 4. There has been a lot of speculation on the subject in the past and we may get some of our figures quoted back at us. Perkwot correspondence is at (31) (314) (328) & (331) on the 'open' 0588 & (43) in the Conf. volume.

2) I feel that the day of reckoning & re-evaluation is at hand and we might be glad of the Fern's opinion on the Colony's potential before we commit ourselves.

Though the statement that 600,000 sheep will not produce more than 300,000 for the freezer is probably true there are factors ~~etc~~ such as improved lambing, decrease in death rate, eradication of worms etc. which though not ~~increase~~ necessarily increasing the available surplus might well improve the standard of sheep offered & ~~fit~~ for making more of them fit for freezing.

3) I suggest it might be better merely to advance the argument in my draft that etc. must have known in the light of too years working that the ~~total~~ numbers quoted by Ranth would not be forthcoming for some time, if ever, & omit ~~any~~ statement which might be construed as a general estimate of the Colony's potential.

4) Another point to be considered is that a sharp drop in wool might well affect the mutton producing potential.

Re. draft accordingly. PMA 21

29/12

46

291

I have tried to fit in a ~~bit~~ piece about the quota expectations of cdc into the draft but comes not get satisfactory results, and ~~have~~ eventually ^{slightly} recast the whole telegram ~~slightly~~ as attached.

The first para now deals with the present situation & the remaining paras deal with the possibility of the Fregeon closing this season — irrespective of any disposal negotiations.

21/12

Thankyou it can go now

OKA

21

TELEGRAM SENT.

292

From GOVERNOR to SECRETARY OF STATE.

Despatched: 22.12.54 Time: 1600 Received: Time:.....

276, 278

287

CONFIDENTIAL. No 314. Your telegrams Nos 197, 207 and 212. Am very grateful to Clifford for his efforts to promote a settlement and it does not seem that there is any further action to be taken at present except to await developments. A disquieting report from Freezer Company's Engineer at Ajax Bay has recently been received indicating that owing to faulty construction and bad installation considerable sums of money may have to be spent on Freezer if it is to be kept going. Falkland Islands Company is well aware of this and it is possible that they now do not wish to buy at all and are not merely negotiating a lower figure.

240

276

196

2. As regards the possibility of Freezer not opening this season, when Colonial Development Corporation was pressing Government to make available a £50,000 debenture loan (vide Lord Reith's telegram of 2nd June quoted in my telegram No 179) there was never any suggestion such as that contained in your telegram No 197 that they intended to close if numbers of sheep and cattle available were not increased to a figure more than double what was considered satisfactory last year (see paragraph 3 of your telegram No 88. The actual numbers provided last season were 15901 sheep and 382 cattle). Nor, in the light of two years operational experience could the Corporation have had any grounds for expecting that an annual quota of 35,000 sheep and 1,000 cattle would be forthcoming this year or in the immediate future. The debenture money would never have been voted by Legislature nor made available by Executive Council had there been any idea of Colonial Development Corporation's closing the Freezer.

3. If, in fact, Freezer closes it will be said locally that it was always the intention of Colonial Development Corporation to use the debenture money to cover its losses and not for purpose for which it was provided i.e. to provide working capital to ensure Freezer operating at least for some years. It will be said that I have permitted myself to be duped into parting with the money without ensuring that it would be used for purposes for which it was intended. I therefore cannot help viewing with disquiet possibility of Freezer closing however justifiable such action by Colonial Development Corporation might be.

GOVERNOR

GTC
CC/SM

See 293 & 305

Recd. 15/1/55
24/12

DECODE.

TELEGRAM SENT.

293

From SECRETARY OF STATE to GOVERNOR.

Despatched: 28.12.54

Time: 1900

Received: 29.12.54

Time: 0845

289
CONFIDENTIAL. No 217. Following from Clifford begins. Your
telegram No 308. Freezer.

Your promised views not yet received in Colonial Office but I have in the meanwhile persuaded Reith (who has left for Caribbean) to consider lease of Freezer installation to Falkland Islands Government as an alternative, suspension and inevitable subsequent closure. This Colonial Development Corporation have with some reluctance agreed to on the following proposed terms which I pass for your consideration:-

- 287
- (a) Full repairing lease covering all Falkland Islands Freezer Company's installations for 10 years, commencing January 1st 1955, with option to renew on the terms to be agreed.
 - (b) Rental £5000 per annum expressed as 2% on capital value £200,000 (my previous telegram refers) with further 1% on the same capital value in respect each additional 10,000 sheep processed in any one year in excess 17,000.
 - (c) All other outgoings of Falkland Islands Freezer Company during the period of lease to be for account Falkland Islands Government which, read with next sub para, I take to mean that Government would not be responsible for any debt charge or obligation ~~under~~ whatsoever other than as stated following sub paragraph.
 - (d) Consumable stores on hand as at December 31st to be taken over at valuation; presumably agreed valuation.

2. This would leave Government with completely free hand promote local co-operative under local direction and management i.e. Colonial Development Corporation would have no further concern in the direction or operation and I would hope Falkland Islands Company might be prepared in these circumstances to co-operate and that Harding might reconsider his decision.

3. Points which remain to be explored are

- (i) Respective residuary interest Colonial Development and Welfare Advice Committee and Government in the event subsequent failure since it does not appear to me that Government debenture is affected.
- (ii) Readiness of Colonial Development Corporation to provide additional working capital at need in terms of my previous telegram
- (iii) liquidation or compound of interest South American Export Syndicate.

4. I suggest scheme as outlined or on some such terms shows promise and I will be grateful your early telegraphic views. Ends. But Clifford has now added. begins.

292
5. I have now received your telegram No 314 quoted to Reith. The report of bad installation from Young and mentioned in your paragraph 1, Colonial Development Corporation denied this was as serious as Young had represented and stated their intention was that this should be remedied from working capital.

6. I agree with views expressed in your paragraph 2 and paragraph 3 and have repeatedly emphasized to Colonial Development Corporation that figures for which they are asking cannot be obtained either now or in immediate future and that I have never expected Freezer to show a profit for some years. I am however

of the

Reply 297

294

2v

of the opinion present offer or something on those lines is best way out of dilemma for the Colony. The point you make about debenture would be put to Colonial Development Corporation with other point in paragraph 3 above. Ends.

SECRETARY OF STATE

GTC
SM

This is a completely new line of approach and even goes beyond Lin Miles Clifford's own suggestions at (183) and differs ~~markedly~~ from para 5 of Jan (240). It presupposes that G.O.A. will come in once control has been wrested from C.O.C. but I should have thought that Lin Miles' discussions with Mr Young would have clearly indicated the G.O.A. attitude.

2) We are asked for an early telegraphic reply but I do not think we can ~~even~~ commit ourselves until we have discussed with Mr Young.

3) The inference behind Lin Miles' recommendation is that G.O.A. should step in & save the sheepowners from themselves i.e. keep the freezer ticking over against a rainy day.

Personally I do not think the sheepowners, as personified by F.C., need saving from themselves. Mr Young has a very shrewd eye cocked to the future & if he thought a freezer was needed in the near future he would buy up Agass Bay or build his own.

4) My reaction is to reject any question of G.O.A. operating out of hand, but in view of G.S.'s support of C.O.C. I feel that we should rather cast ourselves in the role of mediators between C.O.C. & G.O.A.

5) As regards the scheme itself I think C.O.C. have ~~on~~ been 'persuaded' into a very favourable position. Apart from the fact

196

that I don't trust them to carry out
their obligation (cf. para 5) they expect us
to pay $2\frac{1}{2}\%$ on shares of nominal value of £200,000
but actual value of say, £70,000 less £50,000 debenture
= £20,000. They also expect us to run it
on 17,000 sheep when they (who alone have access
to true figures of running costs etc.) see no future in
the project under 35,000 sheep.

X 6) I suggest we reply that we await Dr Jany's
arrival before making a decision but in meantime
we are very dubious if the Legislature would
authorize money for the lease, particularly
in view of the precarious position from £50,000 debenture.

B.

X noted on W.L. not 4/1/55

30/12

Yr. (293)

C.

Draft etc. at G.C. I am afraid I
have rather spread myself & para 3
might perhaps, well be omitted.

Yr. final draft etc. at cover.
31/12

Act. draft buried
3/1

TELEGRAM SENT.

From GOVERNOR to SECRETARY OF STATE.

Despatched: 3.1.55 Time: 1630 Received: Time:

CONFIDENTIAL. No 1. Your telegram No 217. Freezer. I agree with Clifford that scheme he has outlined shows some promise of a possible solution but, as has been repeatedly emphasized in past, no local organisation can hope to operate Freezer successfully without active participation of Falkland Islands Company. I cannot therefore commit myself to any course of action until I have talked to Young who is due here middle of January. If he refuses to participate Government cannot take over the Freezer.

2. The following considerations will however inevitably have to be taken into account:-

- (a) The Legislature may refuse to provide any further funds to keep Freezer in operation on the grounds that any such scheme would amount to throwing good money after a bad debenture loan.
- (b) The rental figure of £5,000 is quite unacceptable in view of losses which, although there is no information available here as to Freezer Company's trading figures, it is presumed that Colonial Development Corporation has sustained during each year of operation. Any rent would have to be contingent on the Freezer showing a profit.
- (c) Full details of Freezer's accounts would have to be made available for inspection and an independent expert examination of buildings and machinery carried out.
- (d) Even if some form of agreement proves to be possible preliminaries could not be completed before 1956 killing season. It may be even later if, as I expect, one of the principal factors in economic running is provision by Falkland Islands Company of necessary shipping to carry sheep to Freezer from West Falkland and other islands and to transport produce to market at a figure considerably less than £9,000 thus spent last season.

