

C.S.O.

(Formerly)

SUBJECT :

FALKLAND ISLANDS FRENZER

CONFIDENTIAL

0588/III

AGR/AJG/2 # 4

0588/II

0

5

8

8

/

III

4/3/55

to

18/5/55

See memo p 360.

CONNECTED FILES.

NUMBER AND YEAR.

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

BYWAYS.
GRAVEL PATH.
BERKHAMSTED.



18. 2. 1955.

Dear Campbell.

336
re your cable received by the Game House
on 12/2 & forwarded to me by letter.

I do not think Government need be
apprehensive. Unless the Co. are a
strangely dishonest body they are unlikely
to try to sell assets which they have
mortgaged. To do so would, I think,
amount to obtaining money by false
pretences, because any money obtained
by such a sale should go to Government.
Any prudent purchaser would look to see
if any debentures had been registered,
& if then he paid the Co. he would be
liable to pay Government as well.

369
Of course if you should hear of any
proposed sale you will warn the Co. against
proceeding with it. The best notice of the
existence of the Debenture is given to
the intending purchaser - if you know
of him. I don't know if the Co.
is registered in the Gleaner, but think
that it is, & if so, the Debenture should
have been registered with the Registrar
of Companies there. If, by any chance,
the Co. haven't registered it, Government
can do so (Co's Act, 1928, s. 96(c)), &
the Co. would be liable to a fine of £50
for failure to register.

The only way of preventing a sale - other
than by warning a purchaser of the position -
would be by applying to the Court for an
injunction, but you would have to show

that a sale really was in contemplation.

Yours sincerely,

Henry Wells.

ACS Ascertain from RSC
how we stand. Let ex. see
Q
12/3



The Hon. Colonial Secretary,

The Secretariat.

STANLEY.

FALKLAND ISLANDS.

via Monte Video.

First fold here

Second fold here

Sender's name and address:

AN AIR LETTER SHOULD NOT CONTAIN ANY
ENCLOSURE; IF IT DOES IT WILL BE SURCHARGED
OR SENT BY ORDINARY MAIL.

To open cut here

112/ANP

2nd March, 1955

H. Harding, Esq.,
Malvina House,
Port Stanley.

My Dear Harding,

I feel that a longer explanation than has been contained in the various cables which have gone backwards and forwards between us, about the opening for the 1955 season, is due to you and the other directors resident in the Falkland Islands. I hope this letter will perform that function. I enclose four extra copies which I should be grateful if you will forward to Mr Bonner, Mr Cameron, Mr Briscoe and Mr Barton.

2 Number of Animals -

(1) Before the freezer was ever started in 1949, the Sheepowners Association was asked for its view on the number of animals available. In September 1949 the Secretary of the Sheepowners Association (at that time Mr Young) wrote that a minimum of 40,000 head of sheep and 1,000 head of cattle could be expected to come forward for treating each year.

(2) Early in 1952, at the time Mr Grieve visited the Falkland Islands, he had conversations with Govt officials, Sheepowners and all concerned on this point. On his return to the United Kingdom, he had conversations with Mr Young and Mr Eastburn. There was general agreement as to the figures which should be adopted in the revised estimates of trading results from the freezer and these figures were -

	Sheep (carcasses)	Sheep (cut meat)	Cattle
1st year	20,000	5,000	1,000
2nd year	34,000	6,000	1,500
3rd year	45,000	5,000	1,500
4th year	54,000	6,000	1,750

(3) When I became involved in the freezer in October 1952, I discussed these figures with Mr Young. At that time he told me that he thought that the second year target would not be reached until the third year and that the third and fourth year targets would take perhaps seven years to achieve. Mr Young put the ceiling on the numbers of sheep which could be expected at 75,000 a year.

(4) In the event the figures actually delivered were 1953 (part season only) - 14,000; 1954 - 16,901 sheep and 382 cattle.

(5) The trading estimates approved by the Board of the Company for the 1954 season were based on 20,000 sheep and on prices estimated by the managing agents which seemed to give a margin of safety. It was not until the carcasses

.../arrived

arrived in the United Kingdom at the end of September that the quality could be seen. It was then found to be far lower than could reasonably have been expected and prices were correspondingly lower than estimated. In the event, Mr Eastburn had considerable difficulty in selling the mutton and instead of an estimated loss of £9,000 (on 20,000 sheep and reasonable quality), the actual loss was over £40,000.

(6) In view of the 1954 experience, at the end of the year we asked both yourself and Mr Young for estimates for the number of animals likely to come forward in 1955. I believe that you and Mr Young obtained figures independently but they both came out at round about 16,000 sheep and 400 cattle.

(7) Until the freezer handles a minimum of 35,000 sheep and 1,000 cattle of considerably better quality than heretofore, there is little chance of economic operation with mutton prices such as they were in 1954.

3 Quality of mutton -

(1) With the improved supply of English and New Zealand lamb available in the United Kingdom, from flocks bred for their meat value, the market for any mutton is poor, and for the inferior Falkland Islands mutton that we have received up to date the outlook is bleak indeed; and with worse prices likely than actually received in 1954 the loss in 1955 would have been greater still.

(2) Furthermore, the Ministry of Food meat inspector's report for the 1954 season comments on the high number of carcasses condemned for poverty - 4,079 or over 65% of the 4,645 carcasses rejected. He also commented on the large proportion of the total rejects of 4,645 which came from Falkland Islands Company's farms. The total rejects were actually 27% of the 16,904 sheep brought forward for killing.

(3) Another important point is that, on the estimates of animals available for 1955, it would have been practically impossible to produce the total tonnage of carcasses required to guarantee that a refrigerated ship would call at the Falkland Islands - and if we had included sub-standard carcasses they would have been even more difficult than ever to sell in the United Kingdom.

4 Finance -

(1) The cost of constructing freezer was about \$450,000. As you know, we have always admitted the inexcusable mess by the people then responsible for this job and the Corporation has publically taken the blame for this in its Annual Reports. It was for this reason that, when the Company was formed, the Corporation itself took a capital loss of \$200,000 and agreed to transfer the freezer to the Company for \$250,000. That figure was chosen on Mr Jones's view of what a freezer like the one at Ajax Bay might reasonably have been expected to have cost.

(2) On top of the capital cost, the Corporation has advanced money to the Company for working capital and the present outstanding balance for this is something over \$20,000.

(3) In 1954, the Falkland Islands Govt contributed £50,000 towards working capital on debenture. This was expended mainly on the 1954 season, to a minor degree on the 1953 season and partly for supplies and spares required for the 1955 season.

(4) At the time Falkland Islands Govt made this contribution, the Corporation undertook to provide further sums of working capital as required, to the limit of the capital sanctioned by the Secretary of State. This undertaking was given sometime in May or June 1954 and given in good faith on the basis of the 1954 estimates because, although we knew by then that the sheep killed totalled only 16,901 against the estimate of 20,000, we had no idea that the quality of the 1954 kill would be so bad, and raise estimated loss of £9,000 to over £40,000 on the season.

(5) Taking the 1955 part season and the 1954 season together the Company's trading losses are over £80,000.

(6) In addition to the losses, the Corporation has to meet charges due to Treasury for interest on the whole capital borrowed from the Treasury which totals about £40,000.

(7) And the total capital sanctioned by the Secretary of State is £525,000, so you will see that at the beginning of 1955 the total capital expended or committed by the Corporation was £523,000 - only a margin of about £2,000 remaining.

(8) It was, therefore, quite impossible for the Corporation to make itself responsible for financing operations for 1955 in the face of an estimated number of animals coming forward of about 16,000 and a worse mutton market in the United Kingdom. My own belief is that the loss of 1955 would have well exceeded the £40,000 in 1954.

(9) There was no justification either, in the face of the small number of, and poor quality, for the Corporation to ask the Secretary of State to sanction more capital expenditure to finance 1955 season. Indeed even if the Corporation had made such an application, I would have expected it not to have been approved.

5 Negotiations for complete local control -

(1) It has long been realised here that effective control could only be exercised by directors on the spot; indeed the Corporation said this in its 1953 Annual Report. The South American Export Syndicate entirely agreed with this, as they found it impossible effectively to manage owing to the difficulty in communications.

(2) Evidently the Falkland Islands Govt agreed with this view and suggested, in the spring of 1954, a Co-operative of some kind to take over the freezer. About the middle of 1954, the Falkland Islands Govt asked Sir Miles Clifford to act as negotiator in an effort to produce a consortium to take over the freezer at price to be agreed. Sir Miles was very active in his negotiations but finally reported at the beginning of December that he could not succeed in face of the Falkland Islands Company's refusal to entertain any proposals for joining such a consortium with the Falkland Island Govt and Sheepowners.

(3) While these negotiations were going on I approached you yourself, as you know, to see if you would take on the job of Managing Director of the freezer and this suggestion was approved by the Governor who said he saw no reason why it should clash with a consortium of local interests.

(4) Following the failure to produce a consortium to purchase the freezer, Sir Miles Clifford tried to negotiate that the freezer be leased by the Company to the Falkland Islands Govt which could then form a local Co-operative to operate the freezer. Corporation was entirely agreeable to this; to let the freezer to the Govt at a peppercorn rental, and to throw in the stores and spares purchased for the 1955 season as well.

(5) But even this failed. The Falkland Islands Govt stated that Mr Young, who as you know was in the Falkland Islands at the time, refused to co-operate with the Govt to manage the freezer and without the co-operation of the Falkland Islands Co the Govt felt that it was impossible to open for the 1955 season.

6 Action of London Committee -

(1) In the face of the above facts; particularly those in para 4, the London Committee of the Company's Board could see no funds and no prospects of getting any to stand the 1955 losses; and no hope of passing the works over to local responsibility for the 1955 season on a lease. So it had no option, as responsible directors of a company, but to decide not to open for the 1955 season and to put the works on a care and maintenance basis. As you know from the minutes of the London Committee, this decision was taken on the 27th January, 1955 but the Colonial Office asked us here to delay giving final instruction locally until it had once again cabled the Falkland Islands Govt.

(2) On hearing finally from the Colonial Office that there had been confirmation of the refusal to take over the freezer on a peppercorn rental lease, I cabled you on the 7th February to take the various steps necessary.

7 Action by Board in Falkland Islands -

(1) I have had Mr Barton's cable of the 22nd February telling me of the action that you have taken ie for Swan to be in charge with two assistants, and I have cabled you regarding the other matters in that cable.

(2) Mr Barton's cable of 22nd February crossed my own cypher cable to you, No 749 of 21st February, in which I asked about Swan himself and about Mrs Swan's wishing to return to the United Kingdom. Obviously you did not receive that until after your decision at Ajax Bay on the 18/19th February. But as I have had no reply to it, I take it that all the local directors are entirely satisfied that Swan is the right man to leave in charge and that the rumours which I have heard are just rumours with little or no truth in fact.

8 I hope that this rather long and rambling letter will help the directors resident in the Falkland Islands to see the position as we have seen it here. I realise that there is bound to be a local point of view which must be different to the view taken here but I think the facts which I have set out show that we, as responsible directors of a limited liability company, could have taken no other decision than we did in the 1955 season.

9 Future -

I understand from the Colonial Office that the Falkland Islands Govt is now considering what is to be done in the future, starting, I suppose, with the 1956 season. It has asked that facilities be given for an outside expert to be engaged by the Falkland Islands Govt to report on the freezer and the whole economics of the project. We have said that we are entirely agreeable to this but that the nominee of the South American Export Syndicate should be joined with the Govt's expert to form a mission. I think you will agree that we owe this to SAEs, who have done a very good job at this end under very difficult circumstances. Because of communication difficulties, it has not been possible for them to give the close supervision to management which Managing Agents are supposed to give, but that is a circumstance outside their control.

Yours sincerely,

John

H.A. COCHRAN
Controller of Operations

enc
HAG/JFH

cc. G.W. Eastburn

GOVERNMENT TELEGRAPH SERVICE
FALKLAND ISLANDS AND DEPENDENCIES.
SENT.

360
H.O. Mc

Number	Office of Origin	Words	Handed in at	Date
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To

PRODROME MONTVIDEO

358

Your telegram 3rd March stop I have agreed
to Company's request for joint survey stop In view of this it
is highly desirable both inspectors to be here together stop
Am informed that Jervis will not be available before end of March
at earliest and assuming he is now at Punta Arenas I am enquiring
if he can make special effort to catch Fitzroy leaving Punta
24th March stop He will be asked repeat reply direct to you if
favourable to enable Hogben catch Fitzroy stop If reply delayed
Hogben could fly to Punta later and join Jervis stop new paragraph

If reply unfavourable request Hogben does not catch this
Fitzroy stop Am assuming that though ^{delay}inconvenient to Hogben
possibility of his availability later not entirely excluded.

Time

Governor's Deputy.

See 366

GOVERNMENT TELEGRAPH SERVICE

361

FALKLAND ISLANDS AND DEPENDENCIES.

SENT.

Number	Office of Origin	Words	Handed in at	Date
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To 4.3.55

~~BRITAIN~~
~~PRIORITY ~~XXXXXX~~ PUNTA ARENAS (BY QUICKEST ROUTE)~~ ~~HOA/C~~

YOU WILL BE AWARE POSSIBILITY OF VISIT HERE BY JERVIS STOP UNDERSTAND
HE IS NOT AVAILABLE UNTIL END OF MARCH BUT HOGGEN OTHER PARTY FROM
MONTEVIDEO ONLY FINDS IT CONVENIENT TO COME HERE ON FITZROY SAILING
FROM MONTEVIDEO 7TH MARCH STOP GLAD TO KNOW IF JERVIS COULD POSSIBLY
CATCH FITZROY 24TH MARCH FROM YOURS AND IF SO GRATEFUL YOU INFORM
PRODRONE MONTEVIDEO PRIORITY FOR INFORMATION HOGGEN TO ENABLE HIM
CATCH CONNEXION STOP IF HE MISSES FITZROY HOGGEN COULD STILL FLY TO
PUNTA ARENAS STOP NEWPARA 2 IF JERVIS UNABLE SAIL AS SUGGESTED GLAD TO
KNOW WHEN HE WILL BE AVAILABLE.

GOVERNOR'S DEPUTY

Time

DECODE.

TELEGRAM SENT.

From GOVERNOR to SECRETARY OF STATE

Despatched: 5.3.55 Time: 1100 Received: Time:

355
359

No 49. CONFIDENTIAL. Your telegram No 26 and your telegram No 28. Freezer. Ambassador's candidate is Hogben ex Manager Frigerifico Anglo. Though I cannot agree that Syndicate has made best of bad job I consider Corporations request reasonable and agree to Jervis. His technical advice should be valuable particularly as Syndicate was unconnected with erection and installation.

2. As Hogben anxious undertake inspection earliest and may not be available later I have wired Punta Arenas to ascertain if Jervis can sail in FITZROY leaving there 24th March. Hogben could join him by air.

3. Terms of reference being drafted and will be forwarded earliest for Corporations agreement.

GOVERNOR'S DEPUTY

CT Do you agree with above? We have
somewhat beaten the postee somewhat
(vide xl 7 (355)) but I don't think it matters
in view of the urgency & communications
difficulties. Q/B

GTC
CC/SM

His
agree in toto.
R. 514

DECODE.

TELEGRAM.

363

From The Crown Agents

To The Colonial Secretary

Despatched . 4th March, 19 55 Time : 1750

Received : 5th March, 19 55 Time : 0845

Following from Sir Henry Webb begins. Court will
grant injunction ^{to} stop sale if satisfied sale is
contemplated and that sale would injure rights of
debenture holder . Webb.

CROWN AGENTS

BUF
(Intld)C.C.

As. on H.C. return

5/3

BU 24/3

DECODE.

TELEGRAM.

364

From Britain, Punta Arenas.

To H.E. the Governor

Despatched : 7th March, 19 55 *Time :* 1800

Received : 8th March, 19 55 *Time :* 1200

Jervis declines visit Ajax. Have advised London.

BRITAIN.

DECODE.

TELEGRAM SENT.

From GOVERNOR to SECRETARY OF STATE.

Despatched: 8.3.55

Time: 0955

Received:

Time:

362
CONFIDENTIAL. No 50. My telegram No 49. Freezer.
Following terms of reference are suggested and grateful
if Corporations early agreement could be sought begins.
Taking into consideration the varying numbers of sheep
and cattle suitable for killing and freezing for export
which can be delivered annually to the Freezer at Ajax
Bay, the availability of sheep, being contingent upon
lambling mortality, the price of wool, existing transport
difficulties and local circumstances,

(a) to advise

- (i) whether the Freezer as it now stands at Ajax Bay could be operated without loss and if not
- (ii) whether the Freezer, with modifications to the plant at Ajax Bay could be so operated.

(b) notwithstanding the advice tendered with regard to (a) (i) and (ii) above, to advise

- (i) whether the Freezer could be operated without loss and more economically if it were reerected, with or without modification, at some other site in the Colony, and if so (ii) where it should be erected.

(c) In the event of it being found that the Freezer could not be operated anywhere in the Colony without loss, to advise on the most advantageous method of disposing of locally culled sheep.

(d) To report and advise on

- (i) The present condition of the Freezer buildings plant and equipment and
- (ii) The sale value at site of such buildings, plant and equipment ends.

GOVERNOR'S DEPUTY.

DECODE.

TELEGRAM.

366

From Lingeman, Montevideo

To H.E. the Governor

Despatched : 9th March, 19 55 Time : 1100

Received : 9th March, 19 55 Time : 1430

360

Your telegram March 5th. Hogben still agreeable and ready
to sail FITZROY April 25th provided guaranteed return passage
May 7th and assuming you can find other joint surveyor.

LINGEMAN

BUF
(Intld)C.C.

See 368 + 374

P/L.
SM

DECODE.

TELEGRAM SENT.

367

From GOVERNOR to SECRETARY OF STATE

Despatched: 10.3.55 Time: 1615 Received: Time:

355

362

CONFIDENTIAL. No 52. Your telegram No 26 and my telegram No 49.

Freezer. Britain Punta Arenas advises that Jervis declines visit
Ajax. As Hogben now prepared to come in FITZROY leaving Montevideo
April 25th returning from Stanley May 7th glad to know early if
Corporation can nominate joint surveyor to accompany him.

GOVERNOR'S DEPUTY

See 374

MRS.

366 - You may wish to send
an interim reply?

11/3.

Bu. 17/3.
11/3

GOVERNMENT TELEGRAPH SERVICE

FALKLAND ISLANDS

SENT

368

Number

Office of Origin

Words

Handed in at

Date

12.3.55

To

PRODROME MONTEVIDEO

HDA/C

366

MANY THANKS YOUR TELEGRAM 9TH MARCH STOP WILL KEEP YOU INFORMED OF DEVELOPMENTS.

GOVERNOR'S DEPUTY

Time

CC/SM



FALKLAND ISLANDS.

~~370~~
370

Confidential

DEPARTMENT OF AGRICULTURE.

15th. March, 1955

STANLEY, FALKLAND ISLANDS.

COLONIAL
16 MAR 1955
* FALKLAND ISLANDS *

H.C.S.

THE FREEZER. AJAX BAY. LEASE RE.

I have studied the particular clauses dealing with the "determination of the demise" in the lease concerning the Freezer.

It would appear that the Lessee would have to remove all "fittings and equipment of a removable nature, and any part of the buildings capable of being removed", within the period of one month. The term "removable" is rather indefinite. While I cannot find it defined in the Interpretation Ordinance, I can find the term "Immovable Property" :- "which includes land, benefits to arise out of land, and things attached to the earth or permanently fastened to the earth". It might be argued as a result, that many of the buildings and fittings are "immovable".

Also, I am not happy about the words "Provided Always", because as I read it, the Lessors are entitled to exercise an option as it were, on the purchase of "any erection or parts of erections", provided they do so within 14 days of the determination of the demise.

It simply amounts to the fact that if the Lessees give notice that they wish to dismantle the buildings and fixtures, the Lessors can, within fourteen days, exercise their right to purchase any erection or part of any erection, whether the Lessee wishes to sell or not, and can even have the price decided by arbitration.

In my opinion the Lessor is in a very strong position.

I suggest that an approach should be made to Mr. Bonner to ascertain whether:-

- (a). he would wish to purchase any of the erections or part of any erections, should it be decided to dismantle the Freezer;
- (b) he would be prepared to extend the period, during which the dismantling should take place.

If Mr. Bonners intentions were known, it would simplify matters, considerably. He might even be asked to give an assurance on these points, so that the Lessees would know exactly where they stood.

It will be appreciated that a very large labour force would be required to complete the dismantling within one month. Perhaps the P.W.D. might be able to give an estimate of how long it would take with a given number of engineers and labourers.

Edward T. Leon
Agricultural Officer.

Department of Agriculture

17 MAR 1955

FALKLAND ISLANDS

X
371

H.C.S.

I forward h/p a somewhat "sketchy" report on my visit to the Freezer.

I am afraid I have hurried over it, but I wanted you to have it before I left for the West.

E.T.F.

A/O.

Adl p.v. file &
copy made for

ACS copy attached in D.T.
to front of file 17/3

DEPARTMENT OF AGRICULTURE.

Stanley 17th March 1955.

The Hon. The Colonial Secretary,
Stanley.

STANLEY, FALKLAND ISLANDS.

REPORT ON VISIT TO THE FREEZER AT AJAX BAY.

Sir,

I have the honour to submit the following report on my visit to the Freezer at Ajax Bay, which took place on the 9th and 10th March 1955 :-

THE SITE.

The first impression was of remoteness, and it struck me as strange that the project should have been erected in such an isolated spot in the Colony. There is no road to Stanley, and no real amenities. If staff, especially experienced staff, is to be encouraged to stay then that staff must have ready access to some of the benefits of civilisation.

There is no doubt that dozens of similar sites could have been found in other parts of the colony; but no effort seems to have been made to find the best site possible.

The whole area is spoilt by the rubble and rocks which abound. Nothing has been done to make the place attractive. The buildings have not been finished off, and everything looks "jerry built and shoddy". Candidly, I cannot see why this particular site was even considered.

THE GENERAL LAYOUT.

The mens living quarters, recreation room and canteen are too close to the collecting pens and races leading to the slaughter hall.

The Skin Drying Shed is very badly built, and the basement is unlevelled rock and rubble. It should have been built on the side of the freezer nearest to the waterfront to avoid having to cart skins from the freezer and down again to the skin packing shed. The present engineer has attempted to remedy this by using timber left over from the skin shed, to put in a floor above the packing shed. He has made the top floor into a skin drying shed.

The manager's house is built on a bog, and the front door cannot be used.

The jetty is not long enough to enable sea-going ships to come alongside; nor is there an overhead rail to the end of the jetty on which carcasses from the cold rooms, can be rushed down to get them on board as soon as possible.

THE ACTUAL PLANT.

As a Veterinary Surgeon and not an Engineer, I noted that:-

- a. There is one freezing unit only, in each cold chamber. If this fails there is no other unit to fall back on.
- b. Meat from one cold chamber would have to be taken through a second chamber, and so lower temperatures in both chambers,
- c. There is no incinerator for burning condemned material. I am told that such material was dumped into the sea, and that much of it was washed back on to the beach in front of the houses; where it rotted. Even material consumed by seagulls would be dangerous, because in my opinion, bacteria etc. would still be found in the "droppings" of the seabirds, and would be liable to contaminate grass eaten by sheep and cattle.
- d. There appears to be no provision made against the danger of Fire.

MANAGEMENT AND GENERAL CONTROL.

The waste of materials, equipment and food has been appalling and there would appear to have been no discipline, system or proper organisation in operation. Examples of this are:-

- a. The size of the scrap dump, and the large amount of useful material, such as copper piping, repairable engines, bags of nails and so on, which Mr Swan has retrieved;
- b. Rubber Boots and Waterproof Coats and Trousers

- b. Rubber Boots and Waterproof Coats and Trousers, worn once and just thrown down anywhere.
- c. The rough treatment given to Chairs etc; dozens lying about broken;
- d. Library Books, many with their backs off thrown down unheedlessly;
- e. Flour and Sugar spilled over the store floor and trampled upon; (N.B. Sugar coupons are being issued in Stanley at present);
- f. Mr Swan states that it was necessary to provide nearly two dozen electric light bulbs every morning, to replace breakages.;
- g. I noticed a carcase of mutton, thrown on the ground outside the cookhouse, no one to eat it I suppose;
- h. Dozens of tins of condensed milk opened, and a little taken from each;
- i. The bunk houses were filthy, and beds remained unmade, as they had been left by people who have now left the place;
- j. Electric and Oil Stoves broken and parts missing, and left filthy.

GENERAL.

Mr Conroy, in reply to my question stated that from his experience in Freezers in South America, a minimum of 90,000 sheep would be required to pass through the Freezer at Ajax Bay to balance expenditure each year. I do not think he is exaggerating, and if the number of condemned carcases is taken into account the figure would be considerably higher.

According to Mr Swan, who gave me the impression of being a very experienced engineer, the minimum staff required to operate the Plant alone, would be :-

- 3 Engine Room Watch Keepers (1 Fully Trained),
- 3 Expert men for the Ammonia Plant;
- 2 Men for the Boiler Room,
- 2 (Floating Men) for emergencies,
- 1 Fully trained expert for indoor freezing plant.

THE FUTURE.

From my experience of other cold storages (as we call them in Africa), I wish to state quite frankly that the Freezer at Ajax Bay will never prove an economical proposition. I do not think that the sheep population of the Falkland Islands plus the Cattle Population is sufficient to provide a steady flow of suitable animals for slaughter. Furthermore I think the type of mutton is not suitable for the British Market, and would be fit for "commercial" purposes only, if exported to Britain.

CONCLUSIONS.

If I was asked to make a recommendation, I would suggest that the whole project be scrapped before chaos and bankruptcy occur. The Plant to be utilised for other purposes, wherever possible. It is certainly utterly useless trying to keep it operating for three months in every year, unless further money is to be wasted.

I have not been long enough in the Colony to know for certain whether a smaller Freezer, in a more suitable part of the country, could be made to pay. This decision I would leave to those with longer experience out here.

What I am certain of, is that a processing plant would definitely pay. If such a plant was put up in the most convenient place, all surplus sheep, culls and so on, no matter what their condition, could be brought to the plant and none would be wasted. Bone Meal, Meat Meal, Blood Meal and Tallow (All sterilised) could be produced for export, and in my opinion would bring in more money than the Freezer ever would. Skins, wool clippings, hooves and so on would all be utilised.

The erection of a small Tannery might also be investigated, so that the skins could be tanned on the spot, and exported as finished leather.

TO END.

May I be excused for stating, that as the plane left Ajax Bay I looked down on the Freezer, and its surroundings, and the lines of the famous old hymn came to my mind :- "Where every prospect pleases, and only man is vile".

I have the honour to be
Sir,

Your obedient Servant,

Edward J. Fern
AGRICULTURAL OFFICER.

Hand filed at
369.

DECODE.

TELEGRAM SENT.

374

From GOVERNOR to SECRETARY OF STATE

Despatched: 19.3.55

Time: 1115

Received:

Time:

367

CONFIDENTIAL. No 57 My telegram No 52. Freezer. On reconsideration I do not think dates proposed would give surveyors sufficient time in Colony for detailed investigation. As I now understand that Hogben prepared come later I **have** asked if he could catch FITZROY arriving here 21st May departing 13th June and will advise you his reply earliest.

GOVERNOR'S DEPUTY

Reply 376
See 385

DECODE.

TELEGRAM.

375

From Governor's Deputy

To Ambassador, Montevideo

Despatched : 19th March, 19 55 Time : 1130

Received : 19 .. Time :

366

For Heathcote Smith from Campbell begins. Your telegram 9th March. I do not think that dates proposed would give Hogben sufficient time in Colony for detailed investigation particularly in view our irregular internal communications. Understand from Denton Thompson that Hogben would be available later and glad to know if he could come on May FITZROY arriving 21st departing 13th June. Fee of £300 plus travel and living expenses acceptable or higher figure if you consider period involved warrants this. Am still awaiting appointment joint surveyor and Corporations agreement terms of reference. Ends.

GOVERNOR'S DEPUTY

See 386 Reply 388

Bu. 26/3
2/3-

DECODE.

TELEGRAM SENT.

376

From SECRETARY OF STATE to GOVERNOR

Despatched: 23.3.55

Time: 1750

Received: 24.3.55 Time: 0845

365
No 37. CONFIDENTIAL. Your telegram No 50. Freezer.

Colonial Development Corporation agree to terms of reference but propose one extra instruction as (a) (iii) as follows "to advise if Sheep Owners' now wish to revise former estimate of number of lambs, sheep and cattle of suitable quality which would be made available to Freezer". I should have thought this was covered in general preamble terms as drafted but I see no objection to this addition if you agree.

374 + 367
2. Your telegrams No 51^{57?} and 52 Colonial Development Corporation are approaching two other possible candidates and expect a reply by end of this month. Meanwhile we await your news of Hogben's reactions to revised date.

SECRETARY OF STATE

Reply 378
See 385

C.T. Ref: attached. My 377
first reaction is that this
is pointless.

- a) we don't know which
is the estimate they refer to,
- b) the information should
properly come from FOA at
request of R.F.Co.

2) Surveyors can make
an estimate but it is ^{surely} not
their job to seek guarantees
of numbers?

23/3

DECODE.

TELEGRAM SENT.

378

From GOVERNOR to SECRETARY OF STATE

Despatched: 25,3.55

Time: 1015

Received:

Time:

376

CONFIDENTIAL. No 59. Your telegram No 27. Freezer.
I see little point in inclusion of additional instruction
since information could easily be obtained now by direct
reference to Chairman, Sheep Owners' Association. However
to enable careful consideration to be given to proposal grateful
if Colonial Development Corporation could be asked to quote numbers
in estimate under reference and state to whom made, by whom and
when, since a number of conflicting estimates have been made
from the time when scheme was first discussed between Sheep
Owners' Association and Stockdale in 1947 up to present day.

GOVERNOR'S DEPUTY

25th March, 55.

To: Assistant Colonial Secretary,

From: The Colonial Secretary,

STANLEY.

Freezer Survey.

We hope that Hogben and the C.D.C. surveyor may come down in the May Fitzroy departing in June. Wilkinson can give me one passage in June and Secretary F.I.D.S. may be able to spare another (Hall).

If we hear definitely that they can come we will have to fix with Mr. Barton but in the meantime please consider if we can postpone any other Government Officer or K.I.V. possibility of a warship passage if the frigate is going about then and if she is going to Montevideo.

(Sgd) C. Campbell.
Colonial Secretary.

Copy to : Secretary, F.I.D.S.

CC/LJH.

Confidential

381

REPORT ON VISIT TO AJAX BAY.

As a local director of the Falkland Islands Freezer Co, Ltd, I visited Ajax Bay between the 9th and 11th March 1955,

2. With Mr. Swan, the engineer-in-charge, I made an inspection of the various buildings and found as follows:-

(a) Dormitories. These were in a deplorable state. Bedding and furniture were piled up in the rooms which were very dirty. It was obvious that the men who had lived in the rooms had not taken care of them and that wilful damage was an every day pastime.

(b) Cookhouse and dining room. The cooking ranges had been left in a filthy condition and were covered in rancid fat. Unwashed saucepans and roasting pans littered the room. (The cook left Ajax Bay on the Beaver flight on which I arrived). In the dining room at least ten opened tins of condensed milk were lying on the tables.

All tins were more than three quarters full. About three quarters of a carcass of mutton, discarded and uncooked, was found lying on the ground outside one of the windows.

(c) Recreation Room. I was informed that at one time this room contained a table - tennis table, dart board and several hundred books. The table had disappeared, the dart board was broken and about twenty books were found in a corner of the dormitory. Most of the books were without covers.

(d) Food Store (or canteen) This was adequately stocked with a good variety of tinned foodstuffs, chocolates, beer, spirits, cigarettes and tobacco, etc. Several sacks of flour were burst with the contents trampled upon; mice had found their way into others. Some sacks of sugar had hardened through dampness. It was impossible in the small time available to assess the value of the stock but it must amount to several hundred pounds.

(e) Skin drying shed. This large wooden structure, the ground floor of which has not been levelled, has not been treated with any wood preservative. On the Western side of the shed the slats are very damp through contact with the earth. There is no guttering on the roof and water runs down the sides of the building when it rains.

(f) Ammonia plant. Clean and well kept. The only fault described by Mr. Swan was that the three compressors were put in too close together. Consequently the main shaft of No. 1 Compressor can only be removed by dismantling a concrete wall or by removing the entire bed and the main shaft of No. 2 compressor can only be taken out by removing the bed. No. 3 compressor is small and no trouble has been experienced in repairing it.

(g) Main building - killing, skinning and freezing.

- (i) Directors are familiar with the lay out and construction of this building.
- (ii) At one time considerable trouble was experienced with the water pressure and insufficient head could be obtained. It was found that 3" pipes had been laid under the ground but for some reason unknown the pipes had been reduced to 1 1/4" for a distance of about 25 yards. This was rectified by Mr. Swan and 3" pipes were substituted for the 1 1/4".
- (iii) No hot water was laid on during the construction of the building. A simple system has been put in by Mr. Swan, using 45 gallon drums with a steam coil inside each drum.
- (iv) Some of the ceilings in the chilling chambers have not been finished, resulting in mould forming.
- (v) Air trunking has not been installed in the storage chambers. Consequently when the chambers are full of carcasses the temperature at the end of the chambers where the blowers are installed is lower than at the other end.
- (vi) When Carcasses are removed from one storage chamber it is necessary to open and go through another chamber to reach the exit leading to the jetty.
- (vii) In the processing room a small pump has been installed so high up on a wall that it can only be attended to by standing on the top of a refined fat vat. There is ample room on the ground for this pump. When the pump was installed one of the valves was put in upside down.
- (viii) An electrically operated bowel processing machine was never used because none of the staff knew how to operate it.

(h) Power House The two Mirlees generators are, according to Mr. Swan, in perfect condition. One of them, however, has an oiled paper canopy over it as the roof leaks. During my visit one generator was idle and the other running at 15 K.W. to supply essential heating and lighting to the plant and bungalows. The two generators are capable of producing between them about 370 K.W.

(i) Stores The machinery and general stores contain a large stock of equipment essential to the running of the plant together with many other unnecessary items. Mr. Swan was unable to say who had been responsible for ordering the latter. Seen also were many items which had been wilfully damaged. Not one chair, and there were at least 60 in stock, was capable of being sat upon. The seats and backs were torn open. Oil heaters and stoves had been misused and parts were missing. Bundles of oilskin coats, trousers and hats were stuck together. Large piles of comparatively new but dirty rubber boots were seen. It was reported by Mr. Swan that when the plant /was

was operating the employees would draw their rubber boots, get them caked with mud but instead of cleaning them, they would return them to the store and draw new ones.

(ii) There was no evidence of stock records having been kept in the past. Tools were drawn at will and according to reports, never returned. Mr. Swan has now instituted a simple system of recording stores drawn.

(iii) It was reported that machinery and equipment on being unloaded from vessels, was left lying on the beach for months on end. When it got in the way it would be removed to the scrap heap. Copper pipe, sheet lead, motors and other valuable equipment worth hundreds of pounds have been retrieved from the scrap heap by Mr. Swan and his assistants and then cleaned, oiled, painted if necessary and put into stock.

(iv) A Fordson tractor is lying derelict under the new skin-drying shed, all removeable parts having been stolen. An International bulldozer, petrol and/or diesel driven, cannot be used because it requires a new track. A large model 7B Blomox concrete mixer was borrowed by Douglas Station Ltd. It was returned in a dirty condition minus its carburettor and other small parts.

(j) Water Tank The water tank erected on the hillside had to be dismantled. The builders had laid the thin metal plates at the lower sides and the thicker plates, designed to withstand more pressure, at the top.

(k) Jetty. The jetty is too short to enable a vessel to load at low tide. It is in a poor state of repair. Suction pipes for the water supply are laid at the side of the jetty. In principle this may be satisfactory but often discarded on the beach some two hundred yards away floated with the wind and tide to the side of the jetty and continually blocked the suction pipes.

(l) Housing accommodation The prefabricated bungalows erected for the married staff are warm and comfortable. The only fault to find is that the manager's bungalow has been put up on a patch of boggy ground. Consequently the front door has never been used. It is, in fact, about six feet above the level of the wet ground. Entrance is gained by walking over duckboards, up some steps and through a side door.

(m) General comments It is not within my province to criticise what has been done or left undone in the past but from what I have seen and learned from Mr. Swan it is obvious that there has been a complete lack of discipline since the plant opened. I must emphasise here that the information received from Mr. Swan is purely hearsay, although there is no reason to doubt his word. Employees appear to have done as they wished and no serious effort was made to control them or the stores and equipment they used. To give an example, an employee was required to move a wheelbarrow a distance of about 100 yards. Rather than exert himself he called for a tractor and trailer.

trailer. This was duly driven from the garage, with two men up, to the wheelbarrow which was lifted on to the trailer. The wheelbarrow then reached its destination.

[Signature] 19/3

DECODE.TELEGRAM SENT.

385

From SECRETARY OF STATE to GOVERNOR

Despatched : 29.3.55 Time : 1010 Received : 29.3.55 Time : 1215

378

REPLY URGENTLY REQUIRED. Confidential. No 39. Your
telegram No 59. Freezer.

Information required being obtained from Corporation.

374

Meanwhile are you yet able to say whether Hogben accepts revised
date quoted in your telegram No 57?

SECRETARY OF STATE

BUF early pl.
(Intld) J.B.
29/3

Reply 387

DECODE.

TELEGRAM.

386

From Governor's Deputy

To Ambassador, Montevideo

Despatched : 29th March, 19 55 Time : 1620

Received : 19 .. Time :

375

My telegram 19th March. Hogben. Grateful learn if
revised dates are suitable as London pressing for
information.

GOVERNOR'S DEPUTY

Reply 388

HCS

Financial position of F.I.F. Co. Ltd.

I have discussed with Mr Dutton, who is Secretary of the Co., but like all local directors he is kept in the dark on financial matters - these are handled by the London directors.

The latest statement available is that for the year ended 31.12.53. A very rough estimate of the financial position to date is as follows:-

Govt debentures		£50,000
Estimated loss 1954 season - £35,000		
Estimated cost of essential equipment, fuel oil and wages to 31.12.55, including rent	6,700	41,700
Balance at 31.12.55		<u>8,300</u>

The Company has a debit of over £3,000 with F.I.C. Some of this is for wages and the remainder for stores. This amount has been included in the above figures.

A meeting of local directors was held some seven weeks ago when it was recommended to London by telegram that a smaller generator be installed to cut down the heavy expenses incurred in operating the 1000kw which costs almost £8 a day in fuel. To date no reply has been received. There appears to be a complete lack of co-operation by the London directors and the local board is left out of the picture, especially in financial matters. The position is most unsatisfactory.

St. 29/3

DECODE.

TELEGRAM SENT.

From GOVERNOR to SECRETARY OF STATE

Despatched: 30.3.55 Time: 1630 Received: Time:

PRIORITY

385
No 61. Your telegram No 39. Freezer. Am pressing Hogben
for reply and will telegraph decision as soon as received.

GOVERNOR'S DEPUTY

Reply 389

ISSUE & THEN FILE BACK TO ME
(Intld)C.C.
29/3

DECODE.

TELEGRAM.

388

From H.M. Ambassador, Montevideo

To H.E. the Governor

Despatched : 30th March, 19 55 Time : 1535

Received : 31st March, 19 55 Time : 0845

375

Your telegram March 19th. Hogben accepts dates proposed.

In view longer absence entailed and discomfort colder weather £350 or same as offered to other surveyor, whichever is higher, requested.

Agre
e

AMBASSADOR.

HCS has seen

BUF

(Intld) J.B.

31/3.

389

DECODE.

TELEGRAM SENT.

From GOVERNOR to SECRETARY OF STATE

Despatched: 31.3.55 Time: 1115 Received: Time:

PRIORITY

387

No 64. My telegram No 61. Hogben accepts revised date.

GOVERNOR'S DEPUTY

DECODE.

TELEGRAM RECEIVED.

From SECRETARY OF STATE to GOVERNOR.

Despatched: 3.4.55

Time: 1036

Received: 4.4.55

Time: 0845

No 41. CONFIDENTIAL. Your telegram No 59. Freezer.

Colonial Development Corporation state estimate of
minimum delivery 40,000 sheep and 500 cattle made by
Secretary of Sheepowners' Association in letter to Corporation
dated September 28th, 1949.

SECRETARY OF STATE

45

392

Please see from (355).

As regards the inspection we have set out terms of reference (concocted by Mr Barton, C.T. & myself) at (365) & C.O.C. agree to them at (376) but suggest a further clause which to me appears unnecessary & somewhat provocative. (378) & (391) shows the latest position in this respect. The S.O.A. did in fact mention the figure of 40,000 sheep & 500 cattle and I imagine this is the one main point which C.O.C. will cling to.

I still see no point however in including the extra clause in the terms of reference as the information should be obtained direct from S.O.A. in London. Against that they have agreed to all our terms and I would like to accommodate them if possible. I suggest that this point is discussed in Exco.

2) As regards the date of inspection we now have Hagben lined up for May - June & await appointment C.O.C.'s representative.

3) One further matter has arisen - the position of our position under the lease. P.C. may have seen a copy which I sent south with Mr Barton Thompson. & (370) refers. I think we shall seek Sir Henry's views and also sound Bonner down. Specially.

W
4/4

you've handled this very well. P.C. speak about 4/3 above

PRH

4/4

I should answer this
DPA
4/4

394



Victoria Plaza

MONTEVIDEO



res. 14/7/64

Dear Governor
The Agricultural is at
Plaza Este. I saw the
Commander. He is very
kind. His movements, who is
designing for your business.
They think they can find
someone suitable to his
report on the Plant &
Barracks at Ajax. One man
my name is in mind is
Chapman of the Anglo
Vesting freizers. One of
The Air Force Home has the
C.A.C. propose to maintain

395

at some place

1941
1942

MONTREAL

Victoria

a sugar stop at a tax

estimated cost £ 3000 H.A.

We had a reasonably good

to get up - it is very hot

very much faster than

seeing our country

and

to get up - it is very hot

very much faster than

seeing our country

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to get up - it is very hot

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to get up - it is very hot

very much faster than

DECODE.

TELEGRAM.

396

From H.M. Vice-Consul, Punta Arenas, Chile.

To Colonial Secretary.

Despatched: April, 7th 19 55 *Time*: 11.04.

Received: April, 8th 19 55 *Time*:

Engineer Colin Smart will accompany Hogben to report on condition and prospects Freezer.

JONES.

P/L.
LJH.

HCS has seen BUF early
(Intld) J.B. 9/4.

7.4.55

397

Meeting Stanley =

Engineer Colin Smae

will accompany Hogben
inspection Incey @

Please arrange passage
Montevideo 25th April
& return Punta

May voyage =

Southamexy.

398

EXTRACT FROM LETTER FROM SIR MILES CLIFFORD, KBE., CMG., ED.
TO HIS EXCELLENCY THE GOVERNOR of 1.3.55.

(Original filed in P/363/V - Sir Miles Clifford's
personal file).

Dear Arthur,

It is sad news about the Freezer and I think
the Colony may live to regret it but if the F.I.C. won't
play that is that. I hope you will get your debenture back;
there seems a strong case for this.

.....

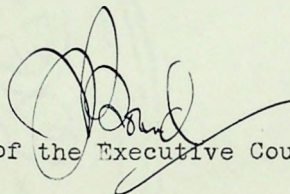
~~47~~
398a

Extract from the Minutes of a Meeting of Executive Council
held 7th April, 1955.

0588

18. FREEZER.

His Excellency outlined the recent developments regarding the future of the Freezer and stated that he hoped to visit England shortly where he would try and arrange a settlement with all interested parties. Council felt that little could be done until the report of the independent surveyor had been received and agreed that this must take place before His Excellency left for England.



Clerk of the Executive Council.

1. File in chron. order
2. There is a further rule?

The Falkland Islands Company, Limited.

° (INCORPORATED BY ROYAL CHARTER 1851.) °

REGISTERED 1902.

AGENTS FOR LLOYDS.

TELEGRAMS "FLEETWING PORTSTANLEY" VIA RADIO.



Stanley,

11th. April, 1955.

Reference: SHIPPING DEPARTMENT.

The Honourable the Colonial Secretary,
Colonial Secretary's Office,
Stanley.

Sir,

I have the honour to transcribe below the text of a telegram received from the S.A. Export Syndicate, Punta Arenas, Chile received at this Office on the 9th. inst. the T.O.O. being 1230/7th. April:-

"ENGINEER COLIN SMART WILL ACCOMPANY HOGBEN INSPECTION FREEZER
"STOP PLEASE ARRANGE PASSAGE MONTEVIDEO TWENTYFIFTH APRIL AND
"RETURN PUNTA MAY VOYAGE - SOUTHAMERY".

In accordance with the above telegram we have advised our Agents, Messrs. Maclean & Stapledon, S.A., Montevideo, to give Mr. Smart a cabin class passage per our s.s. "FITZROY" sailing from their port for Stanley on 25th. inst.

I am,

Sir,

your obedient servant,

Reply at 408.

FALKLAND ISLANDS COMPANY LIMITED.

[Signature]
MANAGER

AGB/REW.

DECODE.

TELEGRAM.

402

From H.E. the Governor.

To Ambassador, Montevideo repeated Vice-Consul,
Punta Arenas.

Despatched : 12th April, 19 55 Time : 1530

Received : 19 ... Time :

Addressed Ambassador, Montevideo, repeated Vice-Consul, Punta Arenas for information begins. Following for Heathcote Smith from Denton-Thompson. Freezer. We have now heard that Smart of South American Export Syndicate will be joined with Hogben in enquiry. Grateful if firm arrangements can be made on our behalf for Hogben to undertake enquiry during May and June. Proposal is that Smart and Hogben should leave Montevideo in FITZROY sailing 25th April arriving Stanley 30th April and grateful if you would arrange bookings accordingly for both through MacLean and Stapledon. Return passages being arranged here. Proposal is that Smart would return to Punta Arenas on FITZROY third week in May and Hogben could accompany him and fly to Montevideo or leave Stanley on 13th June FITZROY depending on circumstances and progress of enquiry. Trust Hogben will agree to revised schedule.

GOVERNOR

GTC
AGDT/SM

DECODE.

403

TELEGRAM.

From H.E. the Governor.

To Ambassador, Montevideo

Despatched : 12th April, 19 55 Time : 1345

Received : 19 .. Time :

402

Following for Heathcote Smith from Denton-Thompson.
My immediately preceding telegram. Hogben. Fee
of £350 plus travelling and living expenses agreed subject
to reconsideration if Smart joined at higher rate.
Terms of reference and formal letter will be forwarded
through you. Grateful for all your assistance.

GOVERNOR

DECODE.

TELEGRAM.

404

From H.E. the Governor

To Vice Consul, Punta Arenas

Despatched : 12th April, 1955 Time: 1555

Received : 19.. Time:

396
402

Your telegram of 7th April. Colin Smart. See my telegram of 12th April addressed to Ambassador Montevideo. Smart's assistance welcomed. Can I assume London is aware of his appointment to join Hogben and Smart's terms and conditions for undertaking enquiry and submission of joint report to this Government have been agreed with London. I am forwarding agreed terms of reference to Smart and Hogben through Ambassador.

GOVERNOR

399

13th April, 1955.

Dear Sir Henry,

369 Would you please refer to your letter of the 18th of February, 1955, addressed to Campbell in connection with the Freezer at Ajax Bay. I might mention here that I have now taken over from him and will be corresponding from this end.

There is, I am afraid, another point that has arisen and as regards which we should be grateful for your advice. The Freezer at Ajax Bay is now on a purely care and maintenance basis and will almost certainly never open again under the present company and management. In fact we have reason to believe, a belief shared by the local directors of the Falkland Islands Freezer Company, that the finances of the Company are in an even worse state than we had feared and that it is very problematical whether the freezer can be even kept on a care and maintenance basis for very much longer. Assuming that to be the case we must, as the debenture holder, clearly contemplate that in the not very distant future Government will either find itself in possession of the factory and equipment against which the debenture is secured, or at any rate in a position in which it will be compelled to make decisions with regard to the future of the Freezer.

There are as we see it, two probable alternatives:-

- (a) The Falkland Islands Freezer Company goes into liquidation.
- (b) Before the liquidation and bankruptcy stage is reached, the Company transfers its assets to Government in consideration of the debenture or, with the consent and approval of Government, transfers or sells its assets to a new Company or organisation which will take over the operation of the Freezer and the obligations attached to the debenture.

Sir Henry Webb, Rt.,

c/o The Crown Agents for Oversea Governments & Administrations,
4, Millbank, LONDON, S.W.1.

DT/VP

Reply at 550 in Vol IV.

We hope that the first of the two alternatives will be avoided and that something along the lines of the possibility in (b) will materialise since it is our intention that the Freezer, either in its present locality or in a new locality, should in future be operated by a local association, company or co-operative of farmers working in close conjunction and partnership with the Falkland Islands Company, provided that expert opinion, which we are now taking steps to obtain, advises that the continued operation of the Freezer is economically possible. Either way, however, Government is closely involved in as much as it will either find itself in possession of the assets of the Company or, by virtue of its position as the debenture holder, have to approve (or perhaps father) the transfer or sale of assets to a new company or organisation. Assuming that to be the case Government's position or, alternatively the position of any new operating company or organisation in relation to the Lessors must be considered.

As I understand the position it is that sub-clause (1) of clause 5 of the Lease Grant and Agreement provides that the lessee will not assign or sub-let any or all of the land demised without the written consent of the lessors first had or obtained. There is a proviso in clause 8 which provides that the Lessors shall permit the assignment of the term demised (as well as the rights of pasturage granted) to any company formed by the Lessee which shall have as its purpose or one of its purposes the taking over of the abattoir and freezer undertaking. There is provision also that requires the Lessors, in the case of the transfer or sale of their interests to ensure that the demise and rights are, so far as the Freezer Company is concerned, safeguarded. It does not appear, however, that there is any provision which would permit the transfer of the demise and pasturage rights by the Falkland Islands Freezer Company to another company, purchaser, organisation or co-operative society unless such an organisation, or company is in fact a subsidiary of the Colonial Development Corporation or unless the written consent of the Lessors is obtained.

/While

While we have at the moment no reason to believe that the Lessors would withhold such consent we are anxious, in view of local circumstances, to consider our position if in fact the Lessors did not consent to the operation of the abattoir and freezer by an organisation which is not a subsidiary of the Colonial Development Corporation.

The points we wish to put then are as follows:-

- (1) Are we correct in assuming that the Lessors could, if they so wished, effectively block the transfer or sale of the assets of the Falkland Islands Company to another company or organisation (unless it is a subsidiary of the Colonial Development Corporation) or to Government?
- (2) Is it a fact that if the Company went into liquidation the demise would or could be regarded as terminated and that consequently Government, having assumed possession of the assets by virtue of the debenture, would find itself bound by the terms and conditions of Clause 6(3)?
- (3) What in effect would be the position assuming that liquidation involved the termination of the demise, if Government was unable to comply with the conditions in Clause 6 (3) which requires the removal of all equipment and fittings of a removable nature and any part of the buildings which are capable of being removed?

I am enclosing for reference purposes copies of the original Lease Grant and Agreement between the Colonial Development Corporation and the Lessors, the subsequent assignment and the Debenture. I must apologise for the inordinate length of this letter but I am anxious to set out as fully as possible the background of the particular points that are worrying us here.

Yours sincerely,

(Sgd) A. G. Denton-Thompson

DECODE.

TELEGRAM SENT.

406

From SECRETARY OF STATE to GOVERNOR

Despatched: 13.4.55 Time: 1940 Received: 14.4.55 Time: 0845

389

No 44. CONFIDENTIAL. Your telegram No 64. Freezer.

Colonial Development Corporation's representative
on survey will be Mr. Colin Smart a retired freezer
manager from Uruguay.

2. Proposed dates are suitable to Mr. Smart.

SECRETARY OF STATE

See 420

DECODE.

TELEGRAM.

From H.E. the Governor

To Ambassador, Montevideo

Despatched : 14th April, 19 55 Time : 1130

Received : 19 .. Time :

CONFIDENTIAL. Following for Heathcote Smith from Denton Thompson. My telegram 12th April. While we have agreed that Hogben should be accompanied by Smart in conducting enquiry we are considering what Smart's position vis-a-vis this Government should be and should be grateful if when informing Hogben that Smart as representative of Colonial Development Corporation will accompany him you would take the opportunity to enquire confidentially as to Smart's personal relations with Hogben if any and also as to what sort of reputation Smart enjoys? and advise me accordingly.

GOVERNOR

407

402-
403

408

14th April, 1955.

Dear Barton,

Would you please refer to our recent discussions with regard to Smart accompanying Hogben in the Freezer enquiry.

405

I have now received your letter of the 11th of April, 1955, which repeats the telegram your office received from the South American Exports Syndicate, Punta Arenas, and for your information I am sending you a copy of a telegram I sent to the Embassy on the 12th April (prior to receipt of your letter of the 11th April).

402

We have this morning also heard officially of Smart's appointment from the Secretary of State, and I enclose a copy of the relevant telegram.

406

I am sending the agreed terms of reference to both Hogben and Smart through the Embassy at Montevideo so that they will have a chance to discuss them on the way over. I should like to take the opportunity within the next day or so to discuss with you the itinerary for Smart and Hogben and after arrival in Stanley.

365

In the meantime can I take it that the necessary facilities for Smart and Hogben to visit the Freezer and stay there for whatever period is necessary will be forthcoming? I will make the necessary internal travelling arrangements.

Yours sincerely,

(Sgd) A.G. Denton-Thompson

Hon. Mr. A.G. Barton, C.B.E.,
Secretary,
Falkland Islands Freezer Company,
STANLEY.

ADT/VP

0588/III/Conf.

14th April, 55.

Sir,

I am directed to refer to discussions that you have had with Mr. Heathcote-Smith, Commercial Attaché to Her Majesty's Embassy at Montevideo, in connection with the request that you should on behalf of this Government conduct an enquiry into the Abbatoir and Freezer at Ajax Bay.

2. I am now directed to formally request you to undertake this enquiry for a fee of £350 together with travelling and living expenses. I confirm that this fee will be subject to revision if Mr. Colin Smart, who has been nominated to accompany you in the enquiry as a representative of the Falkland Islands Freezer Company at the request of the Colonial Development Corporation, is joined in the investigation at a higher fee.

3. It has been proposed that you should leave Montevideo for Stanley in the "Fitzroy" sailing on the 25th April and arriving in Stanley on the 30th April. Arrangements for your itinerary and discussions will be made here and you will be advised accordingly on your arrival. It is probable that Mr. Smart will return to Punta Arenas direct from the Falkland Islands on the "Fitzroy" leaving in the third week of May. I am however to request that you should make yourself available for a longer period if circumstances and the progress of the enquiry render it desirable and in that case you would leave for Montevideo on the "Fitzroy" sailing from Stanley on the 13th June.

4. The following terms of reference have been agreed with the Colonial Development Corporation and the Falkland Islands Freezer Company and you are requested to undertake the enquiry and submit your report in accordance with these terms of reference.

Taking into consideration the varying numbers of sheep and cattle suitable for killing and freezing for export which can be delivered annually to the Freezer at Ajax Bay, the availability of sheep being contingent upon lambing mortality, the price of wool, existing transport difficulties and local circumstances,

(a)/

See 365
G.M. Hogben, Esquire,
c/o H.B.M. Embassy,
MONTAVIDEO.

(a) to advise

(i) whether the Freezer as it now stands at Ajax Bay could be operated without loss and if not

(ii) whether the Freezer, with modifications to the plant at Ajax Bay could be so operated.

(b) notwithstanding the advice tendered with regard to (a) (i) and (ii) above, to advise

(i) whether the Freezer could be operated without loss and more economically if it were re-erected, with or without modification, at some other site in the Colony, and if so

(ii) where it should be erected.

(c) In the event of it being found that the Freezer could not be operated anywhere in the Colony without loss, to advise on the most advantageous method of disposing of locally culled sheep.

(d) To report and advise on

(i) The present condition of the Freezer buildings, plant and equipment; and

(ii) The sale value at site of such buildings, plant and equipment.

5. In addition the Colonial Development Corporation have requested, and Government have agreed, that in the course of your enquiry you should give consideration to the following additional instruction:-

"To advise if the Sheep Owners' Association now wish to revise the former estimate of the number of lambs, sheep and cattle of suitable quality which would be made available to the Freezer".

For your information the Colonial Development Corporation have stated that the Secretary of the Sheep Owners' Association in a letter to the Corporation of the 28th of September, 1949, estimated a minimum annual delivery of 40,000 sheep and 500 cattle.

6. You should however be aware of the fact that according to information available to this Government these estimates were substantially revised.

I am,

Sir,

Your obedient servant,

(Sgd) A.G. Denton-Thompson

COLONIAL SECRETARY.

411

0586/III/Conf.

14th April, 55.

Sir,

I am directed to inform you that this Government has now been officially advised by the Secretary of State for the Colonies that at the request of the Colonial Development Corporation you have undertaken to accompany Mr. G.M. Hogben in conducting an enquiry into the Ajax Bay Abattoir and Freezer.

2. I am to inform you that the following terms of reference have been agreed between this Government, the Colonial Development Corporation and the Falkland Islands Freezer Company:-

Taking into consideration the varying numbers of sheep and cattle suitable for killing and freezing for export which can be delivered annually to the Freezer at Ajax Bay, the availability of sheep being contingent upon lambing mortality, the price of wool, existing transport difficulties and local circumstances,

(a) to advise

(i) whether the Freezer as it now stands at Ajax Bay could be operated without loss and if not

(ii) whether the Freezer, with modifications to the plant at Ajax Bay could be so operated.

See 365.

(b) Notwithstanding the advice tendered with regard to (a) (i) and (ii) above, to advise:-

(1) whether the Freezer could be operated without loss and more economically if it were re-erected, with or without modification, at some other site in the Colony, and if so

(ii) where it should be erected.

(c) In the event of it being found that the Freezer could not be operated anywhere in the Colony without loss, to advise on the most advantageous method of disposing of locally culled sheep.

(d)/

Colin Smart, Esq.,
c/o H.B.M. Embassy,
MONTEVIDEO.

ADT/VP

(d) To report and advise on

- (i) The present condition of the Freezer buildings, plant and equipment; and
- (ii) The sale value at site of such buildings, plant and equipment.

3. In addition to these terms of reference the Colonial Development Corporation has requested, and this Government has agreed, that in the course of the enquiry consideration should be given to the following additional point:-

"To advise if the Sheep Owners' Association now wish to revise the former estimate of the number of lambs, sheep and cattle of suitable quality which would be made available to the Freezer".

160 L
0588/II

4. For your information the Colonial Development Corporation state that in a letter dated the 28th of September, 1949, a minimum delivery was estimated by the Secretary, Sheep Owners' Association at 40,000 sheep and 500 cattle. It should however be made clear that according to the information available to this Government this estimate was substantially modified at a later date.

5. Finally I am to say that arrangements for your itinerary and return journey will be made here in Stanley and you will be advised accordingly on arrival.

I am,
Sir,
Your obedient servant,

(sgd) A. G. Denton-Thompson

COLONIAL SECRETARY.