3. I have gained the impression that Colonial Development Corporation are negotiating on the assumption that Sheep Owners Association and Falkland Islands Company in particular have always intended to force them into position of disposing of a workable project cheaply so that local interests can reap the ultimate benefit. I am convinced that this is not the case and that there has been no question of farms withholding sheep in order to force an advantageous sale. If in fact this had been Falkland Islands Company's intention there have been many ways in which they could have wrecked Freezer project since it began operating for example by withholding credit, labour, stores or shipping facilities.

The facts are that the venture was marginal, that it has not so far succeeded and that it may never do so but the failure has been aggravated on one hand by extravagance, incompetence and mismanagement on the part of Colonial Development Corporation and on the other by indifferent lambing in recent years and, to some extent, by the consistently high price of wool.

/It may

298

2.

It may even be that, if Freezer cannot pay its way under any circumstances Colony should maintain it in operation as an insurance if it can ~~can~~ be proved that this can be done at a net annual loss of a few thousand pounds but it will be exceedingly difficult to persuade Legislature to this way of thinking.

GOVERNOR

Reply 299

GTC
CC/SM

Mr. Dr.

Note for Mr. Lang's W. L. - Bee.

See accy.

8.
4/1.

Re see B m 296.

Bu 16/1/55.

DECODE.

TELEGRAM SENT.

From SECRETARY OF STATE to GOVERNOR

Despatched: 12.1.55 Time: 1135 Received: 12.1.55 Time: 1430

297 CONFIDENTIAL. No 4. Following from Clifford begins.
Your telegram No 1 Confidential to Secretary of State.

I agree active participation F.I.C. is prerequisite to effective operation of Freczer and have pressed consistently for this; assume you would wish to discuss with Young. I have made no further approach to Corporation. I offer following comments on your paragraph 2

- (a) Corporation have been warned of this contingency
- (b) Actual rental could be matter for negotiation but I think it important in principle that some figure should be ~~xxxxx~~ agreed upon to secure full liberty of action to new venture. Corporation losses run around £25,000 to £30,000 so far as one can accept figure produced but I think (and they think) that much of this loss is due to bad and extravagant management which they feel themselves unable control. I am sure these losses could be drastically reduced.
- ~~Referring~~ (c) I have already emphasized need for independent examination of plant and buildings recent gloomy report upon which they reject.
- (d) See (b).

2. Your paragraph 3 and paragraph 4. Cochrane (Colonial Development Corporation) at an earlier meeting alleged they had received information from individual in Colony that Company was playing "ca'canny" and I think this more than likely i.e. that such allegations had been made as I warned Young in conversation that it almost certainly would be. As counter I employed much same argument you have used yourself with particular reference to continuance bad lambing and to my reiterated assertion that optimum figure could not be looked for for some years. Another conviction that sticks with them is that Company has overcharged them scandalously for transport and stores.

3. Paragraph 5. That has always been my view too for most optimistic farmer cannot anticipate a long continuance present favourable price and a sharp fall with rising costs production could be most serious. A "second string" has been provided and it would seem wise to preserve it at all costs. It is for this reason I favour step that I have proposed. Ends.

SECRETARY OF STATE

4. B.

Submitted R.

13/1.

BU Monday 17/1 please

MW 13

DECODE.

TELEGRAM SENT.

300

From GOVERNOR to SECRETARY OF STATE

Despatched: 19.1.55

Time: 1200

Received:

Time:

PRIORITY.

297

CONFIDENTIAL. No 13. My telegram No 1. Freezer.

I have now sounded Young. He is not prepared to participate in management of Freezer if leased to Government, and operation by Government is therefore impossible. I should be grateful if C.D.C. could be so informed.

GOVERNOR

Reply 305

FALKLAND ISLANDS FREEZER CO LTD

NINTH LONDON COMMITTEE MEETING

HELD IN LONDON ON 22.11.54

PRESENT

Mr H.A.Cochran in the Chair
Mr G.W.Eastburn
Mr L.W.H.Young
Mr H.L.Pryce (Alternate to Mr W.Rendell)

Mr K.G.Carr Acting Secretary

Mr J.E.C.McCandlish (Minute 76 only)
Mr J.C.Davey
Mr L.S.Coxon
Mr P.Stein

75 Future Management (Board Minute L139 of 24.9.54)

Reported: (1) Mr Harding's reply to letter of 12.10.54 offering Managing Directorship not yet received.

 (2) Cable 13.9.54 from Govr to CDC Chmn welcomed suggested appointment.

 (3) Cable sent by CDC Chmn 19.11.54 asking, inter alia, Govr to see Mr Harding.

76 CONFIDENTIAL

77 1955 Season

Noted: (1) At 1954 season prices to achieve financial break-even a 1955 throughput of 35,000 sheep and 1,000 cattle would be required and quality of animals would have to be better than those killed in 1954.

 (2) Mr Young thought it very unlikely that this quantity of sheep would be delivered to freezer; reason given - poor lambing due bad weather over last three years.

(3) As to quality, Mr Young said FICo had introduced this year a new breed to provide good quality meat in due course; other sheep owners might follow lead; but better quality meat from existing flocks, raised for wool, was not to be expected.

(4) Required quantity of cattle also unlikely.

Agreed: (1) Prices for high quality animals could be raised and those for low quality reduced if agreement reached with sheep owners.

(2) Accept Mr Young's offer to cable for estimate of number of sheep and cattle likely to be offered by FICo and other members of Sheep Owners Association, and giving indication of minimum numbers considered necessary to operate freezer.

78 FICo's Account

Reported: On Stores Account FICo prepared to allow credit until December 31st each year and thereafter interest to be chargeable on balance until settlement. On other overdrafts interest to accrue from date of drawing.

79 Banking

Agreed: Cancellation of arrangements authorised by Local Board Minute 12 of 10.6.53.

80 Balance Sheet and Accounts to 31.12.53

Approved for submission to Annual General Meeting.

81 Provisional Accounts to 30.6.54

Noted.

82 Sale of Meat to Whalers

Reported: Receipt of letter from FI Govt dated 16.10.54 requesting consideration of proposal to sell freezer produce to whaling vessels.

Agreed:

Managing Agents to draft a reply to FI Govt pointing out difficulties involved.

83 Managing Agents Report

Sale of Produce

(1) Meat and Offal

All shipped per SS "Tweed", has reached UK and been disposed of.

(2) Skins

Whole output has now reached UK and half of the bales already sold at average price of 33¹/₂d per lb net. Quality reflects benefit of new skin drying shed.

(3) Tallow

All disposed of.

(4) Casings

En route to USA. Price to be agreed.

(5) Hides

Awaiting shipment from Montevideo.

76

CONFIDENTIALStaff - Works Manager

Reported:

(1) Post offered verbally to Mr E.A. Masterson-Ingram at basic salary £800 pa plus allowances.

(2) Doubts had subsequently arisen as to Mr Ingram's suitability.

Agreed:

(1) Request explanation of discrepancies in information furnished by candidate.

(2) Subject satisfactory outcome of (1) -

(a) delay departure to FI so as to allow initial probationary period in London;

(b) write to candidate withdrawing existing verbal offer and substituting offer of probationary appointment.

MEMORANDUM

305

From

21st January, 1955.

THE FALKLAND ISLANDS COMPANY LTD.,
STANLEY.

To The Honourable
The Colonial Secretary,
Stanley.

F. I. F. Co. Ltd. - Director's Report 305A

For your information and return, please.

[Signature]

C.T. you wished
to see
22/1

Honours.
Seen, try.

[Signature] 1. 11/1

Recond
Report returned
to Mr. Breece today
228/1.

FALKLAND ISLANDS FREEZER CO. LTD.

DIRECTORS REPORT

To be submitted to the First Annual
General Meeting to be held on
15th November 1954

The Directors present their Report and the Audited Accounts for the period ended 31st December 1953.

The Company was incorporated on 9th June 1953 and acquired the Freezing Works at Ajax Bay from Colonial Development Corporation by the terms of an Agreement dated 15th December 1953. The Company has appointed The South American Export Syndicate Ltd. managing agents of the undertaking.

Construction of the Freezer was not complete in time for a full killing season in 1953 but a partial opening was made on 6th April 1953, and the season's operations provided 181 tons of mutton with offal and by-products.

The accounts for the period from the date of incorporation to 31.12.53 show a loss of £40,377 after charging depreciation £8,748, and pre-incorporation loss written off £10,554.

Directors

The following have been appointed Directors of the Company -

* H.A. Cochran	Chairman	) nominated by Colonial Development Corporation
J.F. Bonner		
N.K. Cameron		
A.C. Grieve		
H.C. Harding	Chairman in Falkland Islands	
* W. Rendell		)
* L.W.H. Young	(Falkland Islands Company)	
* G.W. Eastburn	} nominated by Managing Agents	
T.P. Jones		
J.E. Briscoe		nominated by Falkland Islands Government

* Also members of London Committee.

Auditors

The Auditors, Messrs. Peat, Marwick, Mitchell & Co, have notified their willingness to continue in office and their re-election will be proposed at the Annual General Meeting.

By Order of the Board

A. G. BARTON
Secretary

FALKLAND ISLANDS PREMIER COMPANY LTD.

Balance Sheet as at 31st December, 1953.

Share Capital

Authorised	£	£
10,000 deferred shares of £1 each	10,000	
350,000 preferred shares of £1 each	350,000	
	<u>360,000</u>	

Issued		£
2 preferred shares of £1 each		2
Share application account	251,990	

<u>Loan account - Colonial Development Corporation</u>	31,519	
--	--------	--

Current liabilities

Falkland Islands Company Ltd.	12,551	
South American Export Syndicate Ltd.	4,415	
Sundry creditors and provisions	<u>1,883</u>	18,849

Notes:

- (1) Capital commitments at 31st December 1953 amounted to approximately £3000
- (2) At 31st December 1953 the lease in respect of the land and buildings had not been assigned to the Company by Colonial Development Corporation.

Fixed Assets

	<u>Cost</u> £	<u>Depreciation</u> £	£
Leasehold land and buildings -			
Cost of construction by Holding Corporation	377,000		
Less special allowance by Holding Corporation	<u>202,000</u>		
Cost to Company	175,000		
Subsequent additions at cost	<u>1,763</u>	176,763	6,562
Plant and machinery	68,725	3,753	62,972
Motor vehicles	266	115	151
Vessels	4,115	734	3,381
Furniture and equipment	3,984	454	3,530
Progress payments on buildings under construction	<u>2,900</u>	--	2,900
	<u>254,753</u>	<u>11,678</u>	<u>243,075</u>

Current Assets

Stores (estimated)	9,095	
Stocks of wool, skins and fertiliser at subsequent net realised values	655	
Sundry debtors and payments in advance	8,366	
Deposits	396	
Cash at bank and in hand	<u>272</u>	18,784
		132

Preliminary expenses

Profit and Loss account

Balance transferred	29,823	
Add pre-incorporation loss written off	<u>10,554</u>	40,377

H.A. COCHRAN
G.W. EASTBURN
DIRECTORS

£302,368

£302,368

REPORT OF THE AUDITORS TO THE MEMBERS OF THE FALKLAND ISLANDS PREMIER CO. LTD.

We have audited the above Balance Sheet and annexed Profit & Loss Account. We have not inspected the Share Register which is maintained in the Falkland Islands, but, subject to this remark, we have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit. So far as appears from our examination, except in regard to stores and stocks, proper books of account have been kept by the Company and adequate returns have been received from the Falkland Islands. In our opinion, and to the best of our information and according to the explanations given us, the said Balance Sheet and Profit & Loss Account, which are in agreement with the books of account, give in the prescribed manner the information required by the Companies and Private Partnership Ordinances 1922-1950, and, subject to all stocks and stores having been brought to account, give a true and fair view in the case of the Balance Sheet of the state of the Company's affairs as at 31st December 1953 and in the case of the Profit & Loss Account of the loss for the period to that date.

11 Ironmonger Lane,
London E.C.2.
22nd November 1954

PEAT, MARWICK, MITCHELL & CO
AUDITORS

PROFIT AND LOSS ACCOUNT FOR THE PERIOD FROM
DATE OF INCORPORATION 9TH JUNE 1953 TO 31ST DECEMBER 1953.
INCORPORATING TRADING INCOME AND EXPENDITURE AS FROM 1ST JANUARY, 1953.

Purchase of sheep	8	8,105	Sales - meat	10,073	8
Wages and pension contributions		5,556	skins	5,124	8
Stores consumed (estimated)		20,000	tallow	650	
Loading and selling expenses		416	fertiliser	<u>204</u>	16,051
Repairs		<u>115</u>			
		34,192	Stocks on hand (at subsequent not realised value)		
Less -			wool	182	
Messing receipts	163		skins	<u>158</u>	655
Insurance claims	<u>99</u>	262	fertiliser	<u>315</u>	
			Gross loss carried down		17,224
		<u>33,930</u>			<u>33,930</u>
Gross loss brought down		17,224	Net loss carried to balance sheet		29,823
Staff salaries and expenses -					
Salaries - Manager and Accountant	1,071				
Superannuation	107				
Medical expenses	2				
Entertainment expenses	98				
Recruitment expenses	209				
Travelling expenses	<u>147</u>	1,634			
Managing agents' fees and commission		5,000			
Directors' fees		52			
Accountancy fees		375			
Audit fee		250			
Rent		628			
Insurances		1,990			
Bank charges		2			
Cables, postage and stationery		422			
Sundry expenses		<u>63</u>			
Depreciation		11,678			
Loan interest		<u>1,059</u>			
		40,377			
Deduct - Loss for period prior to incorporation		<u>10,554</u>			
		<u>£29,823</u>			<u>£29,823</u>

306

26th January, 1955

CONFIDENTIAL

My dear Lingeman,

The Colonial Development Corporation has built a small "Freezer" here to refrigerate mutton and a little beef for the British market. It has operated for two years but has not paid its way and it seems likely that it will close soon, possibly this year, and that this Government which holds a debenture on the plant will be left with the baby.

We believe that a freezer could be made to pay its way here but the present one was heedlessly planned and extravagantly built. In order to have cut and dried plans in case Government has to take over the Freezer I am looking for expert advice on the following questions :-

- (i) Can this Freezer ever be made to pay its way or would it be best to sell the plant piece-meal, or perhaps remove it to some other site?
- (ii) What is the condition of the buildings and plant?
- (iii) If the Freezer can, after

/modification ..

E.R. Lingeman Esq., C.B.E.,
British Embassy,
MONTEVIDEO.

See 322.

modification, be made an economic proposition what work is necessary to effect this and how much would it cost?

Do you think you would be able to find me in Uruguay an engineer with experience of freezers who would be prepared to come over here for a fee and give me independent advice on these points? It may be that someone with experience of the economics of meat refrigeration would be necessary in addition to an engineer.

We should normally look for assistance of this sort to the South American Exports Syndicate in Patagonia, but this firm are the Managing Agents of the Freezer and hold shares in the Company which runs it, a subsidiary of the Colonial Development Corporation.

[*personal note*]

Yours ever

(Sgd.) Rayner Andrew

26th January, 1955

Dear Sir Hillem,

We have had more trouble with the Colonial Development Corporation about their Freezer here, and looking through the papers I was ashamed to see that I had left your personal letter of the 5th August unanswered.

Serving so far away as this, and trying from a very small Colony to cope with giants such as the Colonial Development Corporation, giants who I'm sorry to say are not too scrupulous in their methods, one often gets a feeling of helpless indignation coupled with a slightly uneasy feeling that the Colony's difficulties might be one's own fault. In these circumstances your letter was comforting and I am most grateful to you for writing it. Reading it again has strengthened me for the next round with the Colonial Development Corporation, for which the bell has just gone. I have informed Sir Thomas Lloyd of the

/position ..

Sir Hilton Poynton, K.C.M.G.,
COLONIAL OFFICE.

position as I see it in a personal
letter which goes by the same mail
as carries this to you.

Yours Sincerely

(Sgd.) O.R. Arthur

Government House,
Port Stanley,
Falkland Islands.

CONFIDENTIAL

26th January, 1955

Dear Sir Thomas,

Very many thanks for your encouraging letter of the 25th October.

2. There is one very important matter which I didn't mention to you in my previous letter because it was then for the moment quiescent, and that is the problem of the Freezer. When I came here the Colonial Development Corporation was clamouring for this Government to put up money ostensibly to provide their newly formed subsidiary, the Falkland Islands Freezer Company, with working capital to enable the Freezer to operate and the Legislature had somewhat reluctantly provided £50,000 for this purpose. We feared, and as it appears from the papers with much reason, that when the Colonial Development Corporation formed F.I.F.Co. it had unloaded on to that company a whole lot of its own debts and liabilities both in respect of construction and in respect of the previous year's working when F.I.F.Co. was not in existence, and that any money we put up would be thus swallowed up and F.I.F.Co. would again have no working capital for the future. Eventually and after a very unpleasant wrangle (about which Sir Hilton Poynton wrote me a comforting personal letter on the 5th August, 1954) the Colonial Development Corporation undertook to apply the money strictly for the purpose for which the Legislature had provided it, and we handed it over in the form of a Debenture Loan. It now appears that the Freezer has been running at a heavy loss amounting to £20,000 - £30,000 annually, a fact which was concealed from us before, and that the Colonial Development Corporation attribute this to the lack of animals (17,000 sheep and 400 bullocks were slaughtered last year). For this they are blaming sheep owners generally and the Falkland Islands Company in particular whom they suspect of withholding animals in order to ruin the Freezer and buy it at a knock-down price, and they are threatening that unless 35,000 sheep and 1,000 bullocks are forthcoming this year the Freezer will close.

3. I have been exhaustively into the
/allegation ..

Sir Thomas Lloyd, G.C.M.G., K.C.B.,
COLONIAL OFFICE.

See 327

Reply at 433 in Vol III

No Copy
2 Governor's
Box

allegation that animals are being withheld. There is no truth in it. Roughly speaking there are 600,000 sheep in the Colony and the useful life of a sheep is ideally five years. This looks as if 120,000 sheep a year should be slaughtered. But

(i) in fact a sheep now carries about \$2. worth of wool on his back and the price of a sheep for slaughter at the Freezer is about 17s.0d. Therefore a farmer's first concern is to keep up his stock of wool-bearing sheep and not to sell carcasses. If he has a bad lambing season he will not cull all the sheep he ideally should but will keep them for their wool. We have now had a series of bad lambing seasons and the flocks contain many six, seven and even eight year old sheep, animals which should really have been slaughtered last year or the year before. My information is not only from the Company, from managers, from stock returns and from the Agricultural Department, but also from actually riding round with shepherds and seeing the flocks and talking about them, from standing beside shearers in the wool shed and talking with them about the age of the sheep as they come up for shearing and that sort of thing. The conclusion from all these sources is the same. Sheep which should ideally have been slaughtered in the last year or two have been kept for the sake of their wool.

(ii) The Freezer has no vessel to go round collecting sheep, and of the 600,000 in the Colony 190,000 are on West Falkland and 57,000 are on smaller islands. Some sheep did in fact come by sea last year, in small vessels and in the "Fitzroy", but not many.

(iii) You can't drive sheep long distances without their losing condition and the Freezer has no pastures on which they can recover before being slaughtered. So the farms on the North East or East Falkland, which have about another 60,000 sheep do not send anything to the Freezer.

(iv) 22,000 odd sheep were slaughtered for local consumption last year.