413

14th April, 1955

PERSONAL

My Dear Young,

343 Trees and Barton have recently received a letter from Cochrane about the financial position of the Freezer. We have tried to make sense of the figures without any success but it seems probable that the Freezer is even nearer the financial rocks than we had supposed. Rapid action may have to be taken quite soon and I have asked the Secretary of State to recall me this summer for consultation on this and other matters. I am warning you now that if this comes about I shall be making a nuisance of myself to you later on this year.

Yours ever,

Raynor Arthur

L.W.H. Young Esq.,
The Falkland Islands Co., Ltd.,
120, Pall Mall,
LONDON, S.W.1.

414

ECODE.

TELEGRAM.

From Jones, Punta Arenas

To LT Governor

Despatched : 13th April, 19 55 Time: 1600

Received : 14th April, 19 55 Time: 0845

Your cable 12th April London has confirmed Smart's
appointment and conditions he will leave Montevideo
25th April.

JONES

File
(Intld) J.B.
14/4

See 418

415

Personal & Confidential

15th April, 1955.

Dear Heathcote-Smith,

402,8 407
Would you please refer to my telegrams of the 12th and 14th of April, 1955, in connection with the Freezer enquiry.

409-412
I am enclosing two personal letters for Colin Smart and Hogben which perhaps you would be good enough to pass on to them.

I am sorry to have worried you with the second enquiry but in view of the ramifications, which are somewhat complicated, of this Freezer business we are anxious to consider very carefully what Smart's position should be vis-a-vis Government. As you know we originally had in mind that Hogben should undertake the enquiry and report to Government. Smart has now been joined with Hogben at the specific request of the Colonial Development Corporation and any additional information that you can obtain, on our behalf, about Smart would be very much appreciated as we are working completely in the dark so far as he is concerned.

I very much hope that you have been able to make the necessary arrangements for Hogben to leave on the 25th April and there are no difficulties so far as this is concerned. May I say how very grateful we are for all your assistance in this matter.

Yours sincerely,

(Sd) A.G. Denton-Thompson

C.B.B. Heathcote-Smith, Esq.,
H.B.M. Embassy,
MONTEVIDEO.

ADT/vp

416.

15th April, 1955.

Dear Martin,

In G H Box
Please refer to the first paragraph of my
secret and personal telegram of the 7th April in
connection with the Freezer at Ajax Bay.

393m
I am enclosing for your information a copy
of the letter from the Colonial Development Corporation
Controller of Operations addressed to the local
directors of the Falkland Islands Freezer Company which
purports to set out in some detail the administrative
and financial history of the Freezer.

We have here tried to make sense of the figures
Cochrane gives and to reconcile them with previous
correspondence but have been unsuccessful. They do
nothing, however, to allay our fears that our money
was used to pay pre-incorporation debts of the
Freezer Company and that the Company's finances are
very shaky indeed.

^{ever}
Yours sincerely,
^{Rayner}
(Sgd) E. R. Arthur.

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

AGMT/LJH.

DECODE.

TELEGRAM.

417

From Lingeman, Montevideo

To H.E. the Governor

Despatched : 15th April, 19 55 *Time :* 1630

Received : 16th April, 19 55 *Time :* 0845

403

407

Your telegrams April 13th and April 15th. Hogben.
Agree revised schedule returning via Punta Arenas
thence by air. Grateful if you would arrange
latter.

He knew Smart if the latter is the Engineer
formerly at Natal^s and believes he is experienced
but confesses he was not greatly impressed by him.
If however he is recommended by Jones he is satisfied.

LINGEMAN

DECODE.

TELEGRAM.

418

From The Colonial Secretary

To H.M. British Consul, Punta Arenas

Despatched : 18th April, 19 55 Time : 0300

Received : 19 .. Time :

IMMEDIATE.

414

Your telegram of 13th April. Freezer enquiry.
Colonial Office are under impression that Smart
is a retired freezer manager from Uruguay. Our
understanding is that he is actively employed as
Engineer to South American Export Syndicate.
Please confirm which is correct in order to clarify
position.

SECRETARY

Recd 25/4
C. 1914

DECODE.

TELEGRAM.

~~1420~~
419

From Jones, Punta Arenas, Chile

To The Colonial Secretary

Despatched : 19th April, 19 55 Time : 1630

Received : 20th April, 19 55 Time : 1130

Smart aged sixtyseven actually unemployed.

Worked twentyfour years as Engineer and afterwards
as Manager of former Natales meat freezing works
situated Chilean Patagonia.

JONES

BUF
(Intld)J.B.

20/4

FCS.

by Co minute now at

398a

~~1211~~ SM
2d/4

Handwritten signature

P/L
SM

421

Stanley.



23rd April 1955.

Sir,

422-
423 With reference to our conversation this morning with His Excellency, I enclose copy of letter received from Mr Jones of The South American Export Syndicate Ltd.

I am,

Sir,

Your obedient servant,

H. C. Harding

The Honourable,

The Colonial Secretary,

Stanley.

Reply at 427.

*Ac.S.
1) Ack. with thanks.
2) File & papers
to me pl.
A.H.T.
26/4.*

Dirección Telegráfica:
"SOUTHAMEXY"
Teléfono 1268.

Establecimiento Frigorífico
RIO SECO

422
Códigos:
A. B. C. 5th. Scott's 10th.
Bentleys.
Bentley's Second Phrase

The South American Export Syndicate Ltd.

Oficina Principal en Londres
106, Fenchurch St. E. C. 3.

C O P Y

CASILLA 21 D.
PUNTA ARENAS, January 5th de 1955
CHILE

Original has been sent via Montevideo. Copy of the
Shooting Box rough sketch is being sent
direct to Ajax Bay by Philomel.

H. C. Harding Esq
Port Stanley
Falkland Islands

Dear Mr Harding,

We confirm cables exchanged regarding the engagement of the Works Manager for Ajax Bay. We have got in hand a man named Colin Smart. He is 67 years of age which is perhaps a bit old for the job, but he is a man with a lot of Freezing Works experience. He was born in England and came out to Punta Arenas in 1920 as second Engineer with the Puerto Sara people, and in 1923 was taken on by the Natales Freezing Works as Chief Engineer, and in 1940 was made Manager which post he retained until 1948 when the Works closed down. To-day it is completely dismantled.

Although perhaps Smart is not the ideal man for the job as his knowledge of beef handling is scanty, it is extremely difficult to obtain experienced ^{man} for such a job as Works Manager at Ajax Bay, especially one who speaks Spanish.

However we quite agree with you that until London decides definitely whether it is willing to operate the works with the promised output of 15,000 sheep and 400 head of cattle, it is best to postpone contracting any Works Manager.

Our London office has asked us to advise Ajax Bay details of the Cattle Shooting Box which we erected at Rio Seco when we treated a few beasts last year.

We enclose a rough sketch, not to scale, which will give some idea of our contraption which served its purpose very well. The box should be sturdily built with the corner uprights sunk into the ground. The end at which the animal enters the box is left open but closed when the beast is inside with three strong bars of wood inserted into flat iron hooks which are fixed to the corner uprights. It would be well to affix similar hooks on the side where the door is so that after closing the door two bars of wood can be placed, as our experience was that the hinges may perhaps not be strong enough when a restless animal is inside.

423

2.- 5/1/55 H.C.Harding Esq. Port Stanley.

We also found it very useful to have a red electric light hanging from above on the side which the animal faces. We found that the beast was attracted by the light and lifted its head thus facilitating the shooting.

Would you kindly pass this information on to Ajax Bay so that this Box can be constructed. The Freezer has indented for a Shooting Box and these are very expensive, and in view of the small number of cattle treated, even if the works do operate, we think the box we describe above is all that will be necessary. A Carpenter and assistants should be able to knock it up in a couple of days.

We are, Dear Mr Harding,
Yours very truly

TOM P. JONES.

DECODE.

TELEGRAM SENT.

From GOVERNOR to SECRETARY OF STATE

Despatched: 25.4.55

Time: 0215

Received:

Time:

CONFIDENTIAL.

No 79. Your Confidential telegram No 44. Freezer. Arrangements have been made for Smart and Hogben to leave in FITZROY arriving Stanley 30th April. They will probably return to Punta Arenas on 25th May.

GOVERNOR'S DEPUTY

DECODE.

424

TELEGRAM.

From .. Lingeman, Montevideo ..

To .. H.E. the Governor. ..

Despatched : 26th April, 19 55 *Time :* 1450

Received : 27th April, 19 55 *Time :* 0845

Hogben sailed alone Smart having failed to materialize
have you any news.

LINGEMAN

See

GOVERNMENT TELEGRAPH SERVICE

FALKLAND ISLANDSSENT

425

Number	Office of Origin	Words	Handed in at	Date
				27.4.55
To				
PRODROME MONTEVIDEO				HCA/C

424
YOUR TELEGRAM 26TH APRIL HOGGEN STOP I HAVE NO INFORMATION REGARDING426 SLANT BUT AM MAKING KNOWN ENQUIRIES FROM VICE CONSUL PUNTA ARENAS

GOVERNOR'S DEPUTY

Time

AGD-T/SM

GOVERNMENT TELEGRAPH SERVICE

FALKLAND ISLANDSSENT

426

Number

Office of Origin

Words

Handed in at

Date

27.4.55

To

BRITAIN PUNTA ARENAS

HOA/C

SMART NOT ON FITZROY GRATEFUL INFORMATION

SECRETARY

Reply 435

Recd. 30/4
24.4

Time

JB SM

427

29th April,

55.

Sir,

421 I am directed to acknowledge, with thanks, the receipt of your letter of the 23rd of April, 1955, forwarding a letter from the South American Exports Syndicate, Limited, on the subject of the Falkland Islands Freezer.

I am,

Sir,

Your obedient servant,

(Sgd) A. G. Denton-Thompson

COLONIAL SECRETARY.

The Honourable

Mr. H. C. Harding, J.P.,
STANLEY.

WH/VP

13th June 1949.

Report on visit to Falklands 23rd May/13th June

On arrival I had an interview with H.E. the Governor of the Falklands Mr. Miles Clifford recently given a knighthood for services rendered. He told me that Mr. T. Tinker had been in the Falklands since January last and has made a very thorough survey of the possibilities of erecting a Frigorifico in the Islands or some other method of utilizing the surplus stock., on behalf of the Colonial Development Corporation. He said he had taken full details to London, and same would be studied by experts, and no doubt he would receive instructions in due course. He was very interested in a Plant being put up in the Islands. He came over with the writer on the Fitzroy and is flying to the States and then to Canada, and will then proceed to London. In his broadcast to the people of the Falklands before he left he said he intended to go thoroughly into the meat question with the Government and Mr. Tinker in London.

Mr. Rowe of Succ. Louis Williams went to the Falklands on the Fitzroy and was very helpful in giving me information with regard to the position in the Islands and introducing me to various people connected with the business. You will remember he wrote to Weddel's on the 27th July 1947 suggesting that you might be interested in putting up a Plant on the Islands. Mr. Bennett replied to this letter on the 21st Novr, and there is no doubt that even today Mr. Rowe's estimate of 100000 for export was right out of line as you will see from details in this report. Mr. Rowe went to Buenos Aires with Mr. Tinker where they inspected the Plant of Messrs. Wilson and also Swift's Plant in Montevideo. He also put up a proposition to the then Governor giving plans etc. for the construction of a Plant, but this was turned down after consideration by the Government authorities in 1931.

Mr. T. Tinker. This gentlemen arrived in the Falklands on behalf of the B.C.D.C. in January last and returned to England by Plane about the 23rd May. He had just left before I arrived there. He was the guest of the Governor during his stay and had a special launch the "Philomel" to take him round the Islands. He spent quite a lot of his time in Pt. Darwin when they were boiling down inferior sheep for tallow. I understand 15000 were boiled down from the Farms of the F.I.C. Mr. Roberts the Genl. Manager of the FIC told me that they had in some years boiled down as many as 35000. I understand that Mr. Tinker considers the stock of cattle could be increased by putting more cattle on the Islands where there is a considerable amount of Tussock grass, this is very good for cattle and grows as high as 3 feet, no good for sheep, in fact sheep destroy this grass by nibbling at the roots. Understand cattle fattened solely on this grass give a very yellow fat and have to be finished off on natural grasses, which apparently is very hard to find as all the people I have spoken to consider they could not take any more stock and if the cattle are increased then they would have to decrease the sheep.

Talk with Farmers. Had a very interesting talk with Messrs. Barton.Lazon. Robson Farmers, and the general Manager of the FIC Mr. Roberts. They were all very keen on a works being erected on the Islands, as they consider it would give a incentive to increase production, and save some of the 50000 yearly which are lost and only part of them skinned. They were all of the opinion that the utmost they could guarantee for export would be about 30/35000 head of export quality, and perhaps a further 20000 poor quality sheep which could be boned and used for manufacturing quality., at the present time in the outside camps these are just killed and after taking of skin the carcass is left on the Camps. They did not seem too keen on exporting to Chile, but in the event of a Plant not being erected in the Islands this would be another alternative for utilizing the surplus and avoid present waste. They all however considered that Cameron did very well with the 2000 sheep he sent to Rio Seco.

file
AMM
2/5

Owners of Farms. It will be seen that the FIC Company hold a large number of the Farms in the East and have in recent years bought up some of the private farms in the West which are marked on the Map enclosed. The holding of the FIC is about half the stock on the Islands and they shear about 300000 head yearly. The number of sheep to the acre vary from $1/3$ and 1 to 7 acres, according to the condition of the Islands. Most of the farms are run by Managers the Owners residing abroad.

Site for Freezer. Understand that the site selected by Mr. Tinker for the erection of a Plant is Sussex Bay. It is not marked on the Map but I have indicated the spot which is on the farm of Mr. Bonner., who is one of the few owner farmers. He is leaving for England shortly. He tells me that the land is freehold and would have to be bought out by the Gov. in the event of it being decided to erect a Plant on this site. The site has recently been surveyed by the John Biscoe, and found fairly suitable, but it would be necessary to erect a jetty of about 100 yards or lighter the meat to steamer. There is deep water just outside Pt. Sussex and with the jetty steamers would be able to load direct. We called at San Carlos which is a little to the north of Pt. Sussex.

Canning Plants. 2 attempts have been made to can mutton in the Islands, and in Pt. Darwin they have canned some years ago 62000 head, but the project was not continued as was considered unprofitable.

Experiments have been made with salted mutton and beef but have not been apparently successful.

Shipments to Chile. As you are aware 2000 sheep were shipped in Feby last from the Farm of Mr. Cameron, Pt. San Carlos to the Rio Seco works. Cameron was paid 11/3 per head with an addition of 10/- for freight, and understand the final outturn of these sheep came out at 25/3. They were carried by the Lafonis which was too large a steamer to go alongside the Rio Seco works and therefore all the sheep had to be sent in Lorries to the Rio Seco works which considerably increased expenses. They arrived at 7 p.m. and finished discharging at 7 a.m. Mr. Jones told me that expenses of delivery were very high. The Fitzroy is much smaller and could no doubt go alongside Rio Seco or other works, but then she is not fitted up for carrying sheep.

These sheep had not been killed when I left Punta Arenas as they had been put on Camp and no doubt would have been killed by the end of season. Mr. Bonner who has his farm alongside Cameron told me that they were not selected sheep and included some poor quality and were delivered right after shearing., he said Cameron was very well pleased with the deal. It cannot have been a very good deal for Rio Seco as at that time they were paying \$200 per head for similar sheep which is approximately £1 per head. If a suitable steamer could be arranged I feel sure that the farmers would be agreeable to ship to Chile, and any sheep could be easily handled by the Puerto Sara works, which is the nearest to the Falklands, and is the Plant in which we are at present most interested. A steamer similar to the old "Reformer" of Campana should be able to do this work very well. The "Lafonia" did the journey in 40 hours.

Labour. There is no unemployment in Stanley and most of the farms are understaffed. the FIC are contracting young men from Scotland and they pay them £11 per month all found., and contract for 5 years paying 2nd class passage, but understand they have considerable trouble with some of these men not being satisfied. The ordinary labourer in Stanley is paid 1/7d per hour. Do not pay income tax under £132 per annum and certain allowances are made for Married men with Family. Estimated Camp peon can live on £45 per year. Meat is sold in Stanley at 2/3d per lb for mutton and 5 per lb for beef, of the latter there is very little available.

S.S. Fitzroy. Owned by the FIC and now does all the work of passengers and cargo between the Islands and Montevideo. Has good accomodation for 18 passengers 6 - 3 berth cabins, but often carries more than 18. She has a length of 185 ft. 33 ft. wide, gross tonnage 850 tons and carries about 450/500 Tons of Cargo. Recently came from England where she had been lengthened by 20 ft. She is an excellent sea worthy craft and she stood a terrible gruelling on the trip the writer was aboard, she did everything but turn over in a terrible gale. The Capt. had to heave to for 12 hours. She also carries the mails which is the only communication outside of telegraph with outside communities. Sometimes makes trip to Chile and takes about 2 - 4 days

Methods of increasing stock. This is a very difficult proposition, Mr. Oliver, the Government agricultural official says that the stock of cattle could be considerably increased by putting more cattle on the tussock grass islands, on the other hand talking with Mr. Luxton (Son) who is the manager of Chartres Farm said he had 700 cattle on the farm at one time but had to decrease to 300 due to shortage of pasture. Most of the farmers say their farms are fully stocked and Mr. Miller of Roy Cove now carries only 15000 head as against 30000 sheep some years ago.

Breed. Romney Marsh are favoured against the corriedale as the latter suffer from wool blindness and they have to clip the heads at various times of the year other-wise losses are increased however there are quite a lot of corriedale sheep on the Farms.

Transport. This is very difficult the only roads on the island are in Stanley and they are very poor and few. It is estimated that if the Plant is installed in Pt. Sussex the longest march for sheep would be 4/6 days. Most of the transport is done by Horse, to give you an idea of transport difficulties would quote a case of one of the Owners of a farm 25 miles from Stanley can only be done on horseback, both he and his wife had to go the 25 miles and it took 8 hours. Tracks are so soggy that sometimes it is necessary to dismount to prevent horse getting too far into the mud. In order to get to the Manager's house in Hill Cove we were driven in a Brenn Gun Carrier, and although rather bumpy we did eventually get there. There are no roads in the Camps.

Farms visited. We visited 6 farms in all but unfortunately we arrived rather late in the evening and therefore had to confine ourselves to conversation with the Managers. One of the best farms we visited was Hill Cove Manager Mr. Harding. Population about 40 and employ 20 labourers. This is a 100000 acre farm, and carries about 29000 sheep including 10000 working ewes, average lambing 60/65, some bad seasons have only secured 50%. Does not consider advisable increase present stock due to shortage of feed. Estimates would have for export about 2000 good quality and 2000 poor quality. Is of the same opinion as other farmers that the maximum could deliver through the Islands for export would be 30/35000 and perhaps less. An experiment was made growing trees on this farm, and experts were sent from home to carry out these experiments. Mr. Harding said they were fairly successful on his farm but found quite impossible in practically the whole of the rest of the island, and the Gov. gave up the experiment. All farms have sold and shipped their wool the last lots being sent to Montevideo on this trip of the Pitrooy. This particular farm gave only a clip average of 7.65 whereas one of the other farms which we visited Pebble gave 9.66. I asked Mr. Harding the reason for this and he said it was possible, as there was considerable difference in the different Islands where sheep do better than others. He said they lose about 2% of their lambs between marking time and shearing. He said stocks of sheep are decreasing due to farms having been overstocked previously. I enclose herewith statistics giving full details of the stock carried on each of the farms. They vary considerably in acreage and numbers. One of the Islands we passed was previously a missionary station, it now has 3000 sheep grazing and no population, the farm is visited from one of the neighbouring farms for shearing and dipping.

Fuel. Peat is very abundant all over the Island and is the only fuel used. It is possible to cut peat in any part of the Island and the only cost to the people is the cutting and cartage, is quite a good burning fuel.

Seaweed around the Islands. There is a considerable quantity of this and experiments have been made by experts from I.C.I. and Courtaulds with a view to utilising this, samples were sent home but up to the present nothing further has been done in the matter.

Education. There is a good school in Stanley and teachers are sent out on contract from U.K. at present they have 300 pupils. The camp children are attended to by travelling

teachers, but this is not very satisfactory. There are also 3 churches in Stanley Church of England, Catholic, and Presbyterian. They also have a Cine and of course Radio, mails arrive only about once a month.

Area of East Falklands 3000 sq. miles. West 2300. Population approximately 2400 50% living in Pt. Stanley balance in Islands. Transport by Horse and water. Mails delivered approximately monthly to U.K. and Montevideo. No roads except in Pt. Stanley. Practically no trees grow on the Islands.

Summary of the position is as follows.

1. Suggested erect a Plant for freezing in Port Sussex.
2. Maximum number of sheep of export quality available at present about 30/35000 and probably 20000 inferior quality which could be shipped as manufacturing quality.
3. Number of cattle suitable for export doubtful. Suggested could be increased by stocking farms with Tussock grass.
4. Shipment to Chile might be a solution, and take care of the yearly surplus of sheep. Shipments have been made to Rio Seco. Tres Puentes Chile and also to Bahia Blanca Argentina. Difficulty appears to be no suitable steamer available for transport. What is required is a steamer similar to that of the old Reformer used for years in Campana, for conveying sheep and cattle. If Freezer was installed in Port Sussex steamer or other craft would be necessary to transport stock from West Islands. Suggested landing craft would be suitable for this purpose well fitted with pens etc.
5. In the event of the Gov. deciding to erect plant in the Islands would be a good opportunity to offer them the installations from the Patales Plant. Could be shipped economically by steamer direct.

Yours faithfully,

(sgd)

Enclosures. 1. Coloured Map giving various farms and owners. Note that 3 farms on the West have been taken over by the FIC. Map also shows route taken by Fitzroy inward and outward on last voyage.

2. Annual stock return 1935/1936.
3. Summary stock returns 1943/1948. Also individual stocks of farms for 1947, 1948.

c/o J.R. Williams
Solis 1533
Montevideo, Uruguay.

432

15th June 1949

Mr. R.A. Vestey
London.

Dear Mr. Vestay,
Report on Falklands.

Further to my report of the 13th inst. the following information will no doubt be of interest to you.

Labour. Due to the scarcity of labour in the Islands in the event of a Works being erected labour would have to be imported from Chile or Montevideo.

Production increase. With reference to the possibility of increasing stock, in my conversation with Mr. Barton, who is a Gov. Council representative and Farmer this gentleman said that the only way to increase production would be by fencing in various parts of the Islands which would take about 10 years and the increase would be at the rate of approximately 1% per annum. Mr. Miller another farmer also said that the only way his farm could take more stock was by reseeded and ploughing which is a very expensive proposition.

Transport. The Government have recently sent to the Islands 2 Auster Aircraft for use in delivering the mails, and also in cases of emergency. One of these on landing was badly damaged due to the soggy state of the landing strip. All the Farms are now doing their best to have landing strips available; but when at Hill Cove and going over one recently prepared by the Manager there it appeared to be far from safe for landing and this will be the same all through the Islands. The Planes which are being bought in Canada or U.S.A. by the Governor are for use in the Antarctic.

News. I enclose herewith first page of the only newspaper which appears in Port Stanley and is compiled once a week by the Government press Agent who is a contracted man from U.K. This compares very unfavourably with the local English paper in Montevideo, the "Sun" which appears daily and is properly printed, and has a smaller population of English speaking people than the Islands.

Port Sussex. I did not mark the position of Port Sussex on the map which I forwarded and enclose a small croquis which indicates more or less the position of this Port on the Bonner farm. The entrance to the Sound starting with White Rock on the West and Port San Carlos on the East is about 7 miles wide.

Yours faithfully,



433

Confidential.

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

24th March, 1955.

Dear Arthur.

Thank you for your letters of the 26th and 27th January and the 5th February, which are mainly about the Colonial Development Corporation Freezer.

Your assessment of the present position has been most helpful and agrees largely with ours. Your indication of future possibilities, however, and the news that the Falkland Islands Company believe that every effort should be made to run a Freezer on a more suitable scale by a consortium of Government and sheep-owners and not by themselves alone, enlarges and corrects our picture and shows that things may develop in a useful way after all.

For the moment we have told the Colonial Development Corporation that your views on the purpose and conditions upon which the Government's debenture loan was made are at variance with theirs and that this difference of opinion may have to be resolved. We are getting our lawyers to look at the points. There is, however, a difficult circumstance in that, even if it were held that the Colonial Development Corporation had failed on their side of the debenture bargain, they now, even with the debenture money, have only £4,000 (reduced to this from the £17,000 you quote by various charges) of their capital sanction left and the Secretary of State would have difficulty in the circumstances in agreeing to an increase in the capital sanction. Our legal department will also look at your foreclosure rights.

For the present therefore, while it is being examined, we have not pressed the Colonial Development Corporation on the debenture point. This gave us a chance to put more amicably to them the understandable necessity of your getting an independent expert in to look at the undertaking if the Freezer were to continue in any form and to get their permission for full facilities for him. We have kept you informed by telegram of developments in this direction.

In your letter of the 3rd February, you mentioned that Young of the Falkland Islands Company had never met a senior member of the Colonial Office, and suggested that Martin or I might arrange to see him. As Young is now back in this country, I have asked Martin to invite him to call here for a talk.

In an earlier letter, you had indicated that you might have to ask permission to come here this summer to discuss the future of the Freezer, and especially your Government's debenture holding. Although I understand your anxieties

O.R.Arthur, Esq., CMG., CVO.

Reply 435 / about

310 &
314

327 in Vol II

Copy

434



about this, I am not sure that these are not matters which we could clear by correspondence; but, as you know, much thought is now being given here to expanding our scale of activities in the Dependencies. As you have now paid your own visits there, there might well be value in your paying us a visit during the summer mainly to go over these plans with us. Please let me know after you get this letter whether you are still of the same mind, and if so roughly when you would propose to come. I shall then let you know demi-officially whether I can advise you to make a formal application.

Yours sincerely

P. H. Lloyd

DECODE.

TELEGRAM.

435

From Britain, Punta Arenas.....

To The Colonial Secretary.....

Despatched : 29th April, 19 55 Time : 1100

Received : 30th April, 19 55 Time : 0845

Smart left here twentieth en route for Montevideo.
Am making enquiries inexplicable disappearance.

BRITAIN

See 426

DECODE.

TELEGRAM SENT.

From GOVERNOR to SECRETARY OF STATE

Despatched: 2.5.55 Time: 1620 Received: Time:

No 82. CONFIDENTIAL. Following for Lloyd.
Many thanks your Confidential demi-official letter
of 24th March. As regards the last sentence
in consequence of Morris personal and confidential
telegram No FIDEP 42 I have made formal application.
Martin's letter which Morris quotes has not yet
been received.

GOVERNOR

DECODE.

TELEGRAM SENT.

From GOVERNOR to SECRETARY OF STATE

Despatched: 3.5.55

Time: 0900

Received: Time:

CONFIDENTIAL. No 83. My telegram No 79. Freezer.

Hogben has arrived but Smart missed the FITZROY and neither Ambassador, Montevideo nor Vice Consul, Punta Arenas have any knowledge of his whereabouts to date except that Vice Consul states person named left Punta Arenas on 20th April. Reference your confidential telegram No 44 my information now is that Smart is in fact person who was to be appointed by South American Exports Syndicate to manage freezer this year and consequently appears to have strong personal interest in enquiry. On the other hand and according to best information available Hogben has no direct or indirect interest in Freezer and was selected by Ambassador Montevideo as best man he could find for impartial enquiry. In circumstances and in view of paragraph 3 of Lloyd's letter of March 24th I consider it essential that Hogben should proceed without delay with enquiry and I am making arrangements accordingly.

GOVERNOR

Reply 439

The Falkland Islands Company, Limited.

(INCORPORATED BY ROYAL CHARTER 1851.)

REGISTERED 1902.

438

AGENTS FOR LLOYDS.

TELEGRAMS "FLEETWING PORTSTANLEY" VIA RADIO.

Stanley,

4th. May, 1955.

Reference: SHIPPING DEPARTMENT.

The Assistant Colonial Secretary,
Stanley.

Dear Sir,

We have despatched the following telegram to
our Agents in Punta Arenas:-

"REQUEST AIRPASSAGE PUNTARENAS MONTEVIDEO VIA SANTIAGO
"FOR MALE NAMED HOGBEN FIRST OPPORTUNITY AFTER ARRIVAL
"FITZROY ABOUT TWENTYEIGHTH INSTANT CONFIRM SOONEST.."

We shall advise further as soon as a reply
is received.

We beg to remain,

Yours faithfully,

FALKLAND ISLANDS COMPANY, LIMITED

Richardson
MANAGER

437 Bu 8/5 H

7-8-55
4/5

DECODE.

TELEGRAM SENT.

439

From SECRETARY OF STATE to GOVERNOR

Despatched: 6.5.55 Time: 2345 Received: 7.5.55 Time: 0845

437

CONFIDENTIAL. No 60. Your telegram No 83. Freezer.

Colonial Development Corporation state Smart left Punta Arenas by air for Montevideo but there is no further trace of him. In the circumstances they agree Hogben should proceed with survey independently.

2. In the absence of their nominee Colonial Development Corporation ask that Hogben should be made aware their side of the story. They suggest that he should obtain from Harding a copy of Cochran's letter of March 2nd 1955 which gives their reasons for not opening Freezer during current season. Also they have asked that following points from a letter to Smart which was to be part of his brief should be passed to Hogben begins.

Principal reason closure lie not so much inefficient management as with inability Sheep Owners' to produce to Freezer optimum number of sheep needed to make it an economic proposition. In letter from Sheep Owners' Association September 28th 1949 addressed to C.D.C. minimum estimate of deliveries to Freezer was quoted at 40,000 sheep and 500 cattle. This was basis upon which Freezer was built. Actual deliveries in 1953 were 14,000 sheep and in 1954 16,900 sheep and 382 cattle.

(ii) In Colonial Development Corporation's estimation freezer cannot be economically operated at less than a minimum each season of 35,000 sheep and 1,000 cattle and particularly of considerably better quality than has hitherto been supplied.