(v) Farms are so large, shepherds are so few and the climate is so bad that thousands of sheep perish annually of exposure. "Other losses not lambs" are given in the 1953-54 stock return as 62,400.

After studying and discussing these and other considerations at length with honest men who know what they are talking about and knowing the Colony and Camp managers of the Falkland Islands Company well and knowing the orders given by them in respect of the Freezer to their managers, I can say that there is no truth in the Colonial Development Corporation's allegation that sheep are

/being

being deliberately withheld from the Freezer. They could not reasonably hope for more than about 17,000 sheep this (1955) season.

4. The original idea of a freezer, as planned by Sir Frank Stockdale, was and is good, but among the conditions on which a freezer in the Falklands could succeed are the following :-

(i) The Freezer must be able to deal economically with comparatively small numbers of animals in a bad year.

(ii) There must be facilities for shipping comparatively small quantities at a time.

(iii) Since the Freezer only operates for a short season maintenance during the rest of the year must be cheap.

The present Freezer which was recklessly planned and wastefully built fulfils none of these. The refrigerated space can deal with much more meat than is likely to appear for some time but there is no means by which only part at a time can be refrigerated. The whole year's produce is lifted in one shipment, and therefore while waiting for that shipment the plant has to be kept going at full strength at great expense. The whole settlement is run by electricity, cooking, light, heating and all. During the off-season it takes a barrel of gas oil costing £7.16s.0d. to run the engines each day. A recent report from the F.I.F.Co's own engineer even casts doubts on the soundness of the buildings. But to say that the present Freezer cannot function economically in its present form does not mean to say that no freezer can ever function economically here, or even that this Freezer cannot be made to function economically if modified and put under different management. Very extensive modifications of the present plant would however be necessary, there would have to be a completely new approach on important matters such as the provision of shipping, and a lot of money would have to be spent. There's no escaping the conclusion that the concern as it stands is of little value. If the Colonial Development Corporation does not concur in this view let them run it and make a profit from it.

5. The Colonial Development Corporation is on thoroughly bad terms with the Falkland Islands Company. The Falkland Islands Company could ruin the Freezer at any time by withholding financial facilities, shipping or sheep and by many other such means. They could help by providing such things as local experience and advice, the nucleus of a labour gang and a refrigerated hold in their ship, in fact they are the only organization which has local facilities such that

/they ..

they could make a success of being the managing agents of a freezer. In these circumstances one would have supposed that the Colonial Development Corporation would have gone to any lengths to secure their goodwill and co-operation, but this has not been done. On the contrary the recent threat of closure if the number of animals is not increased to a figure which is in fact unreal and impossible looks like a declaration of war. In connexion with a recent proposal that this Government should lease the Freezer from the Colonial Development Corporation I have discussed with Young the possibility of the Falkland Islands Company operating the Freezer as managing agent. He will not consider such a proposal so long as the Colonial Development Corporation has any interest in the Freezer. He said that he had seen enough of the Colonial Development Corporation's incompetence to convince him that nothing they were concerned with could be efficient and enough of their business methods to have no confidence in their good faith and to wish to have no dealings with them. Nothing would shake him in this determination. 1Y

6. Bearing these considerations in mind I must look to the future, (it's no good reiterating complaints of past incompetence, extravagance, loud-mouthed self confidence sturdily based on ignorance, and loss of face for Britain). I do not see how F.I.F.Co. can continue to operate the Freezer and I think it will close. The Colonial Development Corporation's position vis à vis this Government will then be as follows :-

(i) They will have tried to get £50,000 for F.I.F.Co. ostensibly for working capital but on terms which would have meant applying the money at least partly to debts incurred by the Colonial Development Corporation before F.I.F.Co. came into existence.

(ii) Having failed in this and been guilty of inexcusable discourtesy they will have got the money in the form of a Debenture loan for the purpose of keeping the Freezer in operation.

(iii) They will then have closed the Freezer. This Government will ask for its money back but I think it will not be forthcoming. F.I.F.Co. will sooner or later become insolvent, Government will foreclose and in due course be left with the Freezer. (If there is a sale there is no possibility of anyone offering more than £50,000, but if they did of course the offer would be accepted and any balance handed over to F.I.F.Co. The Colonial Development Corporation cannot remove the plant because the Government holds a

/Debenture). . .

Debenture). Since commercial concerns of this sort are very seldom run successfully by Governments and nothing of the sort was envisaged when the Freezer was being planned, I wish I could say that I saw any possible alternative to the Freezer being left on Government's hands. I do not. I'm sure this will come about by one way or another. Maybe the course of affairs won't be those I foresee but the event will be the same.

7. I must not allow this Government to be taken by surprise and must plan in advance, bearing in mind not only the money Government has tied up in the Freezer but also the future of the Colony. I have had a long discussion with Young about the general long-term future and he holds that in the long run there must be a freezer. If this one fails or is broken up the Company will try to run one themselves, but they would not want to do it alone. They would wish to get the other farmers to join in and this they think they can ensure. They would also welcome Government having an interest in the project. With this long-term consideration in view the Falkland Islands Company is importing rams to change the breed of sheep from solely a wool-producing one, to one which will produce both wool and mutton. They are proposing to include a refrigerated hold in a new ship they are planning to build to replace the "Fitzroy" and they are experimenting in ploughing large areas so as to produce a crop on which to fatten sheep immediately before slaughter. They are trying to bring pressure to bear on other farmers to pursue a similar long-term policy. In these circumstances there seems some chance of saving something from the wreck of the Freezer. The first move will be to get the Ambassador in Montevideo, whom I know well, to secure the services of an expert to come down and give independent advice on the state and suitability of the buildings and on how the plant can best be adapted so as to be a workable proposition, and give some indication of the cost. Next a co-operative society of sheep farmers must be formed in which shares will be held by (a) The Falkland Islands Company (b) other farmers and (c) Government. (a) and (b) will put up money and Government's share will be represented by the value of the plant. This Co-operative Society will operate the Freezer using the Falkland Islands Company as its agent. I am confident that I should be able to bring about some such arrangement.

8. I write to you now personally to keep you informed of the future as I foresee it, a subject about which I should never hazard guesses in official correspondence.

Yours sincerely

(sgd.) O.R. ARTHUR

314

Government House,
Port Stanley,
Falkland Islands

27th January, 1955

310

But assumed
responsible
from 9 Jan 1953

Since writing you my letter of the 26th January about the future of the Freezer I have been shewn the director's report of the Falkland Islands Freezer Company which was submitted to the first Annual General Meeting of the Company held on the 15th November, 1954. It is in respect of the period ending 31st December, 1953. The Company did not acquire the Freezer till 15th December, 1953, yet a loss is shewn of £40,377 of which only £10,554 is written off as pre-incorporation loss. The profit and loss account is in respect of the 1955 season's working i.e. in respect of a period before the Company came into existence when the Freezer was still being operated by the Colonial Development Corporation. I attach copies of the report and balance sheet.

305a - c

2. In the light of these papers some of the correspondence which took place just before we handed over the money for the Debenture Loan reads very queerly. In especial there is the statement made to the Secretary of State by the Corporation that they had advanced £33,000 working capital to the Freezer Company and a cool suggestion that the £50,000 Debenture money should be used to refund this amount and allow £17,000 over for the 1954 working season (see Secretary of State's confidential telegrams numbers 65 of the 12th March, 1954 and 88 of the 6th June, 1954). In fact the £33,000 said to be "advanced" roughly speaking represented the amount the Corporation lost in respect of the 1953 season when it was operating the Freezer itself and this money was never available to the Freezer Company. It seems to me that the doubts and fears repeatedly expressed by me at the time were only too amply justified.

3. I have also just heard through Young that the Falkland Islands Freezer Company has decided not to open the Freezer this year "unless the Colonial Government is prepared to run the Freezer locally". This is of course out of the question.

/I must ..

Sir Thomas Lloyd, G.C.M.G., K.C.B.,
COLONIAL OFFICE.

See 327

~~Reply at 433~~

Reply at 433 in Vol. III

Vol II
196

I must press on with making plans as to what to do when this Government gets left with the Freezer on its hands and am writing to the Ambassador in Montevideo by this mail. It seems likely that I shall have to ask permission to visit the United Kingdom this summer to discuss how the powers this Government holds under the Debenture should be used and to arrange for the Co-operative Society of Sheep Owners to run the Freezer in its new form.

4. There is a large number of other matters which I could take the opportunity to discuss, the most important of which are the expanded F.I.D.S. 1955/6 programme and the policy to be followed in regard to Argentine incursions, especially in regard to the part to be played by the Navy.

DECODE.

TELEGRAM SENT.

IMMEDIATE.

From SECRETARY OF STATE to GOVERNOR

Despatched : 27.1.55

Time : 1740

Received : 28.1.55 Time : 0845

CONFIDENTIAL. No 6. Your telegram No 13. Freezer.

Your message passed to Colonial Development Corporation and regret to have to inform you they have decided not (repeat not) to operate factory for coming season. This decision which is based on commercial grounds is within Corporation's competence, and I do not feel able to interfere with it.

2. I am not unmindful consideration expressed in paragraph 2 of your telegram No 314. I have put this to the Corporation and will telegraph you again when I receive their comment but I understand balance capital sanction is insufficient to stand cost of another season which must result in further heavy loss.

3. Freezer would be placed on care and maintenance basis and I still hope some satisfactory arrangement can be made for its future use especially as I gather Freezer Company are now agreeable to offer lease of factory to Government at peppercorn rent. In this connection position Falkland Islands Company not clear from your telegram under reference. Does Company decline to

/manage

17
30
2.

manage plant under any conditions if leased by Freezer Company to Government? Understand stores have been bought and shipped by Colonial Development Corporation for this season and that usual arrangements with managing agents for labour and release of Robson from Punta Arenas have not yet been cancelled. In these circumstances is alternative of operation by Government for this season feasible? On this point in particular I should be glad your early reply as Colonial Development Corporation ~~must~~ otherwise cancel the arrangements within a few days.

SECRETARY OF STATE

Reply 368

DECODE.

TELEGRAM SENT.

From GOVERNOR to SECRETARY OF STATE

Despatched: 28.1.55 Time: 1200 Received: Time:

345 CONFIDENTIAL. No 19. Your telegram No 6. Freezer.
Regret Government cannot operate Freezer this season.
Explanatory telegram follows.

GOVERNOR

Issue and file back to me
(Intld)C.C.

319

TELEGRAM.

HARDING.

FREEZER NOT OPENING THIS SEASON (.) AS IT SEEMS
INEVITABLE THAT COLONY WILL EVENTUALLY ACQUIRE IT EITHER
BY LEASE OR FORECLOSURE IT IS DESIRED ARRANGE EARLY
INDEPENDENT EXPERT EXAMINATION OF PLANT, BUILDINGS AND
ECONOMICS (.) GRATEFUL YOUR AGREEMENT TO SUCH EXPERTS
BEING AFFORDED FULL INSPECTION FACILITIES BY FALKLAND
ISLANDS FREEZER COMPANY.

SECRETARY.

320



Colonial Secretary's Office,
STANLEY, Falkland Islands.

26th January, 1955.

Dear Bartol,

We spoke and you were kind
enough to agree to deliver the attached
telegram to Harding on Monday, or to
telephone it through.

Yours

(SGD) COLMAN

The Honourable
Mr. A. G. Barton, C.B.E., J.P.,
STANLEY.

WHL

321

A.C.S.

Pers. filed from
305 onwards pl.
SM
28/1.

48

See (246) & (247).

As there is no hurry to reply,
I have left the incomplete draft
I was working on, but attached
it as an aide memoire.
It is at bc. ~~the same as the other~~

27/1

29th January, 1955

My dear Lingenmann,

306-

I wrote to you a day or so ago asking you to find me ~~an expert~~ to advise about the Colonial Development Corporation's Freezer here. Since then I have had a telegram from the Colonial Development Corporation saying they have definitely decided to close the Freezer. This makes the matter more urgent and we now want the services of the expert as soon as possible.

If this Government takes over the Freezer it will be operated by a Co-operative Society of Sheep Owners in which the chief shareholders will be the Falkland Islands Company which will also be the Managing Agents. It is therefore essential to us that the expert who advises us should be acceptable to the Company. Mr. W.H. Young, the Managing Director of the Company, is here now and will be returning to Montevideo on the m.v. "Nancie-S" leaving here about the 9th February. I have given him a letter of introduction to you and perhaps

/you ..

E. Lingenmann Esq., C.B.E.,
The British Embassy,
MONTVIDEO.

you would be so good as to consult him.

He is an exceedingly nice fellow who has spent many years in India in shipping so you might well like to make his acquaintance for other than official reasons. In all the dealings I have had with the Falkland Islands Company I have always found him a man of scrupulous rectitude.

I am sorry to ask you to take this trouble for this Government, but we really are in a jam and have been badly let down by the Colonial Development Corporation.

I am going out tomorrow before the ship sails to see if I can shoot a few Upland Geese, or rather goslings, which abound here at this time of year and make excellent eating. If I succeed I will send a couple up to you with Captain White.

Yours sincerely

(Sgd) Raynor Arthur (?)

Hf.

(316)

Draft etc. at bc. It is pretty frank but I think we have been forced into the open. The chief counter to any accusation of that P.C. is sitting back waiting to cash in, is the conviction that a large amount of fresh capital will be required. I wonder if this has been sufficiently stressed.

Q
1/2

Hf.

Fairer draft etc. at cover. I think that last para of page 1 (X1) could be omitted without affecting the rest of it. At Y1 on (315) you said 'nothing would shake him in his determination' & ~~in present~~ X1 in present draft might indicate that you hadn't tried to shake him very hard! Alternatively substitute 'it is difficult to' for 'I cannot'.

Q
2/2

325

● The Falkland Islands Co. Ltd.

Stanley.

With the Manager's Compliments. 326

Yr

Decode of telegram from Cochran to Harding dated 29th Jan. 1955.

 Following strictly confidential for Harding and other Directors
 Freezer Company
 Colonial Development Corporation has notified Company that
 insufficient funds available finance 1955 season in view of
 small number animals likely available and resultant probable
 loss stop London Committee decided Company consequently unable
 open season unless funds available other sources stop Meantime
 Colonial Development Corporation has informed Colonial Office
 and understands it cabling Governor possibility Government
 taking over for season stop Colonial Development Corporation
 as principal shareholder prepared allow Company lease Freezer
 to Government for peppercorn rent and same time make available
 all stores and spares already bought and shipped stop Eastburn
 prepared lend (spell word of 6 letters) Robson
 supervise season stop Ample Chilean labour available stop
 believe efficiency economy freezer working only achievable if
 run by local Board behalf Government and local interests stop
 No positive decision place freezer care maintenance basis until
 Governor has decided. Cochran.

He see above.
 It is a little bit
 date
 Ra

Yes
 DMS
 2

3rd February, 1955

CONFIDENTIAL

310-314

Since writing at length to you about the Freezer on the 26th and 27th of January, 1955, I have had further long conversations with Young of the Falkland Islands Company about the general future. If there is to be a freezer here the foundation stone must be the Falkland Islands Company on whom we should have to rely for the bulk of the capital required to convert the Freezer to an economic proposition and to be the managing agents to run it. It is a first necessity to secure the co-operation of the Company in any arrangements to be made for the future, and in addition Young knows a lot of the past history of the Freezer project. I know that doubts have been expressed of the good faith of the Company but I believe Young to be a man of absolute integrity. He returns to London shortly expecting to arrive on the 7th March. He says he has never met a senior member of the Colonial Office except one whom he invited to

/the ..

Sir Thomas Lloyd, G.C.M.G., K.C.B.,
COLONIAL OFFICE.

See 433 in Vol III.

the Company's centenary lunch. I think it would be of great value if you could find the time to see him, or if you cannot do so yourself if you could arrange for someone else, perhaps Martin, to do so.

DECODE.

TELEGRAM SENT.

328

From GOVERNOR to SECRETARY OF STATE.

Despatched: 3.2.55

Time: 1430

Received:

Time:

316
318

CONFIDENTIAL. No 28. Your telegram No 6 and my telegram No 19 Freezer. Demi official letters to Lloyd setting out my views at length already in mail. Leaving aside practical impossibility of Government running Freezer without Falkland Islands Company's participation, it is difficult to understand how Corporation could expect Government to take it over when they themselves are unable to operate owing heavy losses experienced in past and expected in future and suggestion that they should get from this Government annual rental of £5,000 into the bargain seems extraordinary.

2. There is now every indication that Freezer is economically unworkable in its present form and as Government by virtue of debenture may sooner or later be landed with it I have asked Ambassador Montevideo if he can find independent experts to conduct thorough survey of all aspects of project. I believe this investigation will show that complete reorganisation and rearrangement is required including new approach to shipping problem and modification of plant. If this is so then a good deal of fresh capital must be found. Presumably Corporation will put up no more, the Legislature, I am sure, would not vote any and it will be left to Sheepowners' to decide whether they can form a consortium for this purpose. Such a consortium if it comes into existence (which is by no means certain) would have to be organised by Falkland Islands Company and that company would have to put up a large part of the capital required and act as managing agents but neither Falkland Islands Company nor, I feel sure, other Sheepowners' will have anything to do with Freezer so long as Corporation have finger in the pie since they no longer have any confidence in Corporations efficiency or integrity.

3. Am grateful to you for taking up with Corporation the point that £50,000 debenture was put up to provide working capital to enable Freezer open this season. Since they have decided not to open this season and are unlikely to do so in the future would it not be reasonable to ask that the money be refunded and debenture cancelled?

GOVERNOR

DECODE.

TELEGRAM.

329

From Harding, Fox Bay

To The Colonial Secretary

Despatched : 3rd February, 1955 Time : 0900

Received : 3rd February, 1955 Time : 1430

319?

Reference your telegram Freezer. Regret delay in replying but ~~was~~ awaiting decoding of another telegram which might have had some bearing on the subject. As local board have only been told that Freezer will not operate this season and have no further information I think permission for what you suggest must come from Chairman of London Board.

HARDING

YE (329)

I rather expected this -
I suggest we approach this C.O. &
~~work up draft concerning the~~
~~drafting may be possibly~~ draft etc. at G.S.
3/20

P/L.
SM

330

EXTRACT FROM RECORD OF A MEETING HELD AT GOVERNMENT HOUSE
ON 18. 1. 55., BETWEEN HIS EXCELLENCY THE GOVERNOR AND
MR. L.W.H. YOUNG, MANAGING DIRECTOR, FALKLAND ISLANDS COMPANY.

(Original filed in 0643 - Records of Conversations with
Manager, F.I.C.)

.....

1. Freezer. Mr. Young stated that he was not prepared to participate in the management or control of the Ajax Bay Freezer while the Colonial Development Corporation were still concerned in the project and it was agreed that this would inevitably result in the closure of the Freezer and ultimate foreclosure by Government. When this occurred the possibility of establishing a new Freezer which could be run economically by the Sheep Owners' Association would be examined, since all present were unanimously of the opinion that a Freezer was an invaluable asset to the Sheep-farming industry. It was visualised that the existing Freezer might be modified or some of its plant and machinery re-erected at Goose Green and that Government would hold shares in the new venture by virtue of ownership after foreclosure.

.....

42 (325)

Final draft for. at 60

W
3/2

Acc

Done
u 3/2

DECODE.

331

TELEGRAM SENT.