(iii) Annual Falkland Islands stock return 1953/54 quotes number of sheep slaughtered as 38,266, 16,900 only sent to freezer, it would be interesting to know where balance was disposed of.

(iv) Colonial Development Corporation are aware some structure shortcomings in buildings and also of modification which would lead to more efficient operation. Corrective measures would have been taken if sufficient money had been available but it is thought some points have been attended to although details are not known in London. Ends.

3. Colonial Development Corporation had also sent Smart a list of defects and deficiencies in freezer they know to exist and although Hogben need not have this before his inspection they would like him to have it before he writes his report. To what address should they send it.

SECRETARY OF STATE.

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

CS.

Pl. inform Mr. Hogben accordingly.

Reply 440

DRM

DECODE.

TELEGRAM SENT.

440

From GOVERNOR to SECRETARY OF STATE.

Despatched: 9.5.55

Time: 1515

Received:

Time:

439

CONFIDENTIAL. No 89. Your Confidential telegram No 60. Freezer. The specific information requested by Colonial Development Corporation will be given to Hogben but the form of their request seems to suggest that Colonial Development Corporation have misconceived the object of his visit. My only motive in arranging it was to get reliable advice as to what can be done with the Freezer in the future and to that end Hogben has been given access to all relevant correspondence by Government and Falkland Islands Freezer Company locally. Any attempt to influence Hogben's opinion in any direction seems to me highly dangerous and there will be no attempt here to present a case one way or the other. What is wanted and what I am endeavouring to get is sound impartial advice based on the fullest possible information on which we can decide future action.

2. Reference paragraph 3 I hope Hogben will complete his report or at least summary of his main recommendations before he leaves Falklands but list of defects and deficiencies in Freezer could be sent to him immediately c/o Ambassador, Montevideo and if they materially affect the issue which I doubt he could add rider to his report.

GOVERNOR

GOVERNMENT TELEGRAPH SERVICE

FALKLAND ISLANDS

SENT

441

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

To

9.5.55

OLIVER DARWIN

HOA/C

REFERENCE ASSISTANT COLONIAL SECRETARY'S TELEPHONE CONVERSATION WITH YOU ON SATURDAY STOP WEATHER CONDITIONS HAVE CAUSED CHANGE IN PLANS I SHALL NOW NOT BE VISITING YOU FOR TIME BEING BUT LESLIE HOGGEN AND WILR ACCOMPANIED BY MCKAY HOPE TO CALL AT DARWIN LATER IN THE WEEK FLYING CONDITIONS PERMITTING STOP TRUST THIS WILL BE CONVENIENT STOP I WILL KEEP YOU INFORMED.

Time

SECRETARY

Bel. 11/5
2.5.

AGD-T/SM

GOVERNMENT TELEGRAPH SERVICE

FALKLAND ISLANDS

RECEIVED

442

Number	Office of Origin	Words	Handed in at	Date
4	AJAX BAY	10	1400	12.5.55

To

FLEETWING STANLEY

PLEASE CABLE INSTRUCTIONS MCKAY OTHERS LEAVING SATURDAY

FREJAX.

SZS

Time

GOVERNMENT TELEGRAPH SERVICE

FALKLAND ISLANDS

SENT

443

Number	Office of Origin	Words	Handed in at	Date
To				13.5.55
SWAN AJAX BAY				HOA/C

FOLLOWING PERSONAL FOR HOBBS FROM DENTON THOMPSON BEGINS BONNER
WILL PROBABLY BE RETURNING SAN CARLOS THIS AFTERNOON STOP CONSIDER
IT ESSENTIAL YOU CONTACT AND MEET HIM STOP THIS WILL RESULT IN
DELAYING YOUR DEPARTURE BEYOND SATURDAY BUT HAVE ARRANGED WITH
BONNER TO TELEPHONE THROUGH A MESSAGE AS TO WHEN YOU REQUIRE PLANE
STOP ENDS.

Time COLONIAL SECRETARY

CONFIRMATORY COPY PHONED R/T STATION 1100

444

GOVERNMENT TELEGRAPH SERVICE

FALKLAND ISLANDS

Mr. Hogben returned to Stanley today
from Darwin

16/5

Bel. 20/5 to Mr. (passage from Darwin)
via 16/5.

Time

CONFIDENTIAL.

No.

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



MEMORANDUM.

18th May 19 55

The Hon: Colonial Secretary

Civil Engineer.

Stanley, Falkland Islands.

SUBJECT:-

AJAX BAY.

66 in
082519
I have in my memo dated 17th May 1955 reported on items of Plant etc which I consider would be an asset to this Government if available and obtainable for a sum of £1,400 - £1,500. These items include spares for machines already purchased, plant used in construction and stocks of materials in good condition. Machinery actually required to operate the Freezer project was excluded from my recommendation.

As a matter of interest I made an inspection of the general layout and the buildings comprising this project and have recorded my impressions. My personal experience of modern abattoirs, cold storage plant and the ancilliary equipment required for bye-products is very limited, being confined to a solitary undertaking at Kennedy Town, Hong Kong which was in the planning stage when I was actg: D.P.W in that Colony. That plant was being designed to deal with a daily intake of 3,000 pigs and 300 head of cattle to feed a population of 2½ millions. Cold storage was necessary because half the population lived on the Mainland and cross harbour communications were liable to interruption during the typhoon season which coincides with the hot and humid summer months. To supply the Mainland markets and a supplementary Cold Store on the Mainland it was considered essential that the chilled carcasses should have direct access to the harbour frontage. All live stock was brought to the abattoir by junk or other coastal vessel and driven up ramps to the topmost storey of the building where slaughtering took place, subsequent operations being carried out on the lower floors; the ground floor being devoted to distribution of carcasses to cold storage or to local markets and to the despatch of the various bye-products - skins, hides, blood, bristle, edible and industrial fats etc - which had received appropriate treatment as they passed by gravity from floor to floor. Lack of space - land costing £2 - £5 per sq.ft precluded any possibility of holding grounds for live stock, but an elevator was provided for injured animals which could not climb the easy ramps. In design the utmost importance was attached to two factors :- (a) the full use of gravity to simplify processing and reduce production costs and (b) the rapid delivery of the finished product with a minimum of handling.

In my opinion the Ajax layout in no way satisfies these criteria because (a) the 270 ft long Abattoir and Freezer is built parallel with the ground contours on land rising at a slope which is slightly steeper than 1 in 20. Had it been constructed at right angles to its present position advantage could have been taken of the higher ground inland to have the slaughter house at a higher level and a partial gravitational process introduced; and (b) the jetty is not in a direct line with the Freezer outlet, which apart from the fact that the depth of water at the jetty is only 3½ ft, militates against a speedy getaway from the chill rooms even by overhead wire.

Plans have been prepared for extending this jetty by 110 ft and to provide a 40' x 20' head and the cost would probably be of the order of £5000. A completely new jetty could probably be built for £7,500 on a new alignment, but to obtain more adequate depth of water a 200 ft extension, and not 110 ft only, is required. In either case the additional cost would be about £3,000. These estimates are based on an approximate cost of £3 per sq ft of decked area.

To construct the Project lavish supplies of equipment and

materials appear to have been ordered - much has been jettisoned. As far as I could trace no proper inventories have been kept. There is no available record of receipt and issue of expendable stores, nor of equipment other than the items which have been salvaged from a "dump" in the vicinity of the holding grounds, and where still remain large quantities of earthenware pipes, parts of machines and tipping wagon components, rolls of rusted B.R.C fabric, coils of wire, and ducting from the Freezer plant. The general practice appears to have been to discard any stores damaged and draw on new stocks. Wheelbarrows, trucks etc have been left uncleaned and unprotected from the elements and a large number of abandoned items of equipment, whatever the condition they were in when "dumped" have now deteriorated beyond repair through exposure.

Much of the construction has been "scamped". I noted in particular that a 3" dia. water main had been reduced to $\frac{3}{4}$ " where it was laid underground and restored to its original size only when it appeared above ground level - the connections successfully buried when laid have now been exposed by erosion of the top soil.

Large sections of the buildings built with pre-cast cement and shingle blocks have been left unplastered - notably the abattoir and power station. Many of the blocks appear to have a very weak mixture of cement. Left unplastered they are unlikely to remain damp-resistant for long.

It is unfortunate that the site selected for the Freezer and associated buildings should have been located on a stone run with its underground watercourses, which make sub-soil drainage difficult and subsidence eventually inevitable.

A mistake appears to have been made in the height of the Freezer walls - the ceiling, the underside of which has not been plastered, is obviously too low to permit of sides of beef being hung in the cold chambers.

The roof seems to be poorly constructed, insufficient lap being allowed for the corrugated sheeting. It is likely to leak and the large air space between roof and ceiling may quite easily affect temperatures in the cold storage chambers unless the ceiling is exceedingly well insulated.

The most incomplete building is the 165 ft x 80 ft slatted drying shed. Many of the upper floor bearers have been omitted. The ground floor has not been filled and levelled and much of it was, on the dates of inspection, little better than a quagmire. A concrete, or mastic floor would appear to be essential if the hides are to be kept free from mud.

The domestic buildings, apart from a few roof leaks, appear to be in good condition. Proper entrance steps should be provided. The Manager's house is well finished, but the front door is unusable as it opens on to a four-foot drop. The site chosen for this building appears to have been a peat bog and the approach to the end verandah is by very rickety duck-boarding, now dilapidated and slippery and dangerous.

No attempt has been made to form a proper approach road to the domestic dwellings - the undulating track being solely composed of loose pebbles.

All the dwelling houses depend solely on electricity for lighting, heating and cooking. Electricity is generated at the Power House by two 260 H.P. Mirlees diesel engines each generating upwards of 175 kilowatts. Economy in the off-season is effected by intermittent running of one engine (8 am- 9am; 10 am - 1 pm; 3pm - 10 pm) but even so diesel oil consumption approaches 37 - 40 gallons per day (about £7) to support the skeleton staff.

Examination of the building housing the compressors revealed that one compressor could not be dismantled without breaking down a partition wall to withdraw the main shaft.

I make no comments on the efficiency of the Freezer plant installation other than to remark that ducting at present scattered in the "dump" should, if installed in the chambers, greatly assist in regulating the room temperatures, and that there did not appear to be any under drains to carry away the water from the freezer coils which is precipitated whenever de-frosting takes place.

I made a rough valuation of the buildings, but must emphasize that these are my values of the structures "in situ". The figures do not include site formation or service connections. Pre-fabricated buildings in particular are susceptible to considerable damage when dismantled. Re-erection entails site preparation, new foundations and outside services, and almost invariably new roof covering. "Finishing" and re-decoration are also expensive items.

A reasonable standard of workmanship has been assumed.

Schedule.

	£	s	d
Manager's House, with fittings	3,420.	0.	0
7 No. Staff Houses, with fittings @ £1,050	7,350		
3 No. Workmen's Lodgings @ £1,738.16.0	5,216.	8.	0
1 No Mess (without equipment)	1,500.	0.	0
1 No Reerection hut	1,500.		
2 No Nissen huts 30' x 16' @ £480	960		
1 No. Nissen hut 30' x 24'	720		
1 No Nissen hut 36' x 24'	864		
1 No Drying Shed 165' x 80' (incomplete)	7,400		
(approx cost of concrete floor £1,850)			
(Painting or creosoting slats (say) £150)			
Abattoir and Freezer.... Structure only	54,114		
Power House... Structure only	3,150		
Converted Drying shed (part on 2 floors)	3,840		
Store	4,000		
Latrine block at abattoir	250		
	£	94,284	-8- 0

Say £94,250.0.0.

A.P. Weir
(A.P. Weir)

Civil Engineer.

Kiv from 66

Stanley,
18th May, 1955.

The Honourable
The Colonial Secretary,
STANLEY.

Sir,

409.

In accordance with your request I paid a visit to the Ajax Bay Freezing plant. I left Stanley at 6.30 a.m. and arrived at Ajax Bay at 8 a.m. on the 12th instant. On arrival saw Mr. Swan and visited plant. Last season started killing cattle on the 22nd of March, with killings ranging from 16 to 42 head per day. Cattle killing finished on the 22nd of May, the total cattle killed being 382 head. Started killing sheep on the 30th of March with killings ranging from 139 and the last killing on the 11th of May was 667. Total killing 16,901 sheep of which 4,645 were rejects which should never have been received at the plant. From the above figures you will appreciate the enormous loss from every point of view killing such small numbers. Why they did not accumulate the stock to reasonable numbers for killing is difficult to understand.

Killing floor. This has been constructed by the Iwell Company based on a killing establishment at Guildford, England. Unfortunately it would appear that no consideration has been given to local conditions and if the advice of local experienced Frigerifico men in South America had been taken no doubt a lot of mistakes would have been eliminated. The killing floor has been constructed on the ground floor. Had this building been a two-floor installation considerable economy could have been effected by by-products etc. coming to their destination by gravity instead of having to be carried to their destination.

Cattle section. When the cattle arrive at the entrance to the slaughter house they are lassoed and then two or three men pull the animal to the centre of the floor which is generally slippery from the water etc. used on the floor and a struggle takes place to get the animal in position for shooting. This is really ridiculous because if a small box was constructed at the end of the race the animal would go quietly into this and be stunned without any trouble. There are two winches for hoisting the animal after killing and adjusting same for the usual processes of dressing etc. and hide removed. After sawing in sides by hand (should be electric saw) should naturally go direct to the cooler instead of which due to the cooler rails being too low the animal has to be quartered immediately after killing and the quarters are humped on a man's back to the rail which takes the quarter to the cooler. This of course is all wrong and affects the final appearance of the beef and entails a lot of unnecessary labour.

Find
out.

The Sheep Slaughter House. Is well designed for a killing establishment which has regular and experienced men. The installation must have been costly and consider had the Chilean or Patagonian system been put in for killing sheep much better results would have been obtained and great economy in labour. They have killed as low as 399 head up to a maximum of 667. This sheep killing floor should be capable of killing 1,500 to 2,000 per day and in this way economy all round would have been made. But with the small kills especially from the freezing point of view an enormous loss must take place.

Fat Rendering Department. This has been constructed alongside the killing floor by the Iwell Company and is very compact and could be economically run. The unfortunate part about this section is that it was never expected it would have to deal with so many reject sheep etc. Therefore the receiver is far too small to take care of these reject carcasses as they come along to the department which means that a considerable congestion of carcasses are lying around waiting to be processed, and no doubt considerable overtime has to be paid for men to take care of the carcass rejects.

Sheep Skins. In the first place the shed was built up on the hill at some considerable distance from the slaughter house which necessitated unnecessary labour. This has now been remedied by erecting a shed for in-drying the skins adjacent to the slaughter house which means a considerable saving in labour.

Check | Casings Department. This is a small section well equipped and could be economically run if experienced men were employed. They have a stripping machine which is used in most modern freezer works but understand it has never been used due to no-one being capable of operating same. Would prefer contract both beef and sheep casings with Brecht or Opheim companies, who no doubt would be interested if approached. This method is adopted in most of the Chilean works.

*Freezing Chambers. In my opinion these have been very badly planned especially the storage section the temperatures of which it would be very difficult to control with the system which has been installed in this plant. The rails entering the freezer building are too low to allow beef sides to go direct to the chambers and even in some cases very large forequarters touch the floor. The ducts or tunnels which should help to regulate the temperatures were never installed in some rooms and in fact Mr. Swan, the engineer, told me that he rescued some of them from the dump. Another defect in these chambers is that one thermometer has been installed at the entrance of the room and therefore no-one knows what the temperature is in the middle or far end of same. This of course could be easily remedied but this is the way they have worked up-to-date. I do not see how anything could be done to overcome the bad arrangement of these chambers except by dividing them into smaller rooms, when they could be better controlled. It is also a disgraceful thing to see that the cork on the ceiling and on some parts of the walls has never been plastered.

Machinery. There are four York compressors for refrigeration, two Merrless generators and one boiler, name unknown, but understand is a locomotive boiler. These three units are housed in different buildings but could have been conveniently taken care of in one building which would mean a saving of six experienced men. At the present time each unit has to have one engineer or semi-engineer to look after same.

Loading. This is disastrous. The sheep or quarters are taken from the pile, placed on a barrow and wheeled to the scale which is an ordinary Avery scale on the ground. The carcasses are taken off a truck weighed on the scale and then reloaded on to the truck and taken by tractor down

to the jetty, where they are discharged into a lighter. If a scale inserted into the rail in the freezer had been adopted all this labour would have been saved and the rail could continue down to the jetty eliminating trucks and tractors. Another serious defect in the loading is that the jetty has a maximum draft of 3ft. 5ins. and on many occasions lighters have been loaded and found it impossible to get away from the jetty due to low water and they have to wait until the tide rises before they can sail. If this plant continues it would certainly be necessary to extend the jetty at least 200 ft. where there would be approximately 12 ft. of water which, I believe, would enable a small steamer like the "Fitzroy" to come alongside and load direct, eliminating all lighters and a much quicker despatch. This would no doubt be a costly proposition but there would be a saving on loading and a big improvement in the appearance of the meat.

Light and Power. The present position is that light and power is only put on from 8 - 9 a.m., 10 - 1 p.m. and 5 - 10 p.m. when the light is suspended until 8 a.m. next day. On this basis of lighting the daily consumption of oil is one drum which costs about £7. Understand an order has been given for a new generator of 75 k.w. which should be able to take care of power and lighting during the off season and will be more economic.

Erection of Plant. I consider that the plant has been badly erected. You will have noted that the stores department is the first building nearest to the jetty. This department from an economical point of view should be in the middle of the works so that anyone requiring stores does not lose time in going such a long distance as they have to do at present. Next to the store is a skin drying shed. I contend that the Freezer Block should be on the site where the store department has been installed with the compressor house adjacent to same. In this way the meat would have about half the distance to travel and could be easily dispatched on a rail direct to the lighter avoiding the enormous amount of labour and transport.

I understand that considerable valuable material has been recovered by Mr. Swan from the dump and there still is some valuable material thrown out which should be very valuable. No doubt Mr. Weir has reported on what he saw there and the possibility of using same for his road project. No doubt he would be very interested in some of the material especially a considerable number of Decauville trucks and corresponding rails.

Defects which should be remedied. A slaughter house stunning box should be erected for receiving cattle which would do away with all the labour which has been in use up to the present. Electric saws for sawing sides instead of present hand saws.

✓ Sheep Slaughter House. Suggest provide cradles and work on this system as is done in all Chilean and Patagonian plants. Rail system too complicated for Chilean or local workmen.

✓ Fat Rendering Department. One Iwell receiver is insufficient to cope with number of rejects.

✓ Loading out Corridor. Scale should be erected in 1942 to avoid handling by about five different men. Erection of rail from loading out corridor direct to jetty. Considerable saving of labour, trucks and tractors. Jetty should be extended about 200 ft. to ensure sufficient water at all tides. Serious loss has been sustained due to lighter not being able to get away from the jetty after being loaded.

Plant. There are so many defects in the erection of the plant that it is impossible for me to enumerate all of them. Many of the jobs seem to have been left unfinished especially in the erection of one of the most important buildings, the freezer and cooling chambers. Mr. Swan advises me that he only has two men with him and rightly says that he is unable to avoid possible deterioration of plant.

Stores. I have gone into the list of stores, copy of which Mr. Barton gave me, with Mr. Swan, and although it certainly seems a tremendous lot of material to carry it must be remembered that should stores be required they cannot be secured at a moment's notice. Generally most of the stores are in good condition, but I think it would be advisable to liquidate the perishable stores on pages Nos. 1 & 2 which gives a total of £922. 14. 5½d. and also the Canteen stores with a total of £384. 1. 5½d. or a total of £1,306. 15. 11d. These are not being improved by keeping. From the information I could get while at Ajax the stores have been run in a very slovenly manner and not properly controlled as is done in any normal running plant.

I am,

Sir,
your obedient servant,

K. H. Hobbes

Adaptation of freezing chambers

Readjustment machinery. More compressors

Light & power plant additions

Local markets. Is meat really no good for V/V

Move to Goose Green.

450

Stanley,
19th May, 1955.

The Honourable
The Colonial Secretary,
STANLEY.

409.
Sir,

With further reference to your letter of the 14th of April, 1955, I would report as follows.

Supplies of Stock. From conversations I have had with various farmers and people interested in the business it would appear that they are not greatly interested in sending in to the Freezer good quality stock. Their interest is to send in old wethers and ewes which are near the end of their wool producing capacity. This is an excellent idea from their point of view but how is this class of meat going to compete with South America, Australia or New Zealand who send only good quality stock. If they can send this class of stock why should not the farmer in the Falkland Islands. It is all a question of price. One can imagine that if the farmer can only get approximately £1 for a good quality wether, the wool he carries is worth £2 he cannot be blamed for keeping good stock and sending rejects if they are accepted by the Freezer. This is all right while the going is good. I remember in Patagonia some years back when prices of wool dropped; it was only the Freezers who saved the farmers. I sincerely hope this will not happen here, but there is always the possibility of prices dropping and then it might be too late to support the Freezer. A considerable part of the trouble with the present Freezer is that it has been built on too luxurious a scale although the killing sections are very limited and no allowance made for future extension. Had a small pilot plant been erected with the possibility of extending if and when conditions warranted it, a tremendous lot of money would have been saved. I do not know whether the farmers have been consulted as to how many wethers, ewes and cattle they could send in yearly. I suggest that a circular could be sent to all the farmers asking them how many of each class of stock they would be able to send in say, next season. I know this is rather problematical and naturally depends on many elements especially the lambing. It need not be binding but would give those who are interested in the Freezer an idea as to whether it was worth while operating. It has been suggested that perhaps a small plant erected at Goose Green might be able to absorb the balance of stock. This is quite a good idea but a considerable amount of money would have to be spent to bring the actual killing and freezing conditions in Goose Green up to the standard required for export beef and mutton.

Transport. It must be taken into consideration that transport plays a big part in the arrival of supplies to the Freezer. There are approximately 190,000 sheep on the West Falkland and 60,000 are on the smaller islands which have to be transported by steamer or lighter. Would suggest a strong seaworthy self-propelled craft capable of carrying approximately 1,000 head be acquired for this purpose. Could be prefabricated in the United Kingdom and assembled here. It must also be taken into consideration that losses not accounted for in 1954 were 62,400, and have been as high as 79,000. If something could be done to

/minimise

minimise these tremendous losses it would certainly have a beneficial effect on the entries to the Freezer.

When I came here in 1949 I was told that it would probably be possible to send to the Freezer approximately 30,000 head for export. Had that materialised then the result might have been better but even on this estimate no commercial firm would think of installing a freezer knowing that same could only be run at a loss.

Shipments. Last season's killing was shipped by the "Tweed" and for your guidance would quote the following report received from London:-

"1436 quarters of cow and heifer beef plain lean meat lacking good fat covering; first and second grades no difference; wethers reported as very mixed quality, some of fairly good quality while others were only poor to fair; 3,701 ewes very poor plain lean and thinly covered. Many carcasses were emaciated which should never have been shipped especially 334 ewes of very poor quality".

It will be seen from the above report that practically the whole shipment was not standard and quite a lot of beef and mutton should never have been received by the Freezer, but sent to the digestors. It would have saved freight and no doubt a wretched price on the London market. What farmers must bear in mind is that London will only accept good quality beef and mutton and if they cannot supply that quality then they should certainly not send unsuitable stock to the Freezer.

I regret that after a thorough investigation of the possibilities of making the plant at Ajax Bay a profitable proposition this can only come about by a guarantee that approximately 50,000 head of sheep could be processed during the season. This apparently is impossible on present conditions and therefore the plant if worked would only do so at a considerable loss. I would suggest that if a reasonable offer to rent or buy outright the Ajax Freezer was received it would be worth while considering. If local farmers could be interested in such a project it might tend to their having more interest in sending their sheep and/or cattle in larger numbers.

Volume must always be the key to running a freezer also best possible management. Unfortunately from what I have heard very little attention has been given to the experience of the managers who have directed the destinies of the freezer up-to-date. Good management and supervision could easily turn a loss into a profit especially in the freezer business. Buying of stock should also play a prominent part in the organisation. Any animal bought badly is a dead loss all through the business. I do not know who did the buying at Ajax Bay but all I can say is that a considerable number of sheep and cattle should never have been received for killing by the freezer.

If it was decided not to work the freezer then the best outlet for surplus stock would be shipping same to Chile. The whale companies could also help out on a small scale perhaps 6,000 carcasses of mutton per season.

/In

452

- 3 -

In conclusion I would like to thank your goodself
and all who have assisted me in carrying out my mission.

I am,

Sir,
Your obedient servant,

Am. H. H. H.

6588 [] [] []
DECODE.

TELEGRAM.

445

From The Colonial Secretary

To Vice Consul, Punta Arenas

Despatched : 19th May, 1955 Time : 1130

Received : 19.. Time :

PRIORITY

CONFIDENTIAL. Following for Jones from Denton-Thompson.

We now have Hogbens report on the Ajax Bay Freezer in the light of which we are very anxious that two of our officers Trees the Colonial Treasurer and Fern the Veterinary Officer should have the opportunity of seeing an efficient frigorifico and frigorifico administration and management in action and of obtaining information on the economies of a plant. Subject to your agreement and provided you feel facilities for such a visit can be made available we are proposing to send these two officers to Punta Arenas on the FITZROY leaving here evening 23rd and arriving Punta approximately 28th May and staying five or six days. Grateful very early reply.

SECRETARY

Reply at 458

KIV 444

Original in 0190/A.
GOVERNMENT TELEGRAPH SERVICE
FALKLAND ISLANDS

~~54~~ 455

SENT

Number	Office of Origin	Words	Handed in at	Date
<u>COPY</u>				21.5.55

To

BRITAIN PUNTA ARENAS (BY QUICKEST ROUTE)

HOA/C

GRATEFUL YOU BOOK ACCOMMODATION HOTEL COSMOS FOR TREES AND FERN AND
HOTEL SAVOY FOR STEWART FOR DURATION FITZROYS STAY

SECRETARY

*Rev. C. J. M. M. M.
at 4.4.55.*

Time

JB/SM

DECODE.

TELEGRAM.

From Britain, Punta Arenas

To The Colonial Secretary

Despatched : 20th May, 19 55 *Time :* 1730

Received : 21st May, 19 55 *Time :* 0845

445. Your telegram 19th May. Very glad receive officers.

BRITAIN

C.T.informed.

File

(Intld)J.B.

21/5

Y.E.

453.

Mr Hogben's
history is submitted. 454.

23/5

Thankyou. Pl. file
for reference
23

Thankyou

23/5

George H. Hogben. British, 70 years of age.

1902 Joined J. Nelson & Sons Ltd. Meat Importers, Smithfield.

1908 Secretary to Works Manager, Frigerifico Las Palmas,
Argentina.

1915 Appointed Assistant Manager, Frigerifico Las Palmas.

1917 " Manager, " " "

1922 Plant bought by Vesty Bros. Ltd. Hogben transferred
temporarily to Frigerifico Rio Grande del Sud
(Swifts) in which Vesty Bros. had an interest.

1922 (June) Returned to Frigerifico Las Palmas as Works
Manager.

1926. Plant closed.

1928 Rejoined Vesty Bros. and appointed Manager, Frigerifico
Anglo (Fray Bentos).

1947 Resigned Managership for health reasons but appointed
Company's representative in Montevideo.

1950. Retired.

He has had 48 years in the meat trade, 30 of which
have been spent as a frigerifico manager.

Daily output during the season at Anglo:-

8,000 lambs, 1,200 cattle and 500 hogs.

GOVERNMENT TELEGRAPH SERVICE

FALKLAND ISLANDS

SENT

1457

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

25.5.55

To

HOGBEN SS FITZROY

HCA/C

AGENTS PUNTA ARENAS HAVE TELEGRAPHED TO EFFECT THAT THEY HAVE ARRANGED
AIR PASSAGE FOR YOU BY CHILEAN AIR LINE SANTIAGO 31ST MAY 1955 MONTEVIDEO
2ND JUNE

COLONIAL SECRETARY

Time

KIV CE's Memo
at 444a

JB/SM

DECODE.

Copy in 6196/A.
TELEGRAM.

458.

From Treasurer
To The Colonial Secretary

Despatched : 26.5.55 19 55 Time : 2030
Received : 27.5.55 19 55 Time : 0900

Have you received confirmation hotel
accommodation for Fern Stewart Trees?

Reply at 458.

TREASURER

Copy in 0190/A
GOVERNMENT TELEGRAPH SERVICE

FALKLAND ISLANDS

SENT

459

Number	Office of Origin	Words	Handed in at	Date
				27.5.55
To	TREES, FITZROY			HQA/C

CONSUL REQUESTED BY TELEGRAPH TO BOOK ACCOMMODATION
FOR YOURSELF AND FERN AT COSMOS AND STEWART AT
SAVOY STOP NO CONFIRMATION RECEIVED BUT
ANTICIPATE NO DIFFICULTY

SECRETARY

See from 446 on 27.5.55
See from 446 on 27.5.55
See from 446 on 27.5.55

Time
JB/IR

See 459

DECODE.

TELEGRAM.

~~4150~~
459a

From Treasurer, S. S. FITZROY

To The Colonial Secretary

Despatched : 30th May, 1955 *Time :* 1240

Received : 30th May, 1955 *Time :* 1430

No possibility Hogben catching plane Tuesday. Please
make reservation next flight.

TREASURER

GOVERNMENT TELEGRAPH SERVICE

FALKLAND ISLANDSSENT~~7181~~
45916

Number	Office of Origin	Words	Handed in at	Date
				30.5.55
To				
PRIORITY BRITAIN PUNTA ARENAS (BY QUICKEST ROUTE)				HCA/C
IMPOSSIBLE HUGGEN CONNECT PLANE 31ST PLEASE BOOK ON FIRST PLANE AFTER ARRIVAL				
SECRETARY				
Time				
JB/SM				

459A

Y.E.