From GOVERNOR to SECRETARY OF STATE

Despatched: 5. 2. 55

Time: 0900

Received: Time:

Confidential

328 No. 30. My telegram No. 28. Freezer.

My paragraph 2. Have asked Harding, Chairman Local Board if he will afford experts full facilities to examine plant, buildings and economics of Freezer, pointing out Government's need to obtain early independent opinion in capacity both of debenture holder and promoter of settlement regarding future of project. The proposal is perfectly natural in view of suggestion that Government operate Freezer, and recent adverse report on state of buildings by Freezer Company's own engineer which Corporation believe to be exaggerated. No expenditure by Freezer Company is proposed and I can see no possible reason to refuse facilities.

Person named however feels that permission should come from Chairman London Board and I should be grateful therefore if you could obtain this permission.

Governor.

See 355

See 15/2
8/2

~~111~~

Report on the quality, condition and dressing of frozen meats from the Falkland Islands Freezer Co., carried by the above vessel.

1436 Grs. Cow & Heifer Beef.

Quality. Plain lean meat lacking good fat covering.

1st & 2nd. The grading very poor, no difference between 1st and 2nd quality.

3rd Qlty. Very plain and lean, almost devoid of any fat covering. Suitable only for manufacture. Many quarters emaciated.

Condition. Fairly bright and well frozen, kidneys and sets cut.

Dressing. Poor and ragged. A lot of staining due to not having been properly wiped out with a clean cloth that had been wrung out in clean water. Channel fats improperly trimmed. Spinal cords not removed, also discolouration of necks due to not having been properly cleaned. The beef has been quartered while hot causing shrinking of fat and flesh from the bone on the cut ends, giving it an unsightly appearance.

When the animal is slaughtered and properly bled, etc., the carcass can be halved either with a cleaver or saw and then hung in the cooling room from twelve to twenty hours, according to the atmospheric temperature, and sets. It is then firm and dry. Then it can be cut into quarters and there will be no shrinkage.

Marking. The stamp used is much too large and makes the quarters look unsightly. According to the Merchandise Marks Requirements, in the case of frozen beef and frozen veal (other than boneless), there is no statutory requirement as to the marking on importation, but Exporters have been asked to apply a ticket or label. For example: frozen beef from Australia and New Zealand are never stamped, only a label attached to the quarter.

434 Bags Sheep and Beef Sundries.

The packing of the above is very good, packages nicely moulded and plainly marked. Good quality hessian used.

Condition. The sheep tongues and kidneys were fairly bright, also the ox tails. The rest of the sundries showed varying degrees of staleness.

Quality. Fair. The beef hearts are badly cut due to careless butchering.

3415 c/cg. Wethers W.L.

Quality. Poor to fair. Many emaciated carcasses among them which should never have been shipped.

Condition. Many stained and mis-shapened and a number stale.

113 c/cs. Wethers W.H.

Quality. Very mixed for quality, a small number of carcasses nicely covered and fleshed, the remainder poor to fair.

Condition. A small number stained and mis-shapened, a number stale.

Dressing. The carcasses have been quite well dressed, excepting that in a number of cases the cod fats have been stripped out. These should have been left in on account of the Mammary Glands.

171 c/cs. Ewes E.H.

Quality. Very poor, plain, lean and thinly covered, many emaciated carcasses among them which should never have been shipped.

Condition. A large number stained and mis-shapened and stale.

334 c/cs. Ewes E.H.

Quality. Fair to very poor. Many plain and lean carcasses among them.

Condition. Fairly bright generally, a few slightly mis-shapened.

Dressing of all ewes.

A large number of carcasses have had the lugs stripped out. These should have been left in on account of the Mammary Glands.

Marking. The stamps used on all carcasses is much too large. A smaller one would be much better so as not to disfigure the carcass.

More care must be taken over the cleaning of the necks of all carcasses, and as far as the mutton is concerned, the necks must be properly cut through, as there were a number of carcasses inspected which were not satisfactorily treated in this way.

W. C. H. H.

Y.F.

339

As b.c. is a draft to Sir H. Webb
which I think it is advisable to send thro'
Brown, not C.O.

2) As b.c. also is the debenture. Prima facie
it doesn't look as if we can do much if the
sell out before liquidation (vide Clause 7 of Conditions)
unless we are somehow protected under Clause 3 of
the actual debenture. Sir W. will, however, be
able to advise but I feel we must be protected
a debenture loan would be a very risky business.

I agree, draft off
PMA 10

1.12

DECODE.

TELEGRAM.

From The Colonial Secretary

To The Crown Agents

Despatched : 11th February, 19 55 *Time* : 1555

Received : 19 .. *Time* :

CONFIDENTIAL. Following for Sir Henry Webb begins.
Falkland Islands Freezer Company has decided not to
open for killing this season on account of heavy losses
experienced in past and anticipated in future. Factory
has been put on care and maintenance basis. Am very
doubtful if they will ever reopen and expect they will
eventually be forced to wind up.

2. In the possible event of Company trying to
dispose of any plant, machinery, buildings or other
assets prior to winding up glad to know if Government
as debenture holder has any legal method of objecting
and preventing.

3. An early reply would be appreciated. Ends.

SECRETARY

GTC
CC/SM

DECODE.

TELEGRAM.

From LINGEMAN MONTEVIDEO

To GOVERNOR

Despatched : 15/2/55 19 Time : 1710

Received : 16/2/55 19 Time : 1400

IMMEDIATE. Confidential.
Freezer problems. Discussed with
Young.

2. Frigerifico Anglo's local representative is consulting his London principal (shot) he thinks there may be difficulties in providing the right man.

3. I would prefer not to have to approach two American Frigerificos offer the only alternative and suggest you get Colonial Office to approach Anglo direct directly.

Col '3': RMG:GB

336
306
See 322
Reply 339
See 340

45

337

(336)

draft to HS 2fa. at bc. I have also
included a short message of thanks to Antioch.

1982

12/21/82
J. M. L.

DECODE.

TELEGRAM SENT.

338

From GOVERNOR to SECRETARY OF STATE

Despatched: 22.2.55 Time: 1530 Received: Time:

328

331

No 42. My telegram No 28 and No 30. Freezer. Ambassador Montevideo has approached Frigerifico Anglo who foresee difficulties in providing right man for independent survey but local representative is consulting London principals. Only alternative are two American Frigerificos but Ambassador and I consider under circumstances that approach to them undesirable.

2. Ambassador further suggests that it would help if you could approach London principals direct and I should be grateful if you would do this. Their particulars are Vestey Bros Ltd., 14 West Smithfield, London E.C.1.

GOVERNOR

See 355

DECODE.

TELEGRAM.

339

From H.E. the Governor.

To Ambassador, Montevideo

Despatched . 22nd February, 19 55 Time : 1630

Received : 19 .. Time :

336

Your telegram 15th February. Very many thanks
for your help. Am acting on your suggestion.

GOVERNOR

See 340

DECODE.

TELEGRAM.

340

From Lingeman, Montevideo

To H.E.the Governor.

Despatched : 23rd February, 19 55 Time : 1610

Received : 24th February, 19 55 Time : 0845

336

RESTRICTED. My telegram February 15th.
G.M.Hogben, Manager (retired) for 15 years
of Frigerifico Anglo, Fray Bentos interested if

- (a) guaranteed round trip on FITZROY preferably
next sailing
- (b) suitable fee.

Visited Falkland Islands 1949 to investigate
Freezer project on behalf Anglo and therefore very
suitable.

Grateful for replies to 2 points above.

HCS has seen

B.U.F.

(Intld) J.B.

24/2

LINGEMAN.

See 346

GTC
SM

45

(340)

341

Off hand no one knows exactly anything much about Hopfen, but the records are being searched. As he came on behalf of Anglo I do not suppose we will have anything though I imagine Lin Mates would have picked up him if they had met.

- 2) I suggest that we pass information on to S/S & press for reply to (334). If favourable we would book passages and ask Ambassador to negotiate fee.

25/2 Jx

As you suggest & please Telegraph
Mr. Young to

LJS
Supplies in
average - 6000 to
4500 only per
Q
25/2

0538/Conf
342
Government House,
Port Stanley.

CONFIDENTIAL

23rd February, 1955

293
I see from the papers about the Falkland Islands Freezer that the Colonial Development Corporation casts doubts on the adverse reports of the Falkland Islands Freezer Company's engineer on the condition of the Freezer plant and buildings (see your Confidential telegram No. 217 of 28th December, 1954 paragraph 5). I am no engineer but I went over the plant on the 9th and thought you might be interested to have a superficial account of it.

I rode over to Ajax Bay from Darwin, as that is at present the only way of getting there except by air. It's a four hour ride from Darwin and two hours from Bonner's settlement at San Carlos. I say this to give you some idea of its isolation which results in difficulties of supply, medical attention and so on. I spent the afternoon going over the Freezer plant with Swan the engineer of the Falkland Islands Freezer Company. Swan was for many years with Holders and is a highly competent engineer. I do not know why he left Holders but I suspect that it was because of drink. He has given some trouble in this way at Ajax Bay but his wife is now with him and he does not drink at present. On my previous visit I had been taken round by Boyd, the manager, while the plant was working and was shown all the beautiful new plant without being given an opportunity to find out what the snags were; on this occasion I had every opportunity to question Swan and Conroy who is in general charge of the Freezer.

The plant is badly laid out. The biggest mistake is that the ammonia compressor, the boiler room and the engine room are not easily accessible one from the other. None of them can be left unattended while working so that three watchkeepers at a time are required. Had these rooms been differently sited it would have been possible to work with about three fewer watchkeepers than is at present necessary. These watchkeepers are skilled and highly paid men. There are also minor mistakes such as the sighting of the reducing plant which necessitates rejected carcasses being taken in a wheelbarrow from

/ the ..