I attach for your consideration a draft memorandum summarising, as I see it, the history of the £50,000 debenture loan. Perhaps you will indicate whether there are other points you wish bringing out and where you want modifications made.

I suggest that your Freezer brief should include the following papers:-

- ✓ (1) 1953 Accounts of the Falkland Islands Freezer Company (attached to Debenture aide-memoire).
- ✓ (2) Copies of the Debenture and the two leases (they are being typed).
- yes, both. (3) Hogben's reports (together with additional copies to give to C.O. and ~~C.D.C.~~ C.D.C.
- ✓ (4) Weir's report f.444a.
- (5) The reports of the C.T. and A.O. on this visit to Punta Arenas.

I do not know whether you have discussed Hogben's report with Barton. It might be advisable to let him have a copy in his capacity as a Member of Executive Council?

yes. No

Objection in any capacity. I shall let both Mr. Young & C.D.C. have a copy.

A.G.F.T.
6/6.

Copy (2) sent
8/6

OK'd
7/6

Offr. 40,000 sheep.
Possible local markets.

Copies of Hogben's report.

The Hon.

Colonial Secretary

A. Denton Thompson Esq/
Falklands.

459B

Dear Sir.

459C
459D
On arrival by the "Fitzroy" today I received a letter from Mr. T. Jones with reference to the Freezer. I enclose original letter as received and also my reply to same, which trust you will consider satisfactory. Perhaps it might be advisable to add same to the report already presented to your goodself.

Yours sincerely

Ernest Hodgkin

Dirección Telegráfica:

"SOUTHAMEXY"

Teléfono 1268.

Establecimiento Frigorífico
RIO SECO

459C
Códigos:
A. B. C. 5th. Scott's 10th.
Bentleys.
Bentley's Second Phrase

The South American Export Syndicate Ltd.

Oficina Principal en Londres
106, Fenchurch St., E. C. 3.

CASILLA 21 D.
PUNTA ARENAS, May 23rd
CHILE

de 195⁵

G. M. Hogben, Esq.,
ss. Fitzroy,
Punta Arenas.

Dear Mr. Hogben,

Welcome back to Punta Arenas. We hope you have had a pleasant stay in the Falkland Islands and we are sure that the report you are to make on the prospects of the Freezing Works at Ajax Bay will be of considerable value.

Mr. Colin Smart the man we engaged to accompany you on your tour of inspection missed the ship in Montevideo and has completely disappeared.

We have been requested by C.D.C. to hand to you the enclosed Appendices when you arrive in Punta Arenas. They say they were wanting to get Appendix 3 to you before your departure from Montevideo and unfortunately there was no copy available in Port Stanley.

C.D.C. want you to study Appendices 2 and 3 before making or completing your report on your mission to the Falkland Islands.

We shall be happy to render you any assistance which lies in our power.

We are,

Yours very sincerely,

FOR THE SOUTH AMERICAN EXPORT
SYNDICATE, LIMITED

Wm. J. Smith
Director in South America.

459 D
Punta Arenas 31st May 1955

T.Jones Esq.

Director

South American Export Syndicate Ltd
Punta Arenas.

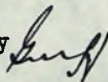
459/C
Dear Mr.Jones.

I am in receipt of your favour of the 23rd inst. with enclosures, for which many thanks. I have had the pleasure of meeting you today, and having a conversation with you re the Ajax Freezer.

The terms of reference given are the same as those I received from the Colonial Secretary Mr/Denton Thompson, and all these points were taken into consideration when I compiled my report to the Colonial Secretary., therefore in my opinion no further comment is necessary.

With reference to appendix 111 "Summary of faults at Fifoo Freezer" I have read through these, and without being an engineer consider most of the faults mentioned are visible to anyone who has knowledge of Frigorificio buildings and equipment.

Yours Sincerely



Private.

459E

Punta Arenas, May 1955

Dear Mr. & Mrs. Denton-Thompson

No doubt you have heard of the awful trip we had on the "Fitzroy" which accounts for my sitting here in the Cosmos Hotel instead of being half way to Montevideo. Missed the plane by about 6 hours. However I hope to leave here by plane on Thursday and will try to get a plane before Monday, otherwise will have to be content to wait till then. I sincerely trust you had a good time going around the Farms, but am afraid the weather was not ideal. I enclose official note in reply to one received from Mr. Jones which no doubt you will show to H.E. The Governor. I shall always think of the wonderful time I had with you all at Sullivan House and do not know how to thank you both for your wonderful kindness to me during my stay in the Falklands. Trust Melville had a happy birthday and that they and yourselves are in the best of health. Kindest regards and best wishes

Yours sincerely.

Ernest Jones



P. ARENAS
R. CALLEGOS
B. AIRES
CORDOBA
HUERTA
GRANDE



459D?

Financial Implications of Government's \$50,000 Debenture.Incorporation
of Falkland
Islands
Freezer
Company246 in
Vol. II.

The Falkland Islands Freezer Company was incorporated on the 9th June, 1953, and it is important to note that the Colonial Development Corporation have contended that the Company was incorporated with responsibility for operating revenue and expenditure from the 1st January, 1953. This contention was put forward in a telegram dated 23rd June, 1954, from Lord Reith to the Governor, but no information to that effect was available in Stanley. It should be noted in this connexion that under Article 3 of the Articles of Association the Company "forthwith" adopted and took over all rights, benefits and obligations of the Colonial Development Corporation under an agreement taking effect from 3rd February, 1953, between that Corporation and the South American Exports Syndicate Ltd.

Share Capital.

The share capital of the company was registered at \$350,000 divided into 350,000 Preferred shares of \$1 each and 10,000 Deferred shares of \$1 each.

Debenture.166 in Conf.
Vol. I.

On the 14th January, 1954, the Secretary of State was advised that Legislative Council had approved provision of working capital not exceeding \$50,000 by the purchase of 3% first debenture stock and had agreed to waive interest for two years from the date of purchase. The proposal that Government should participate in the scheme to that extent had been put to Legislative Council in response to continuing pressure from the Colonial Development Corporation for local participation. The negotiation and purchase of the stock received the Secretary of State's approval on the 9th of February, 1954.

173 in Vol. I. Conf.

London Committee
of the F.I.F.Co.
requests
financial
assistance.

177 in Vol. I

180 in Vol. I

The first real indication of financial developments that subsequently gave rise to a dispute between Government and the Colonial Development Corporation, and which suggested that the financial position in relation to the debenture was open to serious doubt, came when on the 22nd February, 1954, when the London Committee of the Falkland Islands Freezer Company asked for an urgent advance of \$10,000 in order to meet immediate commitments. In reply to this request Government declined to authorise payment until the debenture terms had been negotiated and accepted. Government drew attention to the fact that the purchase of the debenture was authorised on the understanding from Local Directors that the C.D.C. had advanced \$50,000 working capital and that the Government debenture would enable the advance to be cleared. It appeared, from this request, that the working capital provided by the C.D.C. had been absorbed into the undertaking.

461

C.D.C.'s
explanation
as to
Financial
Situation

184 in Vol I

On the 12th March, 1954, the Secretary of State replied saying that the C.D.C. had intimated that:-

- (1) The temporary loan by Corporation to Company was agreed at a maximum figure of £30,000. In fact the loan amounted to £31,000 at the end of 1953 and was slightly higher by March, 1954.
- (2) The proposal for the Falkland Islands Government Debenture of £50,000 was that the current amount of the Corporation's loan to the Company should be repaid and that the balance of approximately £17,000 should be paid to the Company for use as working capital in the 1954 season.

Government
approves
Advance of
£10,000

185 in Vol I

On the 15th of March, 1954, Government authorised the advance of £10,000 on the basis of the debenture terms. Anxiety was expressed at the C.D.C.'s decision not to advance further funds to the Company in such an emergency. In view of the general uncertainty as to the Company's financial position Government advised the Secretary of State that the balance of £40,000 would be withheld pending an examination of the financial situation which it was requested that the Secretary of State's archives should undertake.

Debts
owing
to Falkland
Islands
Company

187 in Vol I

At this time Government learned that F.I.F.Co. owed the Falkland Islands Company approximately £20,000, and consequently the implication at that stage was that the debt of £20,000 added to an amount of approximately £30,000 owing to the Corporation meant in effect that the Government debenture loan had to be used to meet debts and not for working capital.

On/

462

Capital Sanction

189 un
Vol I

On the 2nd April, 1954, the Secretary of State intimated that the Colonial Development Corporation was unable to make further loan because limit to capital sanction had been reached.

The Secretary of State went on to say, with regard to the general question of the propriety of the Government contribution, that the fact had to be faced that failing this contribution the plant would probably have to be closed.

Consideration
by Executive
Council

190 & 192 un
Vol. I

The situation was considered by Executive Council in April, 1954, and a telegram was despatched to the Secretary of State making the following main points:-

- (1) The \$50,000 was authorised by the Legislature to provide working capital and not to pay off existing debts of the Freezer Company.
- (2) Subject to an assurance that the balance of \$40,000 would not be absorbed in liquidating debts and the Company again left without operating capital, the total sum would be released.

C.D.C. press
for payment
of full amount
of the loan

196 un
Vol. II

The financial implications became more involved at this stage. Government had agreed to the release of \$10,000 in order to meet the Company's immediate requirements but no guarantee was forthcoming from the C.D.C. with regard to the utilisation of the \$50,000 Government loan for working capital. In fact by the 6th May, 1954, the debenture loan of \$10,000 had not been arranged as the C.D.C. was pressing for the payment of the whole. C.D.C. contended that a sum of \$33,000 (the total by this stage) had been advanced as working capital in anticipation of Government taking up the debenture. The C.D.C. further maintained that the debt to the Falkland Islands Company was wholly or partly for consumable stores required for the current killing season. The Secretary of State (in a telegram dated 6th May, 1954) accepted the fact that it was evident that paying off the debt to the Falkland Islands Company and clearing the C.D.C. advance would absorb the debenture loan if the C.D.C. required the advance to be cleared immediately.

196 un
Vol II

At this point the Secretary of State pressed the point he had made earlier that the ability of the Company to continue depended on the release of the full amount and he expressed the view that as long as it can be accepted that the liabilities were for the most part in respect of working capital for the current season's activities it was reasonable that the Falkland Islands Government should proceed with the debenture.

At this point it seems reasonable to suggest that at that time a detailed examination should have taken place in London of the C.D.C.'s contention that

the/

Para 2 of
196 un Vol II

463

the Company's liabilities were in fact on account of working capital. There is no indication that any such examination did take place and the C.D.C.'s arguments were relayed to this Government, in the form, apparently, that they were put to the Colonial Office.

Government remained doubtful about releasing the full £50,000 and a strong divergence of opinion developed as to what precisely constituted working capital in relation to the liabilities of the F.I.F.Co. towards the Corporation. Government, on such information as was available, held that:-

216 in Vol II

- (1) A skin shed estimated at £8,000 had been erected. The C.D.C. knew that this was required and although the Directors of F.I.F.Co. had accepted the liability, it was not a proper charge against working capital.
- (2) The wages and passages of the construction gang which had carried on until October, 1953, had to be met by the Company.
- (3) Certain minor capital works had been carried out and here again it was considered that these were not a proper charge against working capital.
- (4) Costs of wages, fuel, stores and supplies had been met from the Falkland Islands Company account and not from the £33,000 working capital advance made by the Corporation.
- (5) An examination of the Falkland Islands Company account of £29,000 indicated that £7,500 was advanced in respect of expenses incurred before the Freezer Company was incorporated (to offset this and other minor capital expenditure £6,400 was received through the Falkland Islands Company's Head Office from the Corporation).

Para 5 of 217 in Vol II

Government then stated categorically that it was prepared to release the full £50,000 to liquidate such part of the Freezer Company's debts to the C.D.C. as genuinely represented working capital in respect of the current season and to provide working capital for the future. But again it was reiterated that C.D.C. should produce firm and detailed information that would satisfy the Colonial Office financial advisers that much of the expenditure could be regarded as working capital.

231 in Vol II

On the 4th June, 1954, the Corporation replied through the Secretary of State to the effect that working capital expenditure amounted to £51,000 and consequently that if the whole of the Government debenture funds were utilised to repay C.D.C. and F.I.C. it would be used for working capital purposes. The main heads of expenditure were as follows:-

1. Skin Drying Shed, corrals and other small equipment	£8,200
2. Roller and Gambrela for meat loading	2,500
3. Operating Store	34,000
4. Debtor and deposit	2,000
5. Purchase of sheep 1953 season	8,100
6. Operating expenses, less sale of proceeds	7,000
	<u>£61,800</u>

Deduct/

464

	(brought forward)	\$61,800
Deduct proceeds from sale of equipment		<u>1,800</u>
	Total	<u>\$60,000</u>

Para 3 of
241 in Vol II

Items 3, 4, 5 and 6 might be regarded as reasonable charges against working capital and total \$61,000. There is however some doubt as to the purchase of sheep for 1953 season.

But although some doubt existed in the minds of Government and the local directors the following sentence was incorporated in a telegram dated 14th June, 1954, addressed to Lord Reith:-

"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 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".

242 in
Vol II

Concurrently the Secretary of State was advised that Executive Council had decided that the money should be made available immediately. Attention was drawn to the fact that part of the expenditure included in working expenses was in respect of the purchase of sheep for the 1953 season and that while the information provided by the Company was not clear, there was reason to believe that further losses in respect of 1953 working had been passed on to Freezer Company.

246 in
Vol II

On the 23rd June Lord Reith replied to this Government making the following points:-

1. Freezer Company was incorporated on 9th June, 1953, with responsibility of operating revenue and expenditure from January 1st, 1953. (Note: no information to this effect was available locally).
2. In order to settle matters the C.D.C. would finance net operating expenditure \$3,400 paid prior to incorporation.
3. Working expenses paid since June 9th, 1953, (date of incorporation of the Freezer Company) were estimated at not less than \$45,000 including Falkland Islands Company Account.
4. Corporation had always understood that the debenture loan was available for working capital only.

Against a shifting background of conflicting evidence and on the information available to Government, it is very difficult indeed to arrive at any approximation of the extent to which the \$50,000 Government loan was or was not used for purposes for which it was not intended. What evidence there is is conflicting but, while it is certainly sufficient to rouse strong suspicion that the money was misused, it is, on the information available to Government, insufficient to prove misuse to the extent of deliberate misapplication. If there was

misapplication/

465

misapplication then inefficiency and lack of adequate control might be the reason.

It seems very probable that a complete assessment of the position could only be made as the result of a special investigation and enquiry into C.D.C. accounts relating to the Freezer and the 1953 and 1954 (not available) accounts of the Falkland Islands Freezer Company. It will for instance be noted that in a letter dated the 2nd of March, 1955, Cochrane (C.D.C. Controller of Operations) stated that the £50,000 contribution from the Falkland Islands Government was expended mainly on the 1954 season, to a minor degree on the 1953 season and partly for supplies and stores for the 1955 season. This may well be so, but it has not been substantiated and in any event the 1954 accounts are not yet available for examination. The net loss carried to the balance sheet in respect of 1953 was £29,823 and no information is at hand to establish the amount of finance provided by the C.D.C. in respect of 1954. Once the 1954 accounts are available, and presumably they should by now be available in London, a more accurate assessment of the position can be made. In the meantime the latest information available to the Government is that in March, 1955, the C.D.C. had only £4,000 of the capital sanction left (even taking into account the debenture money).

It has been stated in correspondence with the Colonial Office that the £33,000 alleged to have been advanced by the Corporation to the Falkland Islands Freezer Company 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 Company. In this connexion it should be noted that while the incorporation date of the Company was the 9th of June, 1953, it was Lord Reith's contention in his telegram of the 23rd June, 1954, that the Company was incorporated with the responsibility of operating revenue and expenditure from the 1st January, 1953. While no information was available locally on this point and it appears that the local directors were in ignorance of the fact, it is of course possible that Lord Reith is right and we were not informed at the time. If, in fact, he is correct in this contention then some sense can be made of the item £31,519 - Loan Account, Colonial Development Corporation, reflected in the 1953 Audited Accounts of the Falkland Islands Freezer Company. The Accounts of the Company for the year ended 31st December, 1953, are attached as an annexure to this memorandum.

Enclosures: 305 in Vol. II. Accounts 1953. (attached to Debenture as Aide Memoire).

Debenture and Juro Leases. 466-478

Hogben's Reports. 446-452

Weir's Report. 444a-c.

Report of C.T. & A.O. on visit to Punta Arenas.

Copy Pg. 199 in Vol. II.

Copy Registered Debenture Agreement with F.I.F.Co.

Precis on Freezing Project in F.I. together with Mr. Young's comments.

Copy letter from S.O.A. to C.D.C. of 28.9.55.

Extracts from letter from Mr. Harding to Mr. Cochrane of 2/3/55.

313 in
Vol. III

305 in
Vol. II

Para 3 of
433 ~~Vol. II~~

Para 2 of
314 in
Vol. II

256-261
in Vol. II

479-501

502

503-509

160 in 0586 III Open

510

466

THIS LEASE GRANT AND AGREEMENT

is made

the First day of July One thousand nine hundred and fifty one
BETWEEN JOHN FRANCIS BONNER of San Carlos Falkland Islands Sheep
Farmer IVA KATHLEEN GWENDOLINE SYDENHAM-CLARKE of Gardners Hotel
Reene Terrace Worthing in the County of Sussex and GODFREY ERNEST
CASTLE of 3 Cook Street in the City of Liverpool Solicitor
(hereinafter called "the Lessors") of the one part and COLONIAL
DEVELOPMENT CORPORATION having its head office at 33 Dover Street
London W.1. (hereinafter called "the Lessee") of the other part

1. The Lessors hereby DEMISE to the Lessee ALL THAT plot of land
at or near Ajax Bay in the Falkland Islands which contains in the
whole Fourteen and three fifths acres be the same a little more or
less and which is shown edged red on the plan attached hereto TO HOLD
the same unto the Lessee from the First day of January One thousand
nine hundred and fifty for the term of NINETY YEARS determinable as
hereinafter provided YIELDING AND PAYING THEREFOR during the said term
in each year (and proportionately for any fraction of a year) the rent
of THIRTY SIX POUNDS TEN SHILLINGS by equal half yearly payments on the
First day of January and the First day of July in every year the first
payment to be made on the First day of January One thousand nine hundred
and fifty PROVIDED however that such rent shall be subject to variation
as hereinafter provided.
2. The Lessors hereby GRANT unto the Lessee the exclusive rights and
privileges of depasturing sheep and cattle upon the plot of land
containing Four hundred acres be the same a little more or less which is
situate adjoining and near to the plot of land hereinbefore demised and
which is shown as edged green on the said plan such rights to be enjoyed
by the Lessee during the period from the First day of February to the
Thirtieth day of June in every year during the Ninety years from the
First day of February One thousand nine hundred and fifty two the
Lessee paying in respect of each such ^{of} periods of five months the sum
of Six hundred pounds payable in each case on the First day of February
and beginning on the First day of February One thousand nine hundred and

fifty two PROVIDED ALWAYS that the amount of such periodic payment shall be subject to variation as hereinafter provided

3.

The said periodic payment of six hundred pounds in respect of the said land edged green has been calculated by reference to a rate of one pound ten shillings per acre and it is intended by the parties hereto that the rate shall be reviewed and if necessary be replaced by a different rate with effect from the first day of February one thousand nine hundred and fifty four IT IS HEREBY AGREED AND DECLARED that if the parties hereto shall not have agreed between themselves the appropriate sum to take effect on the last mentioned date prior to such date either of the parties may at any time thereafter require the question or dispute to be the subject of arbitration whereupon in case a single arbitrator cannot be nominated by agreement between the parties then the arbitration shall be conducted by a panel of three each of the parties appointing one member and the third being appointed as an independent chairman of the panel by the Governor or Acting Governor for the time being of the Falkland Islands AND IT IS FURTHER DECLARED that it shall be the purpose of such arbitration to fix a fair rent having regard particularly to the actual cost to the lessors of making alternative arrangements for their stock

IT IS HEREBY AGREED AND DECLARED that the said yearly rent of thirty six pounds ten shillings made payable in respect of the said land edged red and the periodic payment which shall be or become payable hereunder in respect of the said land edged green shall be the subject of review respectively and if so agreed by the parties or ordered by arbitration as hereinafter mentioned of variation respectively so as to take effect as from the first day of January one thousand nine hundred and eighty and that similar reviews respectively for the same purposes shall be made to take effect as from the first day of January two thousand and ten The purpose of such a review shall be to fix a fair rent or periodic payment as the case may be having regard to the circumstances at the time of the review and in each such review account shall be taken of alteration in the value of comparable land in the neighbourhood of the land in question which shall have occurred since the date heretofore of the last fixing of rent or periodic payment as the case may be but no account shall be taken of any increase in the value of the land rights hereby

demised or granted respectively resulting from improvements effected by the Lessee or resulting from the expenditure of labour or capital by the Lessee If the parties hereto shall not have fixed by agreement a figure for a fair rent or periodic payment prior to the date when a new rent or periodic payment is to take effect either of the parties hereto shall be entitled to have the dispute dealt with by arbitration for the purpose of fixing a fair rent having regard to the foregoing provisions The mode of arbitration shall correspond with that provided in clause 3 hereof

5. The Lessee hereby COVENANTS with the Lessors as follows :-

- (1) That the Lessee will not assign or sub-let any or all of the land hereby demised (that is to say the land edged in red) without the written consent of the Lessors first had and obtained
- (2) That the Lessee will not use the said land edged red for any other purpose than for the erection and operating of an abbatoir and freezer station with residences for the staff and workmen engaged on the undertaking without the previous written consent of the Lessors
- (3) To erect forthwith after the First day of February One thousand nine hundred and fifty two suitable storm proof fences upon the boundaries running between lands owned by the Lessors and not subject to this Deed and the lands the subject of this Deed and at all times to maintain in good and effective condition such fencing where it stands upon the boundary of the said land edged red and in respect of such fencing as stands upon the boundaries of the said land edged green to maintain the same in good and effective condition at all times during the period from the First day of February to the Thirtieth day of June in each year
- (4) To take or join with the Lessors in taking all such steps as are necessary to keep the said land edged green in good heart throughout the year in accordance with the principles of sound husbandry PROVIDED ALWAYS that the cost of taking all such action shall be shared equally between the parties hereto and if on any occasion one of the parties hereto shall pay more than their or its proportion the other party shall on demand reimburse the excess
- (5) To pay all existing and future taxes rates assessments and outgoings for the time being payable either by landlord or tenant in respect of or charged upon the said land edged red or any buildings standing

thereon during the term of this demise

- (6) To pay all such existing and future taxes rates assessments and outgoings as may at any time be payable in respect of the said land edged green or charged thereon by reason of ~~on~~ in respect of any period or periods during which the Lessee shall exercise or be entitled to exercise the rights granted to it as aforesaid
- (7) To keep all buildings erected on the said land edged red in a good and tenantable state of repair at all times and subject as hereinafter provided the same to yield up to the Lessors upon the determination of the demise hereby made

6. The Lessors hereby COVENANT with the Lessee as follows :-

- (1) That the Lessors will at all times during the period prior to the determination of the demise hereby made or the determination of the grant of rights hereby made permit the servants and agents and other persons authorised by the Lessee to pass without let or hindrance across the lands of the Lessors for the purpose of obtaining access to the said land edged red or the said land edged green as the case may be PROVIDED ALWAYS that in the exercise of the rights conferred by this sub-clause the Lessee shall be bound to take reasonable ^{steps} to ensure that its servants agents and those authorised by it shall respectively observe all such reasonable regulations and restrictions as have been notified by the Lessors to the Lessee as being in force at any time for the protection of live stock AND PROVIDED FURTHER that the Lessee shall make full compensation for any loss damage or injury occasioned to the Lessors whether in respect of land or stock or whether as employers by any act neglect or default of any of the Lessee's agents servants or other persons authorised by it whilst exercising the rights conferred by this sub-clause
- (2) That the Lessors will at all other times than during the period from the First day of February to the Thirtieth day of June in each year take such steps as are necessary to keep the said land edged green in good heart in accordance with the principles of ^{good} husbandry and upon the terms and with the rights mentioned in sub-clause (4) of Clause 5 hereof
- (3) That upon the determination of the demise hereby made for any reason the Lessee shall be entitled for one month after such determination

to remove all equipment and fittings of a removable nature and any part of the buildings erected on the said land edged red which are capable of being removed ~~PROVIDED ALWAYS~~ however

- (a) the Lessors shall be entitled to purchase any erections or parts of erections standing on the said land edged red upon the determination of the demise which they may select at a fair price the exercise of this right being notified in writing to the Lessee within fourteen days after such determination and such price to be fixed in case of dispute by arbitration in manner corresponding with that hereinbefore provided and
- (b) The Lessee upon removing equipment fittings or erections shall restore and make good the demised lands in all respects

7. ~~PROVIDED ALWAYS AND IT IS HEREBY AGREED AND DECLARED~~

- (1) That the Lessee paying the rent hereby reserved and performing and observing the several covenants conditions and agreements herein contained and on its part to be performed and observed shall and may peaceably and quietly hold and enjoy the said land edged red during the term hereby granted without any lawful interruption or disturbance from or by the Lessors their successors in title or any person or persons claiming under or in trust for them
- (2) The Lessee shall be entitled on giving at least two year's written notice to the Lessors to surrender the said land edged red at the end of ten years from the demise thereof that is to say as at the Thirty first day of December One thousand nine hundred and fifty nine and shall also have the right to surrender the term hereby demised so that such surrender may take effect at any time after the year One thousand nine hundred and fifty nine provided that written notice for the purpose of at least two years' length shall have been given and such surrender may subject to such notice take effect at any time of the year AND ~~FURTHER~~ the Lessee

shall be entitled to surrender the rights of pasturage (so far as such rights shall have not been exercised) whether in respect of the whole of the said land edged green or only part thereof at any time upon giving one years' written notice to the Lessors for the purpose and so that such surrender may take effect at any time subject to the giving of such notice PROVIDED ALWAYS however that if such notice to surrender the rights of pasturage over the said land edged green or any part thereof shall take ~~the~~ effect between the First day of February and the First day of June in any year the whole periodic amount due in respect of such current period shall be payable without any allowance or apportionment but in case the surrender shall be as respects the rights over part only of the said land coloured green the periodic payment for future periods shall be fixed by agreement or arbitration as aforesaid

8. Notwithstanding sub-clause (1) of Clause 5 hereof IT IS HEREBY AGREED AND DECLARED that the Lessors shall permit the assignment of the term hereby demise (as well as the rights of pasturage hereby granted) to any Company formed by the Lessee which shall have as its purpose or one of its purposes the taking over of the Abattoir and freezer undertaking of the Lessee carried on upon the said land edged red upon the Lessee arranging for such company to enter ^{into} covenants and agreements directly with the Lessors (at the cost of the Lessee) for the purpose of assuming the rights and the obligations of the Lessee hereunder which shall be subsisting at the date of such assignment AND the Lessors hereby COVENANT that in case the estate or interest of the Lessors in the lands hereby effected shall be transferred to a Company or any purchaser the Lessors will obtain the substitution of such company or purchaser in place of the Lessors for the purposes of this Deed to the intent that such successors of the Lessors shall be bound so far as may be fully and effectually as the Lessors by the terms hereof and further the Lessors DECLARE that the obligations on their part herein contained are intended so far as the law permits to be binding on their successors in office as trustees of the will of George Bonner deceased and on the said land edged red and green respectively

IN WITNESS whereof the Lessors have hereunto set their hands
and seals and the Lessee has caused its Common Seal to be hereunto
affixed the day and year first before written

SIGNED SEALED AND DELIVERED
by the said John Francis
Bonner in the presence of

(Sgd) J.F. BONNER

(Sgd) E.S. PIERCE BUTLER

Secretary
Falkland Islands Dependencies Survey

SIGNED SEALED AND DELIVERED
by the said Iva Kathleen
Gwendoline Sydenham-Clarke
in the presence of

(Sgd) IVA KATHLEEN GWENDOLINE SYDENHAM-CLARKE

(Sgd) H. A. CLIFFORD
Solicitor and Notary Public
Worthing

(Sgd) D.H. HENDLER ?
National Provincial Bank Ltd.
Worthing
Bank: Cashier

SIGNED SEALED AND DELIVERED
by the said Godfrey Ernest
Castle in the presence of

(Sgd) GODFREY E. CASTLE

(Sgd) ? BUNN
Managing Clerk
with Whitley Solicitors
Liverpool

(Sgd) MORRIS JONES
Solicitor and Notary Public
Liverpool

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JAURALDE
&
PHILLIPS

To all to whom these Presents shall come I Wilfred
Maurice Phillips of the city of London Notary Public by
Royal Authority duly admitted and sworn do hereby Certify

Incorp-
orating
Arthur
Carrick & Co.

that I was present on the day of the date hereof and did
see the Common Seal of COLONIAL DEVELOPMENT CORPORATION

Affixed to the annexed Assignment in the presence of the

Notaries
Public

Rt. Hon. John Charles Walshaw Baron Reith of Stonehaven,

Commissioners
For Oaths Corporation, and Marjorie Vansittart Dickinson the Clerk

P.C., G.C.V.O., G.B.E., C.B., T.D., Chairman of the said

Trans- to the Board of the said Corporation who thereupon in the

lators of
languages

presence of me the said Notary severally subscribed their

names to the said annexed Assignment as such Chairman and

1 & 2 Gt.

Winchester Clerk to the Board respectively of the said Corporation.

London

E.C.2. And I further certify that the said annexed Assignment so

sealed and signed as aforesaid is executed by the said

Tel London

Wall Corporation in accordance with the form prescribed by its

2552

Board Rules of Procedure and is legally binding on the

And at said Corporation.

Mill Hill,
Hendon,
Middlesex.