Sir John Martin, K.C.M.G., C.B., C.V.O.,
COLONIAL OFFICE.

the slaughtering room and then lifted into the boilers. It would have been easy in view of the fall of the land to run the carcasses on a rail over the boilers and tip them in by gravity.

There are also grave faults in the erection of the buildings. The wall of the main building was obviously designed to be of such a height that the rails on which the carcasses run hanging from hooks would be just the right height above the floor. The big steel joists which hold the ceiling were however not rested upon the wall but let into it so that the ceiling in much of the plant is 18" lower than what is required and in consequence it is actually not possible to hang a quarter of beef clear of the ground.

There is only one freezing unit in each chamber. This may be alright in the chilling and freezing rooms which are comparatively small but in the big storage chambers if a unit were to go wrong it might be impossible to shift all the meat and the contents of the chambers would be lost. At least two more freezing units are required. They cost about £1,000 each.

The units should be sited far enough from the wall of the chamber for a man to get behind to attend to them. They have in fact been set against the wall and if anything went wrong it would be very difficult to repair and would take a long time.

In most of the units no provision has been made for defrosting. This is done by hot gas but there are no trays to catch the water or pipes to run it off and it is left to swill about the floor of the chamber or has to be removed by hand.

In freezing chambers it is usual for the cold air to be conveyed in a sort of wind tunnel (I think the technical word is trunking) to the various parts of the chamber so that an even temperature is maintained throughout. This trunking was in fact sent out but whoever erected the plant did not know what it was for and it was not installed. Some of it was thrown on the rubbish dump and some was used for odd jobs. There is now no trunking in the main chambers and the temperature at one end may be quite different from the temperature at the other.

There has been and still is the most appalling waste. The only two electrical engines are both 200 kw "Mirlees" engines. I went through the books kept and found that the plant has at no time used more than 125 kw. and now, when the plant is not in operation, the average daily consumption is in the neighbourhood of 16 - 20 kw. Nevertheless one of these big engines has to be kept going since all the houses depend on electricity, and nearly a drum of fuel oil is burnt every day costing £7.16s.0d. The stove in the cookhouse where the bachelors eat is intended for large numbers and consumes very nearly as much oil daily as the engines. In the store I saw

three small engines such as are used for concrete mixers, drums of very expensive electric cable of the sort that you can bury or enclose in buildings and battered but unopened drums of paint. I was told that all these had been rescued from the rubbish dump - they were perfectly serviceable. There were fourteen men on the payroll at Ajax Bay; there is so much to be done that it is possible that this number is justified but the expense must be considerable. The man in charge, whose name was Conroy, had worked as an accountant in a "frigorifico" in South America for a short period but apart from that he had no knowledge of refrigeration.

The jetty is a major difficulty. At dead low water there is only about three feet of water off the end of the jetty and last year the boats taking the meat to the ship got stuck on the mud at low water and this accounts to some extent for the poor quality of the meat when sold. In order to get a depth of about twelve or fourteen feet of water the jetty will have to be taken out about three hundred feet further. If it were taken out two hundred feet there might be enough water for a small steamer to lie alongside except at low tide. The expense would run into thousands.

328 In the light of what I saw I fully expect the report of the independent expert for which we have asked (see my Confidential telegram No. 28 of the 3rd February, 1955, paragraph 2) to be adverse. I think it will show that many thousands of pounds need to be spent before the Freezer can be made an economic proposition. It may even be that the structural defects are such that the only real solution is to move the plant, which is in itself quite good, into entirely new accommodation.

As I have said above this information is superficial and is only intended to give you an idea of what to expect from the experts' report. I am afraid I have gone into detail but I assure you I have left out as much as I have put in. Unless you have personally gone round the plant with someone who knows what he is talking about it is difficult to visualize the fantastic way in which the project has been handled. I even saw examples of bits of machinery installed upside down.

DECODE.

TELEGRAM SENT.

From GOVERNOR to SECRETARY OF STATE

Despatched: 25.2.55 Time: 1615 Received: Time:

338
No 43. My telegram No 42. Expert advice on Freezer.
Ambassador Montevideo has found expert formerly many
years manager Frigerifico Anglo Fray Bentos. He wishes
to come here next sailing FITZROY which would mean
leaving Montevideo 7th March. Could you please obtain
permission London Board of Falkland Islands Freezer
Company requested in my telegram No 30 earliest.

GOVERNOR

P/L.
ORA/SM

See 355

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GOVERNMENT TELEGRAPH SERVICE
FALKLAND ISLANDS AND DEPENDENCIES.
SENT.

Number	Office of Origin	Words	Handed in at	Date
				25.2.55

To

AMBASSADOR MONTEVIDEO

HOA/C

340 YOUR TELEGRAM 23RD FEBRUARY HOGGEN STOP MANY THANKS STOP CAN ARRANGE PASSAGES TO AND FROM FALKLANDS BUT SHIPS HOMEWARD BOUND AT THIS TIME ARE FULL AND RETURN ACCOMMODATION MAY BE SOMEWHAT CROWDED STOP COULD YOU PLEASE NEGOTIATE PER ON BEHALF OF GOVERNMENT COMM AM PREPARED TO LEAVE MYSELF IN YOUR HANDS IN THIS RESPECT STOP NEWPARA 2 PRIOR PERMISSION FOR INVESTIGATION MUST BE OBTAINED FROM LONDON BOARD OF FALKLAND ISLANDS FREEZER COMPANY BRACKET A SUBSIDIARY OF COLONIAL DEVELOPMENT CORPORATION CLOSE BRACKET STOP SECRETARY OF STATE WAS ASKED ON 5TH FEBRUARY TO ARRANGE THIS AND I HAVE REMINDED HIM URGENTLY ASKING HIM TO SECURE PERMISSION BEFORE HOGGEN IS DUE TO SAIL ON 7TH MARCH STOP I SHALL INFORM YOU IMMEDIATELY WHEN PERMISSION IS OBTAINED.

ARTHUR

Time

ORA/SN

See 356 " 358

GOVERNMENT TELEGRAPH SERVICE

FALKLAND ISLANDS

SENT

347

Number	Office of Origin	Words	Handed in at	Date
				25.2.55

To

~~YOUNG PASSENGER SS AUGUSTUS PORTISHEAD RADIO~~ HOA/C

EXPERT EXAMINATION OF FRETZER STOP AMBASSADOR MONTEVIDEO SUGGESTS AS XX
VERY SUITABLE G.M.HOGBEN FORMERLY FOR FIFTEEN YEARS MANAGER OF
FRIGERIFICO ANGLE FRAY BENTOS STOP I DO NOT KNOW WHETHER THIS PERSON
WAS CONSIDERED BY YOU IN DISCUSSIONS WITH AMBASSADOR IN MONTEVIDEO
BUT PRESUME HE IS ACCEPTABLE STOP GRATEFUL IMMEDIATE CONFIRMATION SINCE
HOGBEN WISHES TO LEAVE MONTEVIDEO FOR HERE 7TH MARCH

Time

ARTHUR

Reply 324

004/SH

HCS

A

348

Minutes of the recent Tuzas Co. meeting attached for.

As we have a £50,000 finger in the pie, I shall insist upon getting a copy of the priced stores and equipment list when it is prepared (minute F.144) from what I saw during my brief tour of the stores, many items would be suitable for use by the P.W.D. if we have to foreclose. The power plant appeared to be in excellent condition and is well maintained. There are five or six prefabricated houses which would be useful, too.

I think it doubtful that we will get our money worth in the event of the Tuzas not re-opening. Most of the value of the plant seems to be in the main buildings which are of concrete.

As Government nominee I think I should make another quick visit and look over the stock before Conway, the present manager, leaves in mid-March. I understand that the value of the food stocks alone is in the region of £1,000— and things have had a habit of disappearing.

B

P. 1.2/2.

Yes See above. I think it would be wise for us to pay another visit & a few good reasons would be to show the firm round.
2) we have not yet heard from Sir Webb regarding our position in the event of R.F.C. selling off stocks & I will chase him up.

AMV DRA 25

Feb 25. 25/2
S. Morrison when
he comes to see me. B.

349

FALKLAND ISLANDS FREEZER COMPANY LIMITED

Seventh Meeting of Local Board
held at Sencarles, East Falkland
18/19th February 1955

PRESIDENT:

Mr. H. C. Harding (Chairman)
Mr. M. K. Cameron
Mr. J. P. Penner
Mr. S. G. Trees

and Mr. A. G. Barton (Secretary)

F.142

DIRECTORS:

Mr. S. G. Trees, Colonial Treasurer and ex-officio representative of the Falkland Islands Government was welcomed to the Board vice Mr. J. P. Briscoe who had resigned on leaving the Colony.

F.143

MINUTES:

(a) Minutes of the sixth Local Board meeting on the 24th July 1954 were read and confirmed.

(b) Minutes of the following Meetings were received and considered:-

6th London Committee Meeting	- 25th May 1954
7th " " "	- 1st June 1954
8th " " "	- 13th August 1954
9th " " "	- 22nd November 1954
10th " " "	- 9th December 1954

London Board Meeting	- 15th June 1954
" " "	- 24th September 1954

Annual General Meeting - 15th November 1954

F.144

STOCK SHEETS:

Reported:

That the Falkland Islands Company had lent the Company a clerk to annotate all equipment and surplus stores at Ajax Bay and price same. The clerk had spent five weeks on site and three in Stanley on the job but the end was not in sight nor could the price lists produced be considered accurate though they would at least give the Board some idea of the stores available for disposal.

F.145

1955 SEASON:

Members had already been notified individually that the Freezer would not operate for the coming season. Mr. Cochran's telegram No. 741 of 7th February 1955 to Mr. Harding was discussed and it was decided to await the outcome of a visit to Ajax Bay next day before deciding on ways and means of placing the works on a care and maintenance basis.