In faith and testimony whereof I

have hereunto set my hand and Seal of Office

Dated in London this seventh

day of October in the year of our Lord
one thousand nine hundred and fifty-four

SGD WILFRED M PHILLIPS
NOT PUB

THIS ASSIGNMENT is made the ninth day of December One thousand nine hundred and fifty-four BETWEEN COLONIAL DEVELOPMENT CORPORATION whose head office is at 33 Hill Street Mayfair in the County of London (hereinafter called "the Corporation") of the first part FALKLAND ISLANDS FREEZER COMPANY LIMITED whose registered office is at Port Ajax East Falkland in the Falkland Islands (hereinafter called "the Company") of the second part and JOHN FRANCIS BONNER of San Carlos in the Falkland Islands, sheep farmer, and GODFREY ERNEST CASTLE of 3 Cook Street in the City of Liverpool, solicitor and Muriel Slaughter of Thorpeil House Wallinghoo Woodbridge in the County of Suffolk (wife of Thomas George Slaughter) (hereinafter called "the Trustees") of the third part _____

WHEREAS:-

- (a) By a lease Grant and Agreement made the First day of July One thousand nine hundred and fifty-one between the said John Francis Bonner Iva Kathleen Gwendoline Sydenham-Clarke and Godfrey Ernest Castle (hereinafter called "the Lessors") of the one part and the Corporation of the other part (hereinafter called "the said Lease") the Lessors demised to the Corporation Fourteen and three-fifths acres of land (were the same little more or less) at or near Ajax Bay in the Falkland Islands (hereinafter called "the Demised Land") for the term of Ninety years from the First day of January One thousand nine hundred and fifty at the annual rent of Thirty six pounds ten shillings subject to such variation as was thereafter provided AND by the said Lease the Lessors granted unto the Corporation such exclusive rights and privileges of depasturing sheep and cattle upon another plot of land (hereinafter called "the Pasture Land") containing Four hundred acres (were the same little more or less) situated adjoining

/and

and near to the Demised Land (such rights to be enjoyed during the periods in the said Lease more particularly defined) at the annual sum of Six hundred pounds payable as therein mentioned and subject to such variation as was therein provided Subject nevertheless to the covenants on the part of the Corporation and the conditions in the said Lease contained and on the part of the Corporation to be performed and observed; _____

(b) It was part of the terms and conditions of the said Lease and the Corporation covenanted with the Lessors that the Corporation would not assign or sub-let any or all of the Demised Land without the written consent of the Lessors first had and obtained but it was also agreed and declared that the Lessors would permit the assignment of the term thereby demised as well as the rights of pasturage thereby granted to any company formed by the Corporation which should have as its purpose or one of its purposes the taking over of the abattoir and freezer undertaking of the Corporation carried on or intended to be carried on upon the Demised Land upon the Corporation arranging for such company to enter into covenants and agreements directly with the Lessors for the purpose of assuming the rights and the obligations of the Corporation under the said Lease which should be subsisting at the date of such assignment AND the Lessors thereby covenanted that in case the estate or interest of the Corporation in the lands thereby affected should be transferred to a company or any purchaser the Lessors would obtain the substitution of such company or purchaser in place of the Lessors for the purpose of the said Lease to the intent that such successors of the Lessors should be bound so far as might be as fully and efectually as the Lessors by the terms of the said Lease AND it was declared that the obligations on their part therein contained were intended so far as the law permitted to be binding on the successors to the Lessors in office as trustees of the will of George Bonner Deceased and on the Demised Land and the Pasture Land; _____

(c) The said Iva Kathleen Gwendoline Sydenham-Clarke died on the

/Thirtieth

Thirtieth day of August one thousand nine hundred and fifty three; _____

- (d) By an appointment of a new trustee dated the Twenty first day of January One thousand nine hundred and fifty-four the said John Francis Bonner and Godfrey Ernest Castle appointed the said Muriel Slaughter to be a trustee of the Will of the late George Bonner in place of the said Iva Kathleen Gwendoline Sydenham-Clarke for all the purposes for which the late Iva Kathleen Gwendoline Sydenham-Clarke was appointed by the said George Bonner; _____
- (e) The Corporation has caused the Company to be incorporated in the Falkland Islands with the object (amongst other things) of taking over the abattoir and freezer undertaking of the Corporation now carried on upon the Demised Land (or on some part thereof) and by an Agreement made between them and dated the fifteenth day of December One thousand nine hundred and fifty-three the Corporation has agreed to sell and the Company has agreed to purchase the assets comprised in the said Lease (together with other assets) for the consideration mentioned in the recited Agreement and upon the terms and conditions hereinafter set forth and for the purpose of signifying their consent to the assignment of the assets comprised in the said Lease and for such other purpose as is hereinafter declared the Lessors have agreed to be joined as parties to this deed in manner hereinafter appearing;

NOW IT IS HEREBY WITNESSED as Follows:-

1. In consideration of the premises and pursuant to the recited Agreement the Corporation as beneficial owner with the consent of the Trustees (testified by their respective executions of this deed) hereby assigns unto the Company ALL the Demised Land and all rights and privileges of the Corporation under the said Lease in upon and relating to the Pasture Land and all other property rights and benefits vested in the Corporation under or by virtue of the said Lease TO HOLD the same unto the Company as on and from the First day of January One thousand nine hundred and fifty-three

/for

for all the residue now unexpired of the term created by the said Lease subject to the payment of the said rents (or any variation thereof as aforesaid) and the performance and observance of the covenants on the Lessee's part and the conditions by and in the said Lease contained.

2. The Company for itself and its successors in title owners or occupiers for the time being of the Demised Land or any part thereof hereby covenants with the Trustees for the time being of the will of the said George Bonner Deceased at all times during the residue now unexpired of the term created by the said Lease to pay the said rents (or any variation thereof as aforesaid) at the time and in manner provided in the said Lease and to perform and observe the covenants on the Lessee's part and the conditions by and in the said Lease contained and farther that the Company or the persons deriving title under the Company will at all times from the date hereof save harmless and keep indemnified the Corporation and its estate and effects from and against all proceedings costs claims and expenses on account of any omission to pay the said rents or any breach or non-performance or non-observance of any of the said covenants or conditions. _____

3. AND IT IS HEREBY FURTHER WITNESSED that in consideration of the covenant on the part of the Company thereinbefore contained the Trustees agree and declare that the terms and conditions of the said Lease shall as from the date hereof be varied and amended by the substitution in Clause 3 of the said Lease of the words "first day of February One thousand nine hundred and fifty-six" for the words "First day of February One thousand nine hundred and fifty-four".

IN WITNESS WHEREOF the Corporation and the Company have hereunto caused their respective common seals to be affixed and the Lessors have hereunto set their respective hands and seals the day and year first above written, _____

(THE COMMON SEAL OF COLONIAL
(DEVELOPMENT CORPORATION was
(hereunto affixed in the
(presence of :-

?
Chairman
?
300 Clerk to the Board

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THE COMMON SEAL of FALKLAND
ISLANDS FREEZER COMPANY
LIMITED was hereunto affixed
in the presence of :-

SGD A.G. BARTON.

SGD H.A. COCHLAN

SIGNED SEALED and DELIVERED
by the said JOHN FRANCIS
BONNER in the presence of:-

33 Hill St.
London W.1.

SGD J.F. BONNER

SIGNED SEALED and DELIVERED
by the said MURIEL SLAUGHTER
in the presence of:-

B.T. COKE
WOODBRIDGE
SUFFOLK

SGD MURIEL SLAUGHTER

SIGNED SEALED and DELIVERED
by the said GODFREY HERBERT
CASTLE in the presence of:-

HERBERT M ALLEN
NOTARY PUBLIC
LIVERPOOL

SGD GODFREY E CASTLE

Report on Visit to Punta Arenas, Chile, by
S.G.Trees and E.T.Fern.

Acting on instructions received we left Port Stanley in the s.s. "Fitzroy" on Tuesday, 24th May, 1955, to visit Punta Arenas, and to report on the operation of a freezing plant, the methods employed in dealing with the sheep for slaughter, and to gain all the information we could in connection with the economics thereof, in relation to the freezing plant at Ajax Bay. We had no specific terms of reference, but were well aware of the various matters to be studied.

The "Fitzroy" called at Fox Bay, and then Port Howard, where 200 sheep were taken on board for Port San Carlos. At Port San Carlos these sheep were off-loaded and another 1,033 head were shipped for conveyance to Punta Arenas. We thus had an opportunity of seeing how sheep are moved from the West to East Falkland, and from the Falklands to Chile.

We were delayed by very severe weather and the voyage, normally of about 40 hours, was not completed until 11 a.m. on Tuesday the 31st May, a period of 100 hours.

At Punta Arenas we were met by Mr. T.P. Jones, British Vice Consul, and Mr. S. Robson who are Manager and Assistant Manager respectively of the Rio Seco Frigerifico, which is owned by the South American Export Syndicate Limited.

Talks with Mr. Hogben. During the voyage and on several occasions in Punta Arenas we had discussions with Mr. Hogben, on matters connected with his two visits to the Falkland Islands in 1949 and 1955.

As a result we learned from him that:-

- (a) When he visited the Falkland Islands in 1949, his sole object was to investigate the possibility of his firm building and operating a Freezer in the Colony, and to see if the surplus freezing plant belonging to his firm at Natales, could be utilised for this purpose.
- (b) That he reported that the supply of sheep was insufficient to make a success of such an enterprise and he recommended to his company, on his return, that it would be better to purchase Falkland Islands sheep and ship them to the mainland for killing and freezing.
- (c) That later in 1949, when in London, he met Mr. Tinker of the Colonial Development Corporation, and while he, Mr. Hogben, would not commit himself to a definite admission, there is every reason to believe that he informed the Colonial Development Corporation of the availability of the surplus plant at Natales.
- (d) That Mr. G. Boyd who became manager of the freezer at Ajax Bay, had been an accountant at Rio Seco, and that he knew nothing of managing a freezer plant, which involves a thorough knowledge of purchasing, grading

and killing. His appointment was recommended to the Colonial Development Corporation by Mr. Jones of Rio Seco. Mr. Boyd is now (June 1955) employed as a costing clerk by one of the Chilean Oil Companies in Patagonia.

Other discussions. We remained in Punta Arenas until Monday, 6th June, 1955, and during this time we had a number of discussions with Mr. Jones and Mr. ~~Russell~~, and several Managers of large sheep ranches. We had the good fortune to meet Mr. Lorenzo the Manager of Messrs. Swift's largest frigorifico in the Argentine, and we had valuable discussions with him on three different occasions. We also visited the freezer at Rio Seco, and were able to see 977 Falkland Islands sheep in the process of being killed, dressed and prepared for cold storage. The report on our visit to Rio Seco is attached as Appendix A.

Mr. Jones informed us that as a result of his visit to the freezer at Ajax Bay in 1952, at the request of the Colonial Development Corporation, he had furnished them with two reports. At our request, Mr. Jones agreed that these reports should be made available to Government, and copies are attached as Appendices B and C. He also gave us a plan of the Rio Seco freezer, which is attached as Appendix D. At this stage it is not necessary for us to comment on these two reports, which speak for themselves, beyond the fact that Mr. Jones informed us that he could have made them much more damning, and that Sir Miles Clifford was very concerned when he read them, and requested that they be moderated. We do not know whether the Falkland Islands Government has already, on file, copies of the two reports; what we do know is that we had no previous knowledge of their existence.

Mr. Jones also told us that when he visited London in 1952, subsequent to submitting his reports, he criticised to the Colonial Development Corporation the layout of the plant at Ajax Bay. The Engineer of the Colonial Development Corporation, with whom we had later discussions, objected to Mr. Jones' criticism, and informed him that he had erected freezers all over the world, and knew what he was doing. He refused to accept Mr. Jones' advice and it was for this reason that he (Mr. Jones), with the consent of the Colonial Development Corporation, saw Industrial Waste Eliminators Limited (vide Appendix C), and confirmed that the Colonial Development Corporation had given precise instructions regarding the plans.

As a result of our investigations and discussions, we submit the following information:-

- (1) At Rio Seco, sheep are never held for longer than 12 hours prior to slaughter, only over night as a rule. A good manager will always arrange arrivals of sheep to reach the freezer at regular intervals, and plan ahead for two or three weeks' supply. The plant must be kept working uninterruptedly throughout the season, and the staff fully employed.
- (2) Lambs are killed before they are six months old. Hoggets are killed from one year old. Wethers are killed from two to three years old. Ewes are killed from 5 to 6 years old.
- (3) Culls and ewes are accepted for slaughter and the freezer takes a chance on their being passed for human consumption. The seller does not receive a lower price for these animals.

- (4) Sheep of all ages are killed in Patagonia for export when export is permitted by the Chilean Government. The differences in classification are:- first and second class with four grades in first class according to weight.
- (5) Falkland Islands sheep are welcome in Patagonia and most of them are considered suitable for export. Those of poor quality are used for local consumption.
- (6) At Rio Seco 80,000 sheep is the minimum number required to ensure the economic operation of the plant. All persons with whom we discussed the question consider that 50,000 to 60,000 sheep would be the minimum number required to operate economically a plant the size of Ajax Bay. The following figures show the number of sheep which have been processed through Rio Seco during the past six seasons: 1950 - 173,000; 1951 - 124,000; 1952 - 168,000; 1953 - 160,000; 1954 - 137,000; 1955 - 81,000. The largest kill at Rio Seco was in 1923 when 313,000 sheep were processed.
- (7) Falkland Islands sheep are considered to be of better quality than Patagonian sheep of the same age.
- (8) The preparation of "casings" at the Rio Seco plant is undertaken by Messrs. Oppenheimer or Messrs. Brecht who supply their own staff for this purpose and pay the Company an agreed price for each animal.
- (9) When permitted by the Chilean Government, offal from Rio Seco is exported. In the United Kingdom market hearts and kidneys are sold for 3/0 per lb. and livers at 2/0 per lb. Sheeps' tongues are sold to a local canning factory in Punta Arenas. Tallow and skins are exported but at the present time export is prohibited because of the local demand.
- (10) Sheep of all ages and types are accepted for slaughter. Because of the present shortage of sheep in Patagonia the frigerificos gladly accept whatever is sent to them. They do not employ buyers. This applies also in the Argentine where much of the poorer quality meat is canned. There is no canning plant at Rio Seco.
- (11) At Rio Seco about 1% of lamb carcasses and up to 4% of the carcasses of older sheep are rejected, (of the 977 Falkland Islands sheep we saw slaughtered portions of only two carcasses were rejected).
- (12) Of the Chilean exports to the United Kingdom during 1954 about 20% of the carcasses were reduced on arrival from Grade one to Grade two.
- (13) The two major points to be considered in operating a freezer are an adequate supply of sheep and the availability of labour. Also of importance is that the plant should be erected in a place where suitable staff can be persuaded to live contentedly with reasonable amenities. Such amenities do not exist at Ajax Bay.

- (14) There is a ready market in Patagonia for all types of Falkland Islands sheep. Rio Seco alone are prepared to accept up to 100,000 sheep per annum. It was the considered opinion of all with whom we discussed the matter that because of the limited number of sheep available in the Colony the successful operation of the freezer at Ajax Bay was out of the question. The shortage of suitable labour was an added deterrent. It was suggested that consideration be given to shipping all surplus sheep to Patagonia alive for processing and freezing. For the 977 sheep shipped a flat rate of 35/- (less freight) was paid. It is understood that this sum is in excess of that paid to local farmers who disposed of their sheep to the Freezer at Ajax Bay.
- (15) At Rio Seco essential office staff, engineers and key hands numbering 25 are retained throughout the year. All other workers are paid off when the killing season ends. The seasonal workers have other part-time occupations such as farming, fishing, mining etc. During the period when the freezer is not operating the engineers are kept busy in servicing the plant. Throughout the killing season 15 engineers, their assistants, stokers and labourers are employed in the Power House at Rio Seco. The Power House is under one roof and includes the electrical plant, compressors, boilers and brine plant. These 15 men cover three shifts of 8 hours each. During the killing season about 350 men are engaged at the plant.
- (16) In the absence of suitable labour in the Colony men required to operate the freezer at Ajax Bay would have to be imported from South America. Difficulties would arise, however, as the killing season locally and in Patagonia coincide. Furthermore, wages higher than those paid in Patagonia would have to be offered to induce the workers to go overseas.
- (17) In Patagonia the sheep are moved from outlying islands and farms to the mainland in small steamers. There is at present a scarcity of craft suitable for this purpose. Landing craft are not recommended for long sea journeys.
- (18) All sheep purchased by frigorificos in Patagonia are paid for on a pound basis, cold dressed weight. Retail prices for all carcasses sold in Patagonia for local consumption are fixed by the Chilean Government. When freezers are permitted to export carcasses they sell in the free market.
- (19) It is considered by frigorifico managers in Patagonia that Southdown sheep produce the best lamb and mutton, followed by the Romney. Corriedale is looked upon as being too small for freezing purposes. A cross between a Corriedale and a Romney is considered a good mutton type.
- (20) If it becomes necessary to dispose of the machinery and equipment at Ajax Bay a market could be found in South America without difficulty. Rio Seco would be prepared to purchase some of the equipment.

- (21) The Rio Seco Company would not consider it an economical proposition to take over and operate the freezer at Ajax Bay, because of the limited number of sheep available, and the difficulties which would be experienced in finding suitable labour.
- (22) It was considered that a vessel like the "Fitzroy" could easily be converted to carry at least 3,500 sheep, by the addition of another deck, divided into corrals. Mr. Jones thought that 7/- per head would be a fair freight rate for a vessel, carrying 3,500 sheep, from the Falkland Islands to Patagonia.
- (23) It was considered that even if 50,000 sheep were available each year in the Falkland Islands, considerable and costly alterations to the present plant at Ajax Bay would be necessary, before the unit could be operated economically.
- (24) No estimate of the cost of reducing the size of the Ajax Bay plant, or re-erecting it at some other point, could be given, beyond the fact that it would be a costly proposition, in view of transport and other difficulties.
- (25) When not required by the Rio Seco Company for their own use, the Cold Storage facilities at the plant are rented by other concerns. The income so derived helps in paying the wages of the permanent staff throughout the closed season.
- (26) Lambing mortality in Patagonia averages 20%. This figure is far below the mortality prevailing in the Falkland Islands.
- (27) The greater the number of sheep delivered for killing and freezing, the higher the price paid to the farmer, as operating costs do not increase in proportion to the higher output.

We would summarise the above information as follows:-

- (a) That the Freezer as it now stands at Ajax Bay could be operated economically only if:
 - (i) A minimum of between 50,000 and 60,000 sheep are passed through it annually.
 - (ii) A skilled labour force could be recruited; and
 - (iii) Many expensive alterations are made to the layout of the plant.
- (b) That to re-erect the plant at some other site, and to reduce its capacity to take the limited number of sheep which, based on the 1953 and 1954 seasons, appear to be available, would be economically unsound. The capital outlay required to re-erect the plant would be out of all proportion to any profits which the freezer might conceivably make.
- (c) That the skilled labour force required to operate the freezer as it now stands, or if it were resited, is not available locally.

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- (d) That because the killing seasons coincide, it is unlikely that suitable labour could be recruited from South America to operate the Freezer at Ajax Bay.
- (e) That it is unlikely that a South American frigerifico company would be interested in operating the freezer, except on a cost and fee basis. This would mean that to the loss incurred in previous years, would be added an operating fee.
- (f) That South American frigerificos would welcome the opportunity of purchasing all the Falkland Islands slaughter sheep, including culls and old ewes, that can be shipped to them.
- (g) That the Falkland Islands Company, Limited, might be asked to consider the question of converting the present "Fitzroy" for use as a sheep carrying vessel if, and when, their proposed new vessel is put into service.
- (h) That no great difficulty would be experienced in selling, in South America, the plant and equipment now installed at Ajax Bay.

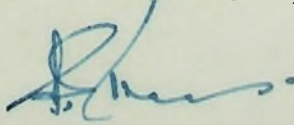
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We sailed from Punta Arenas on the 6th of June, and arrived at Stanley via Darwin on the 10th June.

We consider that the personal contacts we have made in South America, and the information we have gained as a result of our visit to Punta Arenas, will be of the greatest use to us, should we be called upon to advise Government on the future operation or disposal of the freezer at Ajax Bay.

We wish to express our sincere appreciation of the hospitality, and valuable assistance, we received during the course of our investigations, especially to Mr. T.P. Jones and his staff at the British Consulate, and at the Rio Seco works respectively. It was through him that we were able to meet so many people actively connected with the freezing and sheep raising industries in South America.

We have the honour to be,
Sir,
Your obedient servants,



Edward J. Lean.
N.R.C.V.S.

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APPENDIX A.

the Rio Seco Frigerifico at Punta Arenas (with special reference to a consignment of Falkland Islands sheep).

A consignment of 1,033 live sheep was taken on board the "Fitzroy" at Port San Carlos on the 25th/26th May, 1955. They were wethers and an odd ewe. The animals were carried in the holds, and on the open deck. The crossing to Punta Arenas took 100 hours, under very severe conditions, with rough seas all the way. The sheep stood up to the journey remarkably well, and although the losses, on the voyage and up to the time of slaughtering, were 56, this was considered a very low figure in view of the extremely trying conditions.

The "Fitzroy" arrived at Punta Arenas at 11 a.m. on Tuesday the 31st May, and the sheep were off-loaded by 11 p.m. that same night. They were taken by motor truck to the Rio Seco Freezer, where they were watered and rested.

Killing started early on the 1st June. It was fortunate that we were able to be present on this occasion, not only to see the plant and layout, but also an actual killing of Falkland Islands sheep, in progress. We thus saw how the consignment fared, from the time it was taken on board, to when the carcasses were finally put into the freezing chambers.

The Rio Seco frigerifico is built on a hillside, and consists of four or five floors at different levels. Every advantage has been taken on the contours to eliminate labour. The sheep are driven up a ramp to the top floor, where they are placed in a succession of corrals. As these corrals are emptied, so they are filled with fresh sheep, and the stream of animals up the ramp is continuous. The sheep enter the killing room, where each is placed onto a long low table, and a butcher "sticks" and bleeds each of them. There is no waiting and there were as many as 20 or 30 sheep dead, and bleeding on the table at one time. The "line" or "chain" system of killing is not used at Rio Seco, as it is found that the local Chileans are more adept at the "cradle" system.

The blood from the sheep drains away into a tank, on the floor below. Each sheep is then lifted on to a cradle, where one man cuts off the feet and head, and removes the skin of the legs. His mate then completes the skinning in one movement. He next removes the viscera, saws down the breastbone, wipes down the carcass, and attaches his tag (all killing is done by piece-work). Each team of two men can deal with 200 sheep a day. There are 19 cradles so that 3,800 sheep a day can be dealt with. The offal is placed in chutes, and drops to a lower floor. The heads are split in half, by a continuously working guillotine. One man performs this operation, and another facing him, removes the brains. The divided heads are placed in a chute leading to the floor below.

Meanwhile the carcass itself moves on a rail to another man who washes it down with a fountain brush (i.e. a brush which has a tap attached, so that a continuous supply of water flows over the bristles). About half a dozen carcasses then hang for a few minutes, under a shower of cold water. Each carcass next passes by a gland-cutter. He incises four glands (two in each flank and two in the chest) and the Government Meat Inspector then passes or detains the carcass.

of the 977 Falkland Islands sheep killed on this occasion, only two carcasses were detained, because the hind legs were bruised. The bruised sections were later cut off and the remainder of the carcasses was passed.

The carcasses then hung in a cooling chamber until they had thoroughly "set". The carcasses next pass over a small weigh-bridge, and the weight is recorded automatically on a ticket. The weighing machine is made by the National Cash Register Company, and is controlled and operated by one person. After being wrapped in cloth, the carcasses were taken to the freezing chamber.

While this has been going on the offal gravitated to a lower floor where it was sorted. The sheep's tongues are sold to a factory in Punta Arenas for canning. Livers, kidneys and hearts were cooled, placed in wooden containers, and later frozen solid, as were brains and sweetbreads which command a ready sale in Chile. The lungs are processed and sold as poultry food. The "black" livers are frozen and sold to one of the Chilean Silver Fox Farms for feeding purposes. This was an interesting fact, as it proves that "black" livers are not considered to be diseased. The "casings" are dealt with by the employees of Messrs. Oppenheimer, and after many cleanings and washings, are finally hung up clean and odourless. The casings have a variety of uses such as sausage skins, violin strings, cat-gut for tennis racquets, sutures and so on.

The fat (kidney fat etc.) descends by chute into large melting boilers, called digestors. Steam is added and the melted fat is finally poured as tallow into wooden barrels. These barrels are rolled down hill, to the bottom floor, where at the end of a ramp they are loaded into lorries.

The skins after removal are "squared-up", cleaned and dried either in the drying shed or, weather permitting, on wire frames outside. They are then finished off in a hot air shed. From here they go to a sorting and grading shed, where they are pressed into bales in a hydraulic press. Before removal the bales are bound by wire ropes. The press is then opened, and the released bale is stamped, on a piece of hessian, with the necessary markings. The bales gravitate down a chute to the storage room, on a lower floor, where they are kept until shipped.

All the waste taken from the carcasses is washed down from the various floors to a large sump. The solids, if any, are strained off and incinerated, while the effluent passes down a drain to the sea.

Blood from a small kill of 1,000, such as the Falkland Islands consignment, is not considered sufficient to use in the blood drying plant. Each cold storage chamber has a small outside door about 3' x 3'. When carcasses are required for shipment, they are run on a chute, and out of this door, where they are placed on a trolley which runs on a rail to the end of a pier. Here they are taken on board the vessel. We thus had an opportunity of seeing each department at work, and the whole plant at Rio Seco runs like clockwork. All the various operations are absolutely continuous. We were particularly impressed by the fact that there was no talking or shouting. Everyone worked at top speed, and kept at it. The discipline was excellent.

All the machinery is under one roof. In one room are the boilers. Through a door are the power plant,

/compressors,

compressors, freezing plant, and so on. Next door, but still under the same roof, work the mechanics and blacksmiths.

On the ground floor level there is a large cement reservoir, containing brine solution, for the freezing units. An important point is, that this brine is kept continuously at the right degree of concentration. This ensures that there is less risk of the freezing units becoming frosted.

Nearby are large detached houses for the Manager and Assistant Manager, with smaller houses for the married permanent staff. Unmarried members of the office and technical staff are housed in a magnificent block of quarters. Each person has a private bedroom, with a private sitting room for senior employees. There is a large communal lounge, together with reading and writing rooms, a dining room, library and a billiard room. A house-keeper is in charge of the staff. Living conditions equal those of a first class hotel.

The non-technical seasonal staff are housed separately. They have sleeping quarters, dining rooms, recreation rooms and bath-rooms, and have the use of tennis courts and other outdoor amenities. It is doubtless that the Rio Seco Company places great importance in providing every comfort and amenity for their staff.

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APPENDIX B.

Report on Freezing
Works under Construction at Ajax Bay, Falkland
Islands.
1952.

In accordance with instructions, I left Punta Arenas in the small vessel "Fitzroy", belonging to the Falkland Islands Company, Ltd., at 7.30 in the morning of Sunday the 20th April, to visit the Falkland Islands, and report on the progress and prospects of the Freezing Works, now being constructed there by The Colonial Development Corporation at Ajax Bay. Mr. Alan C. Grieve of the Corporation accompanied me.

After calling in at Fox Bay, and Port Howard, on the West Falklands, we reached Ajax Bay at 8.30 a.m. on April 23rd. The motor boat of the Corporation came alongside with Mr. W. Cooper, the constructional engineer and Mr. Peter Barrett, the Accountant on board and we went ashore immediately.

Mr. Venters, the manager of the project, was absent in Stanley undergoing medical treatment.

I am on record, as far back as 1925, as being in favour of establishing a Freezing Works on the Falkland Islands and my opinion is still unchanged.

The Freezing Works I had visualised, however, was of a far less ambitious construction than the one being erected today at Ajax Bay. I had an idea that perhaps a small freezing block could have been added to an existing Graseria (Try out Works) at a total cost of say round about £50,000 and this plant could have been enlarged as and when it might have been found necessary.

It has always seemed to me that the situation in the Falkland Islands was somewhat analogous to the one in Patagonia when the Rio Seco Freezing Works were erected on the Straits of Magellan in 1903/1905. In Patagonia in those days the animals were kept to great ages just for the wool and tallow, as is done today in the Falkland Islands. Lambing percentages were then also very low. The advent of Rio Seco and the other Freezing Works which were erected during the subsequent years, were in a very large measure the cause of the great prosperity which came to Magallanes.

H.E. Sir Miles Clifford, the Governor of the Falkland Islands, who has done so much towards the progress of the Colony, had the same thought and saw in the establishment of a Freezing Works a sure means of increasing the prosperity of the Falkland Islands. In my opinion he has been badly let down by the C.D.C.

Notwithstanding all the alarmist reports I had heard from time to time and convinced of the desirability of establishing a Freezing Works in the Islands, I went ashore that morning with an open mind and full of hopeful anticipation. A walk round the half-completed buildings, however, dashed somewhat my enthusiasm and left me with a feeling of disappointment and regret.

We first went to the office where I asked to be shown a plan of the General Arrangement of the proposed Works, but Mr. Cooper did not have one. Such a plan does not seem to be in existence as a similar request of mine in London was equally unsuccessful. All that Mr. Cooper had, and which of course he produced, were the plans of the individual buildings.

To my mind the first essential before proceeding with any constructional work should have been to make a plan of the whole arrangement of the Works, showing various buildings in relation one to another.

The individual buildings seem to be placed just as fancy indicated and the first one to be erected was the Skin Drying Warm Air Plant, which has been put right in front of the site by the Jetty, which makes this life-line over which all the products must be shipped, inconvenient of access.

I made a rough sketch of the general layout as it is at present and attach a copy of this report. It is not to scale.

I cannot imagine an undertaking being carried out with more incompetence, lack of organisation, extravagance, waste and muddle than has happened in the case of this project. The Packing House Industry is a specialised one and it is unbelievable that until I visited the place, no one with any experience of the industry has visited the site or, so far as I can gather, had even been consulted.

It would seem as if the C.D.C. has been in contact with people wanting to sell as much machinery and equipment as possible and if I may say so, I think my visit has been most useful and is likely to be the means of saving the C.D.C. many thousands of pounds. It would have been more opportune if I had been invited to go across two years ago.

Mr. Cooper frankly confessed that his job was constructional and that he had no knowledge whatever of the Freezing Works Industry. In passing it might be mentioned here that Mr. Cooper is the fifth constructional engineer to come out to superintend the building of the plant. Messrs. Metcalfe, Swindell, Taylor, and Mason, some only staying a very short time, were his predecessors.

The site of the plant is so isolated and inaccessible for want of communications and transport and life there appears to be so bleak that it would seem as if these various gentlemen quickly got depressed and threw in their hand.

Poor as the terrain is, no advantage has been taken of the superficial features and the opportunities of making use of gravitation have been entirely neglected. In the construction also no advantage has been taken of the economic possibilities of gravity and everything appears to be on one level.

What an opportunity offered itself to plan a Works from scratch; to have had the Slaughter House on a higher level to which the animals would have walked and from there the fats to the Tallow house, the by-products to their department and the carcasses to the Cooling Room all travelling in chutes or running on rails without any manual labour. And then from the Cooling Room to the Freezing Chambers which would be on a still lower level and from the Freezing Chambers to the Cold Stores which should have been placed under the Freezing Rooms. All these possibilities have been sadly disregarded.

I don't think the choice of the site was a particularly happy one as I understand the water supply is not to be depended upon and already I am told a serious shortage has at times interfered with the work of construction. Mr. Cooper

/tells

tells me he is to construct a large reservoir to hold about 70,000 gallons of water to provide against this problem.

Of course, a Freezing Works requires an abundant supply of water and 70,000 gallons will not go very far.

Again it is a pity that there is no sand or gravel on the site and this has had to be brought by sea from Port San Carlos, about twelve miles away, in a small vessel at, I was told, a great cost.

Whether the Bay offers suitable anchorage for ocean-going meat carrying vessels I was unable to confirm although I was assured that there is sufficient water less than half a mile from the Jetty. The Chart shows 7 and 8 fathoms but I think that some experienced mercantile Master should be consulted and a study of the Charts made in order to verify if there is a safe anchorage.

Apparently the site upon which the Works is being erected is on land only rented from The San Carlos Sheep Farming Co. Ltd. I don't know what the legal aspect of such an arrangement is but I should have thought that this land should surely have been purchased outright or else expropriated, as it seems to be a very undesirable policy to erect permanent buildings on someone else's land no matter what sort of a lease is obtained.

In addition to this building site some 600 acres of "holding ground" has been rented from the San Carlos Sheep Farming Company for the purpose of holding sheep and cattle before slaughtering. As this land is as yet unfenced it is still being used by the Company for grazing its own sheep. I was unable to find out if rent is actually being paid for this ground but it is clear that payment should not be made until the ground is fenced in.

So far, I am not convinced of the necessity of having such large "holding-grounds". The Rio Seco animals are slaughtered as they reach the Factory, a killing programme being made out ahead but perhaps local conditions, small points of animals and difficulties of transport, may make it impractical in the Falkland Islands to keep animals in pens in the Freezing Works for only a question of hours.

I strongly recommend that the arrangement of this rental, especially with regard to the building site, should be studied anew and that steps should be taken to acquire the part where the buildings are either by purchase or by expropriation. This, I think, is important.

From what I have seen of the so-called progress reports they appear to be very misleading and successive inspectors have always been too sanguine in their estimates as to when the plant was to be ready and the calculated date for commencement has been shifted continually with every show of confidence.

First it was to be January, 1951, and then March, 1952, and now the latest date is given out as March, 1953. I was informed that when Mr. Phillips of the C.D.C. was out here he reported to this effect and some farmers have arranged their work and are preparing their animals with this target date in mind.

In my view the Plant cannot possibly be ready by March, 1953, and furthermore if the plant is completed

as at present planned it would not be workable.

Of course, tremendous difficulties have had to be faced and of these the greatest has been the inaccessibility of the Islands, lack of transport and above all the almost complete lack of local labour.

One thing that struck me very forcibly was that on the day I visited the site - a Wednesday - no one seemed to be working at all. There were some men rolling empty drums down the beach for shipment on "Fitzroy" and two others were working the stone-crushing machine, but that was all. One would surely have expected the place to be a hive of activity, with sounds of hammering and masons busily working. But no, all was quiet and Sabbathlike.

In my view the time has certainly arrived to call a halt and ponder on the best way to achieve some sort of layout that will be practical. To go on blindly, if not gaily, as at present will only result in some unworkable plant and certainly an uneconomical one.

One great difficulty I encountered was that no one was on the plant who was able to answer my questions regarding the working of the plant. The same applies to Mr. Venters, with whom I had several long conversations when I reached Stanley. Mr. Venters is unquestionably an authority on meat and its inspection but he confesses he has had no experience of a Freezing Works.

He read out to me several extracts of his reports which he has made from time to time which I thought contained several sound criticisms all of which apparently have been ignored.

Here are some of the most glaring and obvious errors.

No provision at all is made for what I call a "Cooling Room", that is, some place for assembling the meat after slaughtering, which is in my opinion absolutely essential. The present plan is for the meat to leave the Slaughter House and being weighed to pass immediately into the Freezing Room. Anyone with experience will realise the inconvenience of such an arrangement as grading carcasses, inspecting same, dealing with rejects, trimming carcasses and revising same, is impossible unless some space is allotted to this work.

Then only one large Freezing Room has been built, measuring I was told, 75' x 70' and in which I roughly calculated could hang about 3,000 carcasses. In a Freezing Works there must be several small Freezing Chambers so as to enable each day's kill to be frozen separately. Once the fresh meat has gone into a Chamber and the doors have been closed, it should not be opened again until the meat is completely frozen which in view of the heavy animals to be expected from the Falklands would take at least 48 hours.

Mr. Cooper and Mr. Venters were under the impression that a day's kill of say 800 animals would occupy so many rails and then the next day's kill could go into the same Chamber and occupy the next row of rails and so on. Then when the first lot was frozen they could be passed into the Cold Store but, of course, with the continual entry of fresh meat the temperature would be going up and down and frankly such a system is completely impractical.

To rectify this bad planning the best way out would seem to be to demolish the Nissen Hut which Mr. Venters has ear-marked for "Boning and Offal Shed" and build alongside Slaughter House the Cooling Room and this could serve for any boning that would be necessary and also take care of the offal. Cement floor but with wooden louvered walls and ventilation in roof.

The large Freezing Room would have to be divided up somehow into I should say four Chambers. To avoid taking down all the existing rails I suggest a passage built outside Freezing Room connecting with Cooling Room. In this passage would be the doors to each Freezing Chamber.

The Cold Stores occupy a building measuring (I was told) 150' x 50' x 8' high divided lengthwise down the middle. Personally I would have preferred smaller Cold Stores. As the daily kill is to be so small it will take a long time to fill each Store and at the beginning, when it is still comparatively empty, a lot of waste power will be entailed in keeping this large space at a low temperature in order to keep cool a comparative small number of carcasses.

The system of Freezing is by fully wet brine evaporators, constructed by the York-Shipley people. Frankly I have had no experience of this system and I am not able to comment upon it but I understand an engineer from the makers is to come out to superintend the erection. These Brine Evaporators are planned to be inside the Cold Stores and although I have heard of such a system in a very small plant I have never heard of it being installed in such a large space. However, in view of the reputation of the York-Shipley people it is to be expected that this system will work efficiently.

The system of dealing with the fats and tallow is to be the Dry Rendering system supplied by the Iwel Company. The plant has not been installed and I had no opportunity of seeing any of it but I was told it is a very small plant and Mr. Venters thought it would be inadequate.

What would be interesting would be to obtain a plan of the Refrigerating system and to discuss it with our engineer Mr. Jervis, with whom I have had several talks about it. Lacking a plan he is unable to make any constructive comments.

The description of the Refrigeration and electrical plant is as follows:-

Compressors. 2 "York" York-Shipley water cooled.
Type 6" x 6". Single/Stage twin.
2 Vertical cylinders. 400 R.P.M.
Drive 3/phase Slip-ring. 45 B.H.P. A/c.
Motors. Type C. Vee Belts.

1 York Type 5" x 5", 2 Vertical cylinders.
300 R.P.M. Drive 3/phase Slip-ring.
20 B.H.P. A/c Motors Type "C" Vee Belts.

Cooling Stores system. York-Shipley Brine Evaporators
Fully Wet. Type L.W.V.

Ammonia Condensers. 2 Tube - Shell type (Salt water cooled)

Ammonia Receiver. 1 9'6" x 1' 3" dia.

Main Regulating Valves. In Engine Room with Float valves
at Evaporators.

Electric Generation Plant. 2 Diesel Alternators. 400 v.
210 K.V.A. 3 phase/N. 50 cycle A/c.
315 B.H.P. 4 stroke Diesel.

Electric Motors. 400 V. 3 Phase. A/c.
2 of 45 B.H.P. 1 of 20 B.H.P.
5 of 7 B.H.P. 5 of 1 B.H.P.
Electric 2 " 3 B.H.P. 2 " 7 P.H.P.

Sundry Fractional H.P. motors.

Boilers. 3 Britania Domestic Water Heating Boilers
Oil Fuel.
1 Smoke tube Locomotive Boiler 120 lb.
sq. in.
Electric Blower Oil Burner
Chimney of steel tube 20' x 1'6" dia.

There is no Feed Heater or Economiser; no
Super heater; no feed water metre.

The three Compressors, as you can see from the rough plan, are placed alongside the Freezing Room and it is proposed to construct the Power House and Boiler House at some distance from them. The foundations are already prepared. This I consider bad planning as surely all machinery should be under one roof with the Boiler House adjoining. When I asked Mr. Cooper why this was not done he replied that the ground outside the building where the Compressors are would not have carried the heavy diesels and boiler.

The Slaughter House is very incomplete with only the walls and the roof constructed and the iron girders for carrying the rails are also in place.

Half the Slaughter House is planned for treating Beef and the other half for treating sheep. In my view this was quite unnecessary as with such small kills beef could quite as easily have been treated in the same place as the sheep. It is done in Patagonia.

The chain system is contemplated. That is to say the carcasses are pushed along a rail and one man does one particular job such as skinning the right leg and so on. This system is modern and in all very well with a large kill but with the small kills expected at Ajax Bay it is not so economical and would need more men than the old fashioned system still in force in all the Patagonian Freezers.

The advantages of the Chain system to a large extent has been neutralised because of the planning. If the Slaughter House was on a higher level with the Chain system all the various by-products etc. fall in one place; such as heads, skins, fats etc. etc. On a higher level those would all fall to any convenient place; as planned all will have to be carted. On a higher level all fats would fall by chute into the Dry Rendering Melter; now it will all have to be carted and then lifted to be put into the Melter. Is the Slaughter House sufficiently incomplete to start again and plan something economical?

I was told that the levels of the Slaughter House Freezing Room and Cold Stores had been lowered for some reason or other with the result that the ground surrounding the Slaughter House is a good deal higher than the proposed floor and I should imagine that all this will have to be excavated, which will entail a vast amount of work.

So far as I could see there is no plan of Drainage which of course in a Freezing Works is most essential.

The electrical equipment appears to be sufficient and either of the Diesels will be able to handle the work, which is very important, as one must always have a spare diesel as these engines are very apt to go out of order. In my view it is very necessary to have a man in charge with an expert knowledge of Diesel Engines as should they go out of order, with no one on the plant capable of adjusting the trouble, the results might be disastrous.

No provision has been made for a sheep shed and corrals., Given the rainy weather in the Falkland Islands I consider it necessary that animals should be slaughtered with dry wool and that a shed sufficiently large to take at least a day's kill of say 1,000 sheep, should be erected.

The Building of the Skin Drying Plant, which has already been erected seems to be a good one. The fans and extractors and none of the interior fittings have as yet been installed. However, as you know in our experience at Rio Seco we have found that it is not possible to put green skins into a warm drying plant. It is necessary to dry them naturally first, until they have a "crust". To put them straight away into this plant would mean that all the edges would curl in and these parts would never dry.

I have seen a warm air plant in England satisfactorily dealing with a small number of skins but these skins were stretched on frames with about 8 or ten clips around the edges but I think in a Freezing Works this would be impractical owing to the large number of skins to be dealt with.

Therefore I would strongly recommend that a shed be erected such as we have at Rio Seco where the skins could be partly dried before being put into the warm Air Plant. I have not decided in my mind where would be the best place for such a Shed now that the most economical site has been crowded out by other buildings.

Then there must be a Shed erected in which to hold the Skins after they have been dried; where the skins can be revised to ensure that they are perfectly dry and where a Baling Press can be installed and also where the Bales awaiting shipment can be stowed. The best place for this Shed I think would be on the other side of the road facing the warm Air Skin Shed.

In my opinion the Jetty must be reconstructed the present one being quite unsafe. It is just lying on the bed of the Sea and no piles have been driven into the ground and already on more than one occasion the sea has washed the ground out from underneath it, necessitating repairs. It is true that about eight iron pipes have been driven in around the head of the Jetty but they do not appear to serve any very useful purpose except for tying boats up to it. Also down each side stones have been heaped to break the force of the waves. In any case this Jetty would have to be extended and so I have no hesitation in recommending that a new one should be constructed and this should be of cement Piles and situated in a direct line down to it from the Cold Stores and also this would be a convenient place for shipping bales if the warehouse is placed in the position I have suggested.

The roadway shown on the Plan is made up of loose crushed stones and its only purpose is to save anyone going ashore from putting on rubber boots against the mud. It is only for walking on; no vehicle could go on it not even a wheel-barrow.

All the materials and plant for the factory were shipped out to Montevideo and transhipped to "Peneope" and at times the cargo for the Freezer was discharged in Stanley. I was told that there is some machinery in Stanley at the present moment, awaiting transport to Ajax Bay and that no facilities will be available until next January. Surely it would have been possible to have collected these materials together in England and shipped it out by say P.S.N.C. cargo vessel direct to Ajax Bay, thus saving an enormous amount of double handling and freight charges.

The question of shipping the meat will have to be gone into very carefully. I should imagine that no shipowner will send down a meat carrying vessel unless at least 180 tons per day can be loaded on a weather working day. For this purpose safe anchorage must be assured about quarter mile to half a mile away, and a tug and three lighters holding up to 20 tons of meat each must be available. I think the vessel "Peneope" belonging to the Corporation would be all right for towing and it may be that six scows (which are, I understand, available) holding ten tons of meat each would serve as well as three lighters of 20 tons. I calculate that it would require at least fifty-five (55) men to load a steamer 180 tons in eight to ten hours. This includes men aboard stowing the meat in the hold.

I learned that once the Plant is in operation, the Ministry of Food is to send out a Meat Inspector and I think this should be squashed right away as surely it is an unnecessary expense to send someone in this capacity to a Plant that is expected to handle only about 25,000 to 30,000 sheep for the first two seasons anyway.

As an instance of the extravagance that has been indulged in, I would mention that nine labourers were flown out in the flying boat from England and whilst at Montevideo they were put up at the Nogaro Hotel, which is the most expensive in that expensive City, and on the return of the flying boat she carried another nine workmen on their way back to England. I believe these men came out on only an eighteen months contract. Previously ten men came over to Punta Arenas on their way home, and were ten days in a hotel here before proceeding overland to Buenos Aires to catch steamer there to England.

I repeat that it seems incredible that no one with any knowledge of the Packing House industry has ever been consulted in this matter and that no one from Ajax has been over to Punta Arenas to see how such establishments work before ever any construction was started.

A Contractor could have been engaged in Punta Arenas who would have taken over Chilean carpenters, masons and labourers and the plant would have been going at full speed by this time. Where labour is such a prize factor, it is an added pity that the Plant was not more economically planned, so as to be able to function with a minimum amount of men. As it is it would seem that the only practical way of running the Plant is to take at least a nucleus of men either from Montevideo or Punta Arenas to work during the Season. After the season finishes they would return to their homes as in the early days at Rio Seco when the Butchers were always brought down each year from Buenos Aires.

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In my opinion where a vast amount of money could have been saved would have been to make a combination between this Freezing Project and the Sealing one at Albemarle Bay which could easily have been done as the Sealing season terminates just before the freezing season begins and the appliances at the Freezer would have served to boil down the fat of the seals. However, comment on this matter is outside my terms of reference.

It might be mentioned in this report that large supplies of meat wrappers, grease-proof paper, hessian beef covers, sufficient for two or three seasons have already arrived at Ajax Bay.

Regarding the Staff, it is a pity that they have not been able to have any continuity with the exception of Mr. Venters who is looked upon as a valuable man in view of the shortage of labour inasmuch as he has three sons on the payroll. People are sent out and they quickly lose interest as mentioned elsewhere in this report in connexion with the post of constructional engineer.

Mr. Barrett the Accountant, who is there with his wife, has been there some time but he leaves in September and will not be returning. Mr. Baseley who was engaged as maintenance engineer was rushed out from England with the promise that his wife could follow but this last arrangement has not been carried out and he is a disgruntled man, because since his arrival he has had only mechanics work to do as until the Plant is operating his real job does not commence. He is leaving for England in May, this month.

Of all the reports made by people who have come out from home, I imagine that that of Mr. Grieve will be found the most valuable. Although he has had no experience of a Freezing Works he quickly appreciated the defects when they were pointed out and I think that he will be able to see that the necessary alterations must be made so that once the Plant is finished it will be at least workable.

In my hurry to get this Report despatched I am afraid that in parts it is rather disjointed.

In conclusion I must mention that everyone in the Falkland Islands with whom I came into contact, especially Messrs. Venters, Cooper and Barrett gave me every possible assistance, and I can find no words adequate enough to express my thanks and appreciation for the kindness and hospitality shown to me by H.E. the Governor, Sir Miles Clifford.

(Sgd) Tom P. Jones

APPENDIX C.

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FURTHER THOUGHTS ON THE FALKLAND ISLANDS FREEZER PROJECT.

since I arrived in England I have been in constant contact with the Colonial Development Corporation giving them the benefit of whatever information I could.

That part in my previous Report regarding the Freezing Room and Cold Stores was submitted by the Corporation to an independent consulting engineer, a Mr. Laurie Price, who confirmed what I had said about the several unworkable features of these departments.

Mr. Price entirely agreed with my objections and has proposed a rather ingenious arrangement for adjusting some of the defects in the construction of the Freezing Rooms and Cold Stores.

He recommends the installation of two Chilling Rooms for the meat to be held for a certain period before going into the Freezing Rooms and rightly says that this is the modern practice and indeed this has been always an essential part of Packing House construction in any warm climate.

In my opinion, however, the atmospheric temperatures ruling in the Falkland Islands are sufficiently low to make these Chilling Rooms unnecessary and a Cooling Room with louvred walls is all that would be necessary. This is the system adopted in all the Patagonia Freezers where the climate is similar to that of the Falkland Islands.

However, it would now be difficult to adopt the Patagonian system of Cooling Room because that part of the Slaughter House planned to serve as the Cooling Hall consists of solid cement walls and it would entail much work to secure the necessary ventilation.

In the circumstances as the Corporation's engineers approve of Mr. Price's design I see no other way out but to accept this solution of the problem.

Mr. Price points out the danger of Ice or Frost Heave from which many Cold Stores have suffered when the floors have been of cement and the ground underneath is damp as prevails in the Falkland Islands. This is a very real danger indeed as in the course of time the ground becomes frozen with the result that the whole building is lifted with disastrous consequences.

The remedy suggested by Mr. Price is that the Cork insulation should be lifted and an electric resistance mat be fitted which would allow the temperature under the Cork insulation to be maintained at 32°Fah. This is something entirely outside my experience but I would have thought that this plan might have the effect of much future difficulty. However, I am assured that resistance mats have been fitted in several Cold Stores in England and so far have given satisfactory results.

These Floors in the Freezing Rooms and Cold Stores are about the only part of the Plant that has been completed and it is a pity that so much of this work should have to be undone. Provision must be made to overcome this potential danger. The best way would have been to have left an air space of at least 18" under the cement floors but this cannot be done now as there is not enough head-room in the stores to allow for this.

No provision apparently has been made to protect the Cork insulation of the floors and walls. Some such arrangement as a wooden lining or battens should be erected as otherwise in my opinion with the Frozen Meat coming into contact with the Cork, this substance would be subject to much damage and would not last for more than a season or two.

The way the buildings are planned and with the suggested alterations of Mr. Laurie Price, the Works are constructed to deal with a daily kill of about 800 sheep but no provision has been made to allow for any increase in the size of the Works should the output be increased in the years to come, as it is confidently expected.

When the Rio Seco Works were built the daily kill allowed for was 1,000 per day and they were so planned that additions were easily made from time to time which has enabled the Works to handle today an average daily kill of 4,500. Owing to the way the Works at Ajax Bay have been planned it would be a costly proceeding even if practicable to enlarge the Works to any great extent in the future.

To repeat what I stated in my first report the key of such an undertaking as this is to have a proper and efficient lay-out but this certainly does not exist at Ajax Bay and it is very difficult, indeed impossible, now to right the wrong.

I was informed that the construction and Lay-out of the Slaughter House and Cooling Hall were planned by the Industrial Waste Eliminators, Ltd. As I could not understand how this firm, which has had so much experience could have recommended such an uneconomical lay-out, with the consent of the Corporation, Mr. Eastburn and I sought an interview with these people.

As I would have expected the Industrial Waste Eliminators Ltd. informed me that they had originally submitted a multi-storied building but apparently this was not accepted by the Corporation on account of cost. The Industrial Waste people told us they made several alternative propositions and the plans which were finally drawn and the equipment supplied was according to the precise instructions of the Corporation.

This is indeed a pity as it is too late now to alter the construction of the Slaughter House as the foundations and the base of the walls are not strong enough to bear a second storey and the Corporation say it would cost too much money to do the necessary strengthening.

The Lay-out of the Slaughter House as planned is the modern continuous rail one but in view of the small daily kill contemplated I think this might occupy more men than the old-fashioned system which operates throughout Patagonia. A similar lay-out as that planned has been installed in the Municipal Abattoir at Guildford and in a day or two Mr. Eastburn and I are going down there to see it in operation.

Meantime I have submitted a drawing of a lay-out based on the methods in use at Rio Seco which in view of the fact that the labour may have to be drawn from Punta Arenas may be more convenient.

The Industrial Waste Eliminators have supplied Rollers with four hooks. The idea is that after dressing the carcasses and before leaving the Slaughter House the carcasses will be taken from the single hook and put on these four-hooked Rollers. This will prove uneconomical and almost unworkable if the Patagonian methods are to be adopted. In my opinion it will be necessary to order 3,000 rollers and 3,000 gambrels to cope with an average daily kill of 800 animals.

The greatest difficulty as I see it in running the Plant is the great lack of labour coupled with such poor communication facilities. Ajax Bay is in such an isolated position cut off from Port Stanley by three days' horse-back ride, or by sea in good weather by about ten hours. In bad weather, which is frequent, this trip in a small craft might take days as the ship would possibly have to seek shelter.

The only vessel in the Islands which maintains communications with the outside world is the "Fitzroy" of 850 tons gross and she also makes occasional trips round to the various farms on the Islands. There is the "John Biscoe" belonging to the Falkland Islands Dependencies but her job consists in keeping in touch with the Antarctic Bases and of an annual trip to the United Kingdom.

To reduce the isolation of Ajax Bay I think it advisable that a road should be built to Port Stanley. This would give Ajax a certain amount of amenities as one could then reach Stanley in about three hours by car and it would facilitate the transport of stores etc. It cannot be expected to have contented workmen and employees cooped up for long periods in an isolated and dreary spot such as is Ajax Bay and it would make all the difference if these people could easily get into Stanley say every month or two.

The running of these works would require about 70 men and it is perfectly clear that this labour force is not available in the Islands. The only solution seems to me would be to contract the bulk of these men in Punta Arenas and this would mean a substantial increase in costs as it cannot be expected that men will leave Punta Arenas to work abroad without extra pay. Only the most reliable and best type of men should be contracted for this purpose.

To keep down the cost of engaging this labour to a minimum it would be absolutely essential to fit in a steamer to take these men to Ajax Bay to coincide with the opening day of the Season and to take them back immediately to Punta Arenas as soon as the operations finished. Any breakdown in the vessel's programme would cause delays which would prove very expensive.

Another suggestion which I would make is that a Radio-telephone be installed at Rio Seco capable of communicating with Ajax Bay. This would be very beneficial as rapid contact could be kept with the outside world. Permission would have to be sought from the Chilean authorities but I have been led to understand that this would be granted. Even if we did not take up any interest in the Freezer a Radio-telephone installation would be of great value as we could act as agents for the Freezer and could be useful in many ways. It would also be the means of a considerable saving in cablegrams not only for the Freezer but for Government House as well.

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An abundant supply of water is very necessary and as mentioned in my previous Report this has so far not been confirmed. If fresh water is in short supply advantage can be taken of the sea water for the purpose of cooling the Condensers. Large quantities of hot water at a temperature of 170°Fah. will be available from the Cooling systems of the Diesel Engines, without expending additional fuel.

The problem of loading ocean-going Refrigerated steamers should be studied. At present not sufficient lighters are available. A tug and three lighters each with a capacity of say 20 tons of meat will be necessary and presumably these will have to be hired from the Falkland Islands Company as it will not be economical for the Freezer to possess these lighters just for loading annually some 500 tons of meat.

I should imagine that the ship-owner will insist upon at least 180 tons being loaded daily and to do this work a labour force of some 55 men will be necessary. These will have to be recruited locally as the meat steamer is more than likely to arrive a considerable time after the end of the Season's operations.

It will be necessary to have some sort of craft capable when fitted up with corrals for carrying 400/500 live sheep for crossing these animals from the West Falklands to Ajax Bay. I understand the Corporation already possesses a suitable ship, the "Protector" which is being used at the Sealing Station at Albemarle. It is to be presumed that this could be made available.

I am very much against the suggestion that live animals should be crossed over in lighters being towed by a tug.

To cope with the suggestion I made in my first Report about pre-drying of Skins a Nissen Hut is being sent out. This will be 70 ft. long by 14 ft. high and I think this might be adapted for this purpose. These Huts are very cheap and the Corporation tell me the cost landed at Ajax Bay is only about £150. This Hut will not be ideal but for economy sake it will be best to try and make shift with it.

The question of the ownership of the land should be thoroughly gone into as according to my understanding the land is only rented from The San Carlos Sheep Farming Company and it does not seem quite right to me that the Works should be erected on somebody else's land.

It would be absolutely essential for the success of this project for the Falkland Islands Company Ltd. to participate in it. This firm dominates the Islands. Not only does it own about three-fifths of the land but also it controls the shipping facilities and it is in a position to make or mar the successful operation of the Works.

The construction has, of course, been very heavily over capitalised and before it is completed will have cost at least round about £600,000. A Plant which only expects to kill about 25,000 sheep and a problematical 1,000 cattle to start with and rising to only about double these figures in five years time should only have, in my opinion, a Capital at the most of about £100,000.

/The

The more I study the lay-out, the great difficulties of operating and the vast amount of money needed to complete an unsatisfactory Plant the more I dislike the project. I could not possibly promise to undertake the successful administration of the Works at this juncture while there are so many difficulties to be encountered. It is idle to surmount them with wishful thinking.

(Sgd) Tom P. Jones

London,
21st July, 1952.

COPY

Registered No. 3153 on 15th November, 1954. Vol. XIV, page 45.

(Sgd) H. Bennett,
Registrar General
Falkland Islands.

FALKLAND ISLANDS FREEZER COMPANY LIMITED.

To The Governor of the Colony of the Falkland Islands and its Dependencies.

WE HEREBY UNDERTAKE on behalf of the Falkland Islands Freezer Company Limited (hereinafter called "the Company") that, if so required by you, the Company shall, as soon as its equitable title to the leasehold lands described below has been perfected by the assignment to the Company of Colonial Development Corporation's legal title thereto, create a first fixed specific charge thereon in favour of the Government of the Colony of the Falkland Islands and its Dependencies by way of further security for the loan of fifty thousand pounds made by that Government to the Company and at present secured by a Debenture given by the Company under our hands this Twentieth day of August, 1954.

The leasehold land hereinbefore referred to is All that piece of land known as The Ajax Bay Freezer, situate at Ajax Bay, East Falkland, containing fourteen 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.

DATED this Twentieth day of August, 1954.

(Sgd) W. Rendell

(Sgd) G.W. Eastburn

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Directors of Falkland Islands
Freezer Company Limited.

CONFIDENTIALMR. I.W.N. YOUNG'S COMMENTS ON THE ATTACHED PRECIS.

From a study of this precis it is evident that the excessive estimating of stock likely to be delivered in the early years of the Freezer's working is definitely due to Mr. Tinker the Colonial Development Corporation expert sent out to investigate the Scheme. (It should be noted that when he was sent out no one knew that he was a candidate for the Managership and it is possible that this influenced his judgment).

F.I.S.A. Farmers cannot be blamed for accepting the C.D.C. expert's estimates.

C.D.C. have never given any explanation as to why they developed their own scheme and ignored the original proposals. Neither have they ever replied to the suggestion made in F.I.S.A. letter dated 23/9/49, para. 3, which could not have been anything but helpful.

Personally, I am convinced that if C.D.C. had collaborated whole heartedly with F.I.S.A. all through, this situation would never have arisen as it is obvious that Freezing Works with a high capitalisation could never be economic. F.I.S.A. & F.I.C. were more or less disregarded until C.D.C. began to realize that something was wrong.