F.146

MANAGING AGENTS AGREEMENT:

Reported:

Share Certificate Number P.5 for Two thousand Preference Shares had been issued in favour of The South American Export Syndicate in accordance with London Committee Minute No. 73.

F.147

ANNUAL RETURN 1953:

The Directors' Report and Balance Sheet for 1953 were certified prior to filing with the Registrar of Companies.

(The meeting adjourned at 7.30 p.m.
and resumed at Ajax Bay at 8.0 a.m.
19th February)

F.148

STAFF:

The Works Manager (Acting) Mr. Conroy, and Engineer-in-charge Mr. Swann were interviewed and informed as to the decision not to operate this season.

Mr. Conroy requested to be allowed to return to Punta Arenas by s.s. "FITZROY" mid-March. The Board agreed that the Company would meet the cost of his own and family's passages.

Mr. Swann stated that he did not wish to break his contract and agreed to take charge of the Works on Mr. Conroy's departure, with two assistants only.

F. 149

CARE AND MAINTENANCE:

Mr. Swann agreed that J. Howlands and W. Murdoch were the best two men to remain on the site with him. Howlands has experience in Diesel machinery, monthly wage now £32 per month, plus overtime; Murdoch would take charge of the Store and keep such accounts as were required, in addition to ordinary manual labour. His monthly wage of £22 per month would be increased to £25.

F. 150

DISMISSAL OF STAFF:

Assistant Engineer Logue's notice of resignation dated 28th December 1954 was received. He will be allowed to leave by the first opportunity and paid full wages to 28th March 1955 in accordance with his Agreement. The sum of £47 will be deducted from his pay in part settlement of his outward passage. With the exception of the employees mentioned in Minute F.149 all would be given notice to quit by the first opportunity.

F. 151

ACCOUNTS:

If possible the Falkland Islands Company would send a representative to Ajax Bay to take over the Books and Stores before Mr. Conroy leaves and to

... / instruct

351

instruct Murdoch in the simplest possible method of accounting.

F.152

FURNITURE:

It was confirmed that Mr. Cameron had signed a certificate authorizing the taking over of goods to the value of £89 for the credit of Mr. G. A. Boyd's account. These goods remain in the Manager's House.

Mr. Conroy was instructed to check inventories of Furniture before the occupants of houses left the site.

F.153

LAUNCH "SILVER HERRAY":

The mishap to the launch on 24th December 1954 was discussed. The loss of propeller and stern bracket had been reported to London by telegram the same day, and confirmed in writing by Mr. Conroy 8th January 1955. The Board did not know how the London Salvage Association came to be concerned in the mishap unless the craft is insured against all risks. It was confirmed that the hull was undamaged and the new propeller etc. could be fitted very quickly on arrival.

F.154

SURVEYOR:

Mr. Swann was informed that the Falkland Islands Government was proposing to engage an independent Surveyor to report on the Works and agreed to give him every assistance.

F.155

POWER SUPPLY:

Mr. Swann reported as follows:-

- (1) Daily running time of the Wireless generator had been cut to the minimum, nevertheless daily consumption of fuel was 37 gallons and could not be further decreased bearing in mind that the entire Cooking, Heating and Lighting facilities, and many tools are dependent on electricity. Not one of the paraffin Cooking Stoves was in working order, nor could they be used for heating water.
- (2) During last season the maximum power used was 152 kilowatts, the minimum 40 kilowatts. On a care and maintenance basis the Works would require 25-30 kilowatts.
- (3) The Gardner generator was not serviceable.

F.156

ALTERNATIVE POWER:

The Board considered the whole problem which hinges mainly on the necessity to reduce consumption of diesel oil. This is not possible unless some alternative to the Wireless generators is found.

The 90KVA Cummins generator at Albenarle could be installed at Ajax Bay for an estimated cost of

\$300-400 (labour and transport charges only). There are also 2 x 35kVA generators of similar make available, one being reported serviceable, the other would be cannibalised.

All these machines are American manufacture and there are no spares available.

London Board might consider the purchase of a 30kVA British machine to cope with the "care and maintenance" period, not to mention the "off-season" period when the Works re-open. The Local Board is telegraphing to this effect.

P.157

MEDICAL:

It was agreed to approach Government with a view to reducing the Company's annual Medical Subscription.

P.158

HOSBES:

One would be sent to Berlin for the Medical Officer's use, two ex-Chile offered for sale @ \$30 apiece, one ex-Port Lacerlos @ \$12.

DECODE.

TELEGRAM.

353

From The Colonial Secretary

To The Crown Agents

Despatched : 28th February, 19 55 Time : 1545

Received : 19 .. Time :

335 Following for Sir Henry Webb begins. My telegram
11th February Freezer. As no surface mail expected
for some time grateful telegraphic summary of your
opinion. Ends.

SECRETARY

PA

GTC
SM

KIV 310

588/c/12
DECODE.

TELEGRAM.

354

From Mr. Young, passenger S.S. AUGUSTUS

To H.E. the Governor

Despatched : 26th February, 19 55 Time : 1030

Received : 27th February, 19 55 Time : 0845

Hogben not considered but acceptable in view his
experience.

YOUNG

H.C.S.

I didn't bother you with this on weekend
as we still await reply from London Board
before taking further action.

(Intld)J.B.

Y.E.

Pse. see above.

(Intld)C.C.

28/2.

(Intld)O.R.A.

28/2

See 347

P/L.
SM

DECODE.

TELEGRAM SENT.

IMMEDIATE

From SECRETARY OF STATE to GOVERNOR

Despatched : 1.3.55

Time : 1250

Received : 1.3.55

Time : 1225

331 CONFIDENTIAL. No 26. Your telegram No 30. Freezer.

Colonial Development Corporation agree to your proposal to seek independent advice on Freezer project. They fear however that person selected who will presumably be refrigeration engineer might be connected with competitors of South American Export Syndicate who have been Managing project and so disposed to make the most of any deficiencies. They ask that in fairness to syndicate, who are said to have done a good managerial job in difficult circumstances, inspection plant should be a joint one and they suggest Freezer Company should appoint other party who Colonial Development Corporation suggest should be Jervis the syndicate's Chief Engineer.

2. While I agree there is a lot to be said for a completely independent survey I am inclined to agree with Corporation that there is a danger that it might not be impartial. The Syndicate are not to blame for any shortcomings in actual installation and if you agree with view that they have made best of a bad job, the Corporation's suggestion seems to me to be reasonable. Do you agree that approach to Freezer Company be made for a joint inspection plant with Jervis.

3. Colonial Development Corporation also want opportunity to agree terms of reference survey in advance. As plant is still property of Company in which Colonial Development Corporation are principal shareholder this is within their rights and I presume you will see no objection.

4. I have now received your telegram No 42 and your telegram No 43 but these do not affect Colonial Development Corporations views. In view of your telegram No 43 presume approach to Vestey Bros. is now no longer necessary.

SECRETARY OF STATE

See 359

DECODE.

TELEGRAM.

356

From Governor's Deputy

To ~~Brazil~~ Ambassador, Montevideo

Despatched : 2nd March, 1955 Time : 1930

Received : 19.. Time :

PRIORITY

346

My telegram 25th February. Hogben. Falkland Islands Freezer Company agree to investigation but wish to appoint additional inspector of their own choosing and to agree on terms of reference. Consideration of this request which is prima facie reasonable will inevitably cause delays and it will not therefore be practicable for Hogben to sail on next FITZROY. Grateful you explain position to him and ascertain (a) If he would be available later on and (b) If he is agreeable to acting with point surveyor who would probably be Jervis, Chief Engineer South American Export Syndicate.

GOVERNOR'S DEPUTY

See Reply 358

GTC

CC/SM

CONFIDENTIAL.

357

2nd March,

55.

Sir,

355

I enclose a copy of a telegram received from the Secretary of State on the subject of the independent inspection of the Freezer. I would be grateful if you could study it and discuss at a time to be fixed shortly.

I feel that we must agree to this request and it may well be useful to get the opinion of an expert engineer who was in no way concerned with the design or construction of the Freezer.

On this assumption it would be helpful if you could at the same time consider possible terms of reference.

I am,

Sir,

Your obedient servant,

J

(Sgd) C. Campbell

Colonial Secretary.

The Honourable,
Mr. A.G. Barton, C.B.E., J.P.,
STANLEY.

The Honourable,
Agricultural Officer,
STANLEY.
CC/LJH.

Done
9.2/2

AOS

Can you please ask AO + C.T. if

they can meet in my office 2.30
to-morrow (Friday) & pass the letter to
consideration & return reference?
inspector. B.2

Dile to
you amp. B.

C.2/3

C.T.
C.T. has
seen S. 2/2

DECODE.

TELEGRAM.

358

From Ambassador, Montevideo

To H. E. the Governor

Despatched : 3rd March, 19 55 Time : 1315

Received : 4th March, 19 55 Time : 0845

346
356

PRIORITY ^{5?} Your telegram 28th February and your telegram 2nd March. Hogben agreeable joint surveyor but would find it inconvenient postpone visit.

Would it be possible for him to go by FITZROY March 7th as originally suggested with round trip return guaranteed and make investigations subsequent preparing joint reports with other surveyor when latter returns Montevideo on the way home?

Fee £300 proposed plus travel and living expenses. He would like fee paid to his account Bank of London and South America Ltd. here.

Grateful early reply.

Reply 360

GTC
SM

LINGEMAN

DECODE.

TELEGRAM SENT.

From SECRETARY OF STATE to GOVERNOR

Despatched: 3.3.55

Time: 1500

Received: 4.3.55 Time: 0845

355 No 28. CONFIDENTIAL. My telegram No 26 immediate.
Freezer.

Colonial Development Corporation have now informed
me Jervis will not be available to co-operate in survey
until the end of March at the earliest.

SECRETARY OF STATE

KIV 3

CLOSED

SEE

VOL. III

PA
1019