If a limit of £100,000 had been set, a suitable scheme might have been possible, even though Mr. Grieve thinks otherwise (see his letter dated 14.10.52.). When C.D.C. saw where they were heading they increased their efforts to persuade F.I.S.A. and Government to invest - unfortunately the Government has done so. This story does not read too well. The implication certainly was that if Government loaned £50,000 funds would be forthcoming for working in 1955 without stipulation as to numbers.

It is doubtful whether S.A.F.E. ever expressed an opinion as to the number of sheep/cattle which might be available. They are too good business men to be so rash as to express definite opinions on matters they are not fully acquainted with.

For The Falkland Islands Co. Ltd.
(Intld) I.W.N.Y. Managing Director

LONDON, 6th April, 1955.

PROJECTS

REGARDING THE

FALKLAND ISLANDS FREEZER PROJECT.

1939.

First memorandum by Young estimates 20,000 sheep and proposes to investigate possibilities.

During the War the line of thought was to investigate possibility of renting camps near Bahia Blanca, shipping surplus stock there to fatten, ewes to produce a lamb - both probably possible on these good camps - then sell to Argentine Freezers. Political developments made further consideration of this (after the war) impossible.

1947.

Memo by W.H. Dean on disposal of surplus stock estimates 17,000 sheep.

Meeting with Sir Frank Stockdale 30. 9.47.
See Colonial Office letter 88206/47 dated 23.10.47. addressed to Young. Y's memo. estimates 17-20,000 sheep and 500 Cattle and that quantity should slowly build up.
A modest scheme.
Freezing storage space about 30,000 cu. ft.
Messrs. Hall's proposal cost estimated at £31,350.

1948.

Farmers generally in agreement with the original (1947) scheme.
A.G. Barton's letter dated 6/4/48 indicates that R.F. was busying himself in this matter - see his paras. 7, 8, 9.

1949.

C.D.C. sent out Tinker saw D.H. killing 11,593 sheep and estimated 7,389 fit to freeze (63.7) plus a proportion of legs and shoulders of rejects & offal.
40 head of Cattle killed - Tinker considered 33 suitable for Freezing as 2nd class beef. He considered that the islands could produce 1,062 Cattle fit for freezing.
Tinker painted an attractive picture (see T.A. Gilruth's letter dated 30.4.49. also his letter to Tinker dated 17. 4.49. suggesting how C.D.C. might help Farmers in other directions.
C.D.C. and F.I.S.A. met on 26/8/49.
C.D.C. stated cost of project £250,000, hoped to work by mid April 1951.
A further meeting held on 6/9/49 (Young not present) Tinker must have produced figures as he referred to West Falklands supplying from 12,000 possibly up to 15,000 - his total estimate must have been 36/45,000.
He produced some figures re Cattle (we have no copy). Memo drafted by Young for consideration at F.I.S.A. meeting held on 27. 9. 49.
Members asked to give some idea of sheep/cattle they could supply in an average year.
He questioned if the project was economically sound in view of estimated capital cost £250,000.
Letter sent C.D.C. dated 25/9/49 considers capital outlay heavy in view limited numbers to be dealt with - asks for further information suggest

Direction and Management. There should be a Supervisory Board both in the Falkland Islands and in London with adequate Falkland Islands Sheepowners' Association representation. Although the Falkland Islands Sheepowners' Association may not invest, they will have a considerable stake in the project as they have to supply the sheep/cattle and allow credit. Moreover, they anticipate they will have to incur considerable capital expenditure in making such changes in their Farming Policy as may be necessary to increase the numbers of sheep/cattle available for delivery to the Freezing Works".

They suggest minimum delivery should be 40,000 and 500 which should slowly increase.

(This was obviously based on Tinker's report which has led both C.D.C. and F.I.S.A. astray).

Letter from C.D.C. dated 30.9.49. asks F.I.S.A. to go over the Project proposals with Dr. Fowler on 5. 10. 49.

Estimated total cost Freezer £241,675 expects to operate 1.4.51.

They estimate sheep available at min: 30,000 + 8 lb. cut mutton ex 12,700 rejects. 1062 cattle.

Criticises F.I. Farming.

Estimates that from

5th year 50,000 freezers + lambs

3rd " 1,500 " (cattle)

No basis given for this.

This was in reply to ours dated 28/9/49 but does not reply to our para. 3.

Meeting on 5.10. 49. between

Dr. Fowler

E.G. Mathews G.T. Dean L.W.H. Young

Nothing discussed of special importance except that Tinker had been offered and accepted the Managership but there was now some doubt if he would go out.

R. Blake visited C.D.C. on 7.12.49.

expressed the definite opinion that no material should be shipped out until a competent engineer had visited the Colony and investigated conditions and problems involved.

1950.

F.I.S.A. letter dated 30.5.50. to C.D.C.

Reiterates the point made in their letter dated 28/9/49 (para.3) and also states the Association considers its knowledge and advice had not been made as full use of as it might have done had one or two of its Members been able to discuss and deal with the project and matters as they arose, as is done by a Board of Directors.

C.D.C. write on 30.10.50. giving estimates of tonnage required by Freezer and by Sealing Co. U.K. - F.I. & v.v. Former would require space for

1,000 tons Beef/Mutton

rising to 1,500 tons in 5th year

plus 225 tons to 350 tons Hides, Sheepskins, Tallow & offal. (Sealing Company 1,232 tons - it worked two seasons only).

Stanley office advised of C.D.C. estimates 10.11.50.

they consider 1st year 22/25,000

2nd " 20/22,000

with the possibility of an increase but never as many as 50,000. Cattle 500 p.a. average.

1951.

C.D.C. revised Board paper, 12.7.51. (1)

Capital expenditure now estimated at £353,000.

They estimate

21,000 as minimum annual output first four years,

in addition 8 lb. cut mutton from 21,000 rejects.

Cattle 1,000 - 1,500.

From 5th year

Minimum 65,000 Sheep

2,000 Cattle.

Despite these figures, on final page of # they give

Estimates

	<u>Sheep</u>		<u>Cattle</u>	
	<u>Original</u>	<u>Revised</u>	<u>Original</u>	<u>Revised.</u>
1 year	42,000	20,000	1,062	1,000
2nd year	46,200	42,000	1,168	1,200
3rd "	52,000	45,000	1,314	1,500
4th "	58,000	50,000	1,465	1,750
5th "	65,000	65,000	1,641	2,000

Meeting F.I.S.A. and C.D.C. on 16.10.51.

C.D.C. state plant would now operate 1.4.52.

They suggest a Joint Committee be appointed in connection with the working and propose 3 Farmers to work with their Representative.

F.I.S.A. state they estimate Farmers could deliver in the first year

30/32,000 sheep

500 cattle.

C.D.C. have frequently pressed F.I.S.A. to invest in the Freezer but latter could not advise their members to. The heavy depreciation required was one major point and even in October, 1951, they considered C.D.C. must write off the major proportion of their expenditure and capitalise at about \$60,000.

1952.

Mr. Grieve visited the Freezer whilst under construction April/May, 1952, (together with Mr. T.F. Jones, Rio Seco), Young first met Grieve 5th June 1952.

On 14.8.52. he writes Young stating the revised capital is now estimated at \$499,000, and states "I am to extend to your Company a cordial invitation to participate in the equity of the proposed company".

He gives revised killing figures

	<u>Carcass</u>	<u>Cut meat (rejects)</u>	<u>Cattle</u>
1st year	20,000	5,000	1,000
2nd "	34,000	6,000	1,200
3rd "	45,000	5,000	1,500
4th "	54,000	6,000	1,750

Company replies on 29/9/52 -

"My Board and the Falkland Islands Sheepowners' Association have now considered the proposals put forward in your letter, 112/AMP, dated 14th August last and the views expressed below are our joint views.

2. We consider that before serious consideration can be given to your invitation that we take a financial interest in the Freezing Works, it is essential that the amount which is to be written off the Capital cost must be agreed and that such amount will have to be considerable.

3. We are not in a position to criticise your figures but would remark that your estimates of sheep and cattle to be handled, particularly in the 2nd, 3rd and 4th years, appear to be somewhat optimistic.

4. The prices shown for the purchase of sheep and cattle are low and are, of course, considerably affected by the high annual depreciation you have to allow for, in view of the costliness of the scheme. However, this is related to the views expressed in paragraph 2, above.

5. With regard to short term capital required for the purchase of livestock, you may recollect that we offered to give the Freezing Works credit until they received sale proceeds of the products; we think this might be modified to, say, six months from the end of the killing season, say, April. This will ease financing and we repeat our offer

as a small token of our interest in and continuous support of the project which has, as always, our goodwill.

6. West Falkland and Islands Farmers are concerned to know what arrangements will be made for the transport of their sheep to the Freezing Works.

7. When do you anticipate that the Freezing Works will commence working?"

Mr. Grieve replies, dated 14.10.52. -

"On the question of excessive costs we confirm our opinion that after allowing for all delays and other difficulties on site which have hampered the work there might be a possibility of saving say £30,000 to £50,000 on erecting a similar building if all went well; but we would not be disposed to put it higher than that. During Mr. Grieve's recent visit to his Secs on his way to the Falkland Islands he ascertained that the present replacement cost of each of the three not altogether modern freezers in the vicinity is estimated at £300,000/£350,000 at least. It has been suggested elsewhere that a freezer on the Islands might have been built for £100,000 to do the job. In the light of our experiences we do not agree with this view; our Consultant to whom we put the suggestion confirms that no kind of plant incorporating both modern abattoir and freezing apparatus could be built for anything like that sum. The plant now under construction is of the most modern design and is equipped to take the greatest number of sheep the Islands are likely to produce for many years. In our opinion it would have been a retrograde step to have installed a plant of obsolete design and allowing nothing for the expansion of the Islands' flocks, even if it could have been done cheaper.

Regarding the estimates of sheep and cattle to be handled these numbers were taken in consultation with our friends the South American Export Syndicate Ltd. and after discussion with various farming interests in the Islands; they cannot be authoritative and one has to make provision for reasonable expansion in the flocks and herds which after all, is the object of the whole scheme; it will have to remain a matter of opinion as to how soon the ultimate target of sheep and cattle can be reached; in the expansion programme shown, the first second third and fourth years may be taken as phases in development and not necessarily as years".

The remainder of his letter mainly deals with proposals to encourage us to take a financial interest.

To which the company replied on 7.11.52. -

"Mr. Grieve's letter reference 112/ANP dated 14th October addressed to our Managing Director has been given our very careful consideration, and we have come to the conclusion that while the Freezing Works project has our unqualified good-will, we are not prepared to make an investment in the Company to be formed to work the plant at this juncture. Further we are of opinion that the matter of the formation of such a Company, and of outside investment should be deferred until the plant has been in operation for two seasons.

We desire to comment briefly on certain paragraphs of Mr. Grieve's letter now under acknowledgement.

a) His paragraph 3:- We cannot agree with his views, but appreciate that there is nothing to be gained now by detailed criticism of an accomplished fact. We would however remark we are still at a loss to know why the original scheme as broadly outlined in Colonial Office letter 38206/47 dated 23rd October, 1947, addressed to Mr. Young was so radically departed from, and the present scheme substituted.

b) His paragraph 11:- We are pleased to know that the South American Export Syndicate Ltd. will probably be appointed to manage the Freezing Works, and the Corporation may rely on our giving them such assistance and support as lies within our power".

A meeting between C.D.C. and Young was held on 10.10.52.
My note reads:-

"The matter of the writing off of a large portion of the Capital was discussed - the purpose being to form a Company with a reasonable Capital such as might attract Farmers to invest.
The effect of high depreciation on the price which could be paid for sheep/cattle was discussed.
Mr. Young considered that so long as the Company was solvent the rate of return on the Capital was not so important as Farmers would appreciate that the outlet for their sheep/cattle is what would really pay them. Therefore a scheme might be evolved whereby after a small dividend was paid any available balance might be utilised as a Sinking Fund against the initial amount C.D.C. must write off. C.D.C. to consider these points and come back.
Mr. Young confirmed that he understood the investment in mind was, Falkland Islands Government £20,000; Falkland Islands Farmers @ 1/6d. per sheep, say £30,000.
Mr. Young considered that C.D.C. estimates of sheep killed were optimistic and no real increase could be looked for for 7-10 years".

Lord Reith writes to Mr. Young on 14.11.52:-

"I was exceedingly sorry to learn from our telephone conversation the day before yesterday - arising out of your letter of 7.11.52. (and it was a complete and thoroughly unwelcome surprise) - that you felt you had not been courteously or frankly treated by the Corporation over the Falkland Islands freezer project - anyhow since our conversation in May.

As I said on the telephone, there was nothing whatever deliberate from this side; and the Corporation officials here, at the meeting on October 10, had no doubt that you were going to participate - the only question in their minds was the amount of capital that should be written off. But for the lack of contact, for the apparent with-holding of information, and for no meeting having been held between you, Mr. Eastburn, Mr. Jones and some of us here while Mr. Jones was in the country I entirely apologise. I asked you whether we could not put the clock back and start again. It is not just that we obviously cannot operate the freezer without your sheep, but that, even if we could, we wish you to be in with us; and from the beginning. Moreover, I told the Secretary of State, when we were asking for money enough to finish the job, that I thought you would be coming in; and the South American Export Syndicate attach great importance to your doing so.

I know from what you say that we and they can count on your good will and co-operation; but positive participation is something more definite and determining, and it will be a relief to all three parties - Colonial Office, Syndicate and ourselves - if you do.

I was very glad to find that you were prepared to consider some sort of restart; and you suggested one way - by your not requiring payment for your sheep for the first year or two; that this debt might be regarded as payment in advance for shares to be taken up later.

Perhaps you would be good enough to write to me whether my understanding or your suggestion is correct; if so, whether it would be good to arrange a meeting with all parties - you, South American Export Syndicate and ourselves. We might at least try to recover past mistakes and misunderstandings - for which I again apologise - and we could give you a full account of what has happened".

replied to on 20. 12. 53:-

"I have to acknowledge receipt of your letter dated 14th instant, which has been given careful consideration by the members of my Board at present in England, and we regret that we do not see our way to modify the views expressed in the first paragraph of our letter dated 7th instant addressed to the Colonial Development Corporation.

With reference to the fourth paragraph of your letter now under acknowledgement, there is of course, no question of our withholding our sheep from the Freezing Works, and our Managers have already been given instructions regarding the delivery of sheep and cattle to the Works when operations commence in April, 1953".

(It should be noted that South American Export Syndicate would not undertake the management of the Freezer unless they were assured of our support - not financial as they were not interested in this aspect and it is for this reason that Young has served on the London Committee (or Board) of the F.I. Freezer Co. Ltd.)

1953.

The Freezing Works commenced 1.4.53. when they were certainly not ready and sheep had to be kept on hand late in the season.

Sheep Frozen	8096
Rejects	5560

In 1954

Sheep Frozen	12256
Rejects	3645

Cattle Frozen	358
Rejects	23

The Falkland Islands Government (Sir Miles Clifford, Governor) agreed to invest or loan £50,000 to Falkland Islands Freezer Co. Ltd. This had not been completed when the Governor retired. I understand his successor would have preferred not to have completed but pressure was exerted. The money was therefore paid over and a debenture given. As matters are at present Government's security is poor as the break up value of the Works must be small and the prospect of their re-opening slight. Before the money was actually paid over F.I. Freezer Co. Ltd. stated that:-

(1) Cable from ODC Chan to FI Govr on 2.6.54 saying disappointed loan £50,000 not paid and, provided loan forthcoming, that ODC would be ready to provide additional working capital next season within existing sanction.

(2) Reply received on 5.6.54. asking what amount would be available.

(3) Further cable from General Manager ODC to FI Govr on 10.6.54 saying that assuming Freezer 1954 revenue was £30,000 the balance of existing sanction available for working capital would also be £30,000.

which implies that the Freezer will work without further stipulation providing the money was forthcoming.

They later stipulated for - 35,000 sheep
1,000 cattle

and refused to work in 1955 when they found that these numbers would not be available.

EXTRACT FROM A LETTER TO MR. H. C. HARDING FROM MR. H. A. COCHRAN,
CONTROLLER OF OPERATIONS, COLONIAL DEVELOPMENT CORPORATION
DATED 2ND MARCH, 1955.

2. Number of Animals.

(1) Before the freezer was ever started in 1949, the Sheepowners' Association was asked for its view on the number of animals available. In September 1949 the Secretary of the Sheepowners (at that time Mr Young) wrote that a minimum of 40,000 head of sheep and 1,000 head of cattle could be expected to come forward for treating each year.

(2) Early in 1952, at the time Mr Grieve visited the Falkland Islands, he had conversations with Govt. officials, Sheepowners and all concerned on this point. On his return to the United Kingdom, he had conversations with Mr Young and Mr Eastburn. There was general agreement as to the figures which should be adopted in the revised estimates of trading results from the freezer and these figures were -

	Sheep (carcasses)	Sheep (cut meat)	Cattle
1st year	20,000	5,000	1,000
2nd year	34,000	6,000	1,500
3rd year	45,000	5,000	1,500
4th year	54,000	6,000	1,750

(3) When I became involved in the freezer in October 1952, I discussed these figures with Mr. Young. At that time he told me that he thought that the second year target would not be reached until the third year and that the third and fourth year targets would take perhaps seven years to achieve. Mr. Young put the ceiling on the numbers of sheep which could be expected at 75,000 a year.

(4) In the event the figures actually delivered were 1953 (part season only) - 14,000; 1954 - 16,901 sheep and 382 cattle.

(5) The trading estimates approved by the Board of the Company for the 1954 season were based on 20,000 sheep and on prices estimated by the managing agents which seemed to give a margin of safety. It was not until the carcasses arrived in the United Kingdom at the end of September that the quality could be seen. It was then found to be far lower than could reasonably have been expected and prices were correspondingly lower than estimated. In the event, Mr Eastburn had considerable difficulty in selling the mutton and instead of an estimated loss of £9,000 (on 20,000 sheep and reasonable quality), the actual loss was over £40,000.

(6) In view of the 1954 experience, at the end of the year we asked both yourself and Mr Young for estimates for the number of animals likely to come forward in 1955. I believe that you and Mr Young obtained figures independently but they both come out at round about 16,000 sheep and 400 cattle.

(7) Until the freezer handles a minimum of 35,000 sheep and 1,000 cattle of considerably better quality than heretofore, there is little chance of economic operation with mutton prices such as they were in 1954.

(1) Before the Treasurer was ever started in 1952, the Sheepowners' Association was asked for its view on the number of animals available. In September 1952 the Secretary of the Sheepowners' Association (Mr. Young) wrote that a minimum of 20,000 head of sheep and 1,000 head of cattle could be expected to come forward for the next year.

(2) Early in 1953, at the time Mr. Young visited the Falkland Islands, he had conversations with Govt. officials, Sheepowners and all concerned on this point. On his return to the United Kingdom, he had conversations with Mr. Young and Mr. Ashburnham. There was general agreement as to the figures which should be adopted in the revised estimates of trading results from the Treasurer and these figures were -

Sheep (carcases)		Cattle	
1st year	20,000	1,000	1,000
2nd year	15,000	1,500	1,500
3rd year	10,000	1,500	1,500
4th year	5,000	1,500	1,500

(3) When I became involved in the Treasurer in September 1953, I discussed these figures with Mr. Young. At that time he told me that he thought that the second year target would not be reached until the third year and that the third and fourth year targets would take perhaps seven years to achieve. Mr. Young and the calling on the number of sheep which would be expected at 25,000 a year.

(4) In the event the figures actually delivered were 1953 (first season only) - 15,000; 1954 - 15,500; sheep and 185 cattle.

(5) The trading estimates approved by the Board of the Company for the 1954 season were based on 20,000 sheep and on prices estimated at the prevailing prices which seemed to give a margin of safety. It was not until the 1954 season arrived in the United Kingdom at the end of September that the quality could be seen. It was then found to be far lower than could reasonably have been expected and prices were correspondingly lower than estimated. In the event, Mr. Ashburnham had considerably difficulty in selling the wool and instead of an estimated loss of 25,000 (on 20,000 sheep and reasonable quality) the actual loss was over 250,000.

FALKLAND ISLANDS.

ANNUAL STOCK RETURN FOR 1952-1953.

Prepared from information furnished in accordance with Section 13 of the Live Stock Ordinance, 1901.

OWNER.	NAME OF STATION.	RAMS.	WETHERS.	BREEDING EWES.	OTHER EWES.		HOGGETS.	TOTAL.
					CAST.	MAIDEN.		
EAST FALKLAND.								
J. W. Miller *	Moody Valley.							
San Carlos Sheep Farming Co., Ltd.	San Carlos.	406	5,769	9,400	604	2,250	5,816	24,245
Pitaluga Bros.	Gibraltar.	157	6,013	7,241	—	—	3,684	17,095
Falkland Islands Co., Ltd.	Darwin & Lafonia.	2,036	52,076	57,055	1,959	13,909	34,203	161,238
" " "	Fitzroy.	390	10,132	11,678	—	2,864	7,039	32,103
Smith Bros.	Berkeley Sound.	161	5,006	6,099	—	—	2,928	14,194
Mrs. N. S. Browning and Estate J. W. McGill	Mullet Creek.	40	250	822	—	—	309	1,421
Mrs. F. O. Yonge	Bluff Cove.	85	338	2,602	—	—	744	3,769
Estate T. Robson	Port Louis.	185	3,994	4,256	80	894	2,201	11,610
The Douglas Stu. Co., Ltd.	Douglas	338	6,667	9,340	—	1,607	5,059	23,011
Port San Carlos Co., Ltd.	Port San Carlos.	345	7,483	9,660	—	2,207	6,202	25,897
Teal Inlet Ltd.	Evelyn.	314	7,084	7,820	186	1,897	5,151	22,452
Estate H. J. Pitaluga	Rincon Grande.	148	3,566	3,325	340	855	2,147	10,381
		4,605	108,378	129,298	3,169	26,483	75,483	347,416

WEST FALKLAND.								
J. L. Waldron, Ltd.	Port Howard.	338	9,600	13,266	230	2,441	7,057	32,932
Holmested Blake & Co., Ltd.	Hill Cove.	393	8,891	11,343	775	2,071	6,230	29,703
Falkland Islands Co., Ltd.	Port Stephens.	453	8,677	10,978	773	2,148	6,407	29,436
Falkland Islands Co., Ltd.	Fox Bay West & Spring Point.	321	8,723	10,703	—	2,117	5,723	27,687
Packe Bros. & Co. Ltd.	Fox Bay East	406	8,603	9,593	97	2,212	6,095	27,006
Luxton & Anson	Chartres.	316	6,570	9,557	154	1,796	4,951	23,344
Bertrand & Felton Ltd.	Roy Cove.	194	4,747	5,944	—	1,313	4,050	16,248
		2,421	55,811	71,384	2,029	14,098	40,513	186,256

ISLANDS.								
Estate J. Hamilton, Ltd.	Weddell.	97	2,408	801	—	691	2,176	6,173
" " " "	Beaver.	72	80	2,275	—	—	—	2,427
" " " "	Passage.	14	217	431	—	—	—	662
" " " "	Saunders.	146	2,588	2,651	—	479	1,599	7,463
Dean Bros. Ltd.	Pebble & Keppel.	211	6,745	5,345	1,637	1,336	3,820	19,094
" " " "	Jasons.	10	751	466	—	222	188	1,637
Bertrand & Monk	Carcass.	18	770	774	—	43	787	2,392
J. Davis	New.	20	802	830	145	179	796	2,772
" " " "	Hummock.							290
J. Lee	Sea Lion.	16	622	640	170	187	456	2,091
Mrs. Napier	West Point.	15	769	689	100	270	714	2,557
Falkland Islands Co., Ltd.	Speedwell Group.	223	4,548	3,801	—	958	2,851	12,381
		842	20,300	18,703	2,052	4,365	13,387	59,939

* No Stock Return received from J. W. Miller, deceased.

SUMMARY OF STOCK RETURNS 1948-1953.

EAST FALKLAND	...	...	...	...	4,605	108,378	129,298	3,169	26,483	75,483	347,416
WEST FALKLAND	...	...	...	...	2,421	55,811	71,384	2,029	14,098	40,513	186,256
ISLANDS	...	...	...	...	842	20,300	18,703	2,052	4,365	13,387	59,939
TOTALS 1952-1953					7,868	184,489	219,385	7,250	44,946	129,383	593,611
1951-1952					7,978	188,716	222,325	8,677	47,281	109,085	584,062
1950-1951					7,980	192,179	221,473	554	49,505	118,072	596,963
1949-1950					7,509	194,932	227,363	6,546	46,035	128,486	611,168
1948-1949					7,724	201,202	221,656	59,763		113,406	603,751

TOTAL WOOL CLIP IN 1000 LBS.	SHEEP SHORN.	LAMBS.		SHEEP DISPOSED OF.	HORSES.	CATTLE.	SWINE.	POULTRY.	ACRES SOWN OATS.	FAR MARK.
		MARKED.	DIPPED.							
EAST FALKLAND.										
159	21,864	6,472	5,816	2,980	140	670	3	--	11	Front Square.
103	14,830	4,098	3,684	1,545	41	201	3	--	--	Fore Bayonet.
1,254	144,303	39,337	34,203	12,522	759	4,134	4	--	--	Double Swallow.
220	28,673	8,151	7,039	4,660	190	1,052	--	256	--	" "
84	12,898	3,407	2,928	1,491	24	208	--	68	--	Triangle.
4	1,206	325	309	105	--	16	--	--	--	Back Bayonet.
20	3,668	1,049	744	296	25	54	--	--	--	Double Slit.
82	9,943	2,800	2,201	515	47	240	--	--	--	Front Halfpenny.
157	20,539	5,798	5,059	2,145	87	419	5	--	--	Fork.
201	23,223	7,344	6,202	2,511	127	750	6	--	4	Slit.
141	20,013	5,989	5,151	2,232	145	326	--	--	--	Back Square.
72	8,776	2,350	2,147	330	44	141	--	46	--	Slit.
2,497	309,936	87,120	75,483	31,332	1,629	8,211	21	370	15	

WEST FALKLAND.										
263	28,898	8,562	7,057	1,495	208	720	4	—	12	Fork.
208	25,133	7,249	6,230	1,742	146	396	—	—	15	Front Bayonet.
178	24,193	7,335	6,407	1,418	157	526	4	—	9½	Fork.
187	23,164	6,681	5,723	1,760	108	369	—	—	9	Fore Bayonet.
210	23,854	7,598	6,095	2,486	130	454	—	235	—	Fore Bit.
181	20,762	5,806	4,951	2,109	178	487	2	—	—	Double Swallow.
137	14,258	4,403	4,050	2,199	105	247	3	230	4	Front Square.
1,364	160,262	47,634	40,513	13,209	1,032	3,199	13	465	49½	

ISLANDS.										
54	4,927	367	341	1,001	91	127	—	145	4	Fork.
19	1,850	1,534	1,488	150	13	39	3	—	—	"
8	648	438	390	6	—	25	—	—	—	"
60	6,492	2,027	1,627	730	23	109	—	—	—	"
161	17,425	4,009	3,820	1,905	96	295	4	170	9	Back Bayonet.
41	1,901	188	—	—	—	—	—	—	—	"
25	2,316	810	787	693	11	25	—	33	—	Fore Bayonet.
21	1,610	820	796	310	6	38	8	46	—	Fork.
17	1,701	470	456	40	3	19	—	13	—	Slit.
24	2,463	752	714	600	10	20	3	90	—	Back Square.
128	11,253	3,842	2,851	2,286	10	350	—	—	—	Double Swallow.
558	52,586	15,069	13,458	7,721	263	1,047	18	497	9½	

2,497	309,936	87,120	75,483	31,332	1,629	8,211	21	370	15	
1,364	160,262	47,634	40,513	13,209	1,032	3,199	13	485	49½	
558	52,586	15,069	13,458	7,721	263	1,047	18	497	9½	
4,419	522,784	149,823	129,454	52,262	2,924	12,457	52	1,352	74	
4,212	526,362	122,689	109,360	50,710	3,003	12,181	40	1,544	93	
4,379	539,133	134,022	118,059	59,209	2,970	11,630	24	2,189	75½	
4,262	540,755	143,950	127,910	64,467	3,043	11,138	35	4,037	151½	
4,240	548,037	127,524	—	56,090	3,072	10,873	10	—	—	

SHEEP DISPOSED OF.

YEAR.	SOLD LOCALLY FOR BREEDING OR FURTHER USE.	EXPORTED.	SLAUGHTERED.			OTHER LOSSES NOT LAMBS.
			MUTTON.	TALLOW.	SKINS.	
1952-1953	3,932	—	*32,945	565	13,194	67,572
1951-1952	4,779	1,937	23,427	8,545	12,022	76,330
1950-1951	6,614	1,331	24,526	10,330	16,408	79,669
1949-1950	8,295	851	24,179	9,321	21,821	74,897
1948-1949	3,706	2,007	21,010	11,825	17,542	72,192

RE-CALCULATED PERCENTAGES.

YEAR.	DEATH RATE %	PER 100 EWES PUT TO THE RAMS.		
		% LAMBS MARKED OF	% HOGGETS DIPPED PREVIOUS YEAR'S EWES.	% HOGGETS SHORN FOLLOWING YEAR.
1952-1953	11.57	67.39	58.19	
1951-1952	12.78	55.39	49.37	
1950-1951	13.03	58.94	51.92	
1949-1950	12.40	64.94	57.70	
1948-1949	12.27	56.41	50.17	62.40

IMPORTATIONS.

From UNITED KINGDOM		From URUGUAY			From H.M.S. ONTARIO	From M.V. MIRAK N
Bulls	Rams	Mares	Fowls	Parakeet	Dogs	Dogs
2	9	3	6	1	1	1

* This total includes 14,572 sheep sent to the Freezer.