

# SECRETARIAT

(Formerly)

2088	2088

## AVIATION RENEWALS FUND.

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### CONNECTED FILES.

NUMBER	
1321.	Power Station Renewals Fund.
1322.	Marine Renewals Fund.

No. 58

It is requested  
that, in any refer-  
ence to this memo-  
randum, the above  
number and date  
should be quoted.

MEMORANDUM.



17th January, 1961.

To The Honourable

From: Colonial Treasurer.

Stanley, Falkland Islands.

The Colonial Secretary,

STANLEY.

SUBJECT:-

Renewals Funds

AVIATION

I have received a letter from the Crown Agents in which they enquire about possible dates when withdrawals from the three renewals funds - Aviation, Power Station and Philomel- are likely to be made. They require this information in order to decide on a suitable investment policy.

I feel that we should always regard the possibility of withdrawals from the Aviation Renewals fund to be imminent. Experience has shown that accidents are likely to occur from time to time and drawings on the fund may be more frequent than previously anticipated.

With regard to the other two funds drawings will, I imagine, be more widely spaced and timed with a certain degree of accuracy. I am not aware of the policy of Government with regard to replacing the "Philomel" and so far as I can find out this matter has never been discussed. The replacement fund appears to have been set up as a measure of sound policy but without any stipulated ceiling or information as to when a replacement is anticipated.

Little also is known about the Power Station Renewals fund except that the value of the plant to be replaced was once put at £42,000. So far as I am aware no date when drawings might commence has ever been stated.

These matters I could have taken up directly with the heads of departments concerned but I feel that the matters are of such importance that a record of what is decided upon should be held in Secretariat files. I need to know

- a} the date withdrawals are likely to commence  
b} amounts then required.

in respect of the Power Station and Philomel funds. The Aviation fund will be practically exhausted when the new parts for the damaged Beaver are purchased and in any case I think it wise to advise the Crown Agents that drawings from this fund may be frequent.

*L. Treasurer*

Colonial Treasurer

LCG/JR.

*Re Philomel*

*H*

*Re Power Station and SPC for dates re h*

*disuse*  
*R 20/1/61*

*Anscombe*

*Large sum not due*

*P70*

2-

S/C A.

Possibly this is a good time to consider whether  
it would be unwise even of another accident  
occurs - to do as we did this last time - draw on a  
Renewals fund. We should also consider the question  
of ultimate replacement and how we shall do this  
for it when it arrives. Please consider. We could  
perhaps discuss

20/1/61

3

H.C.S.

In 1958 we were in a similar position as we are now, an aircraft had been involved in an accident and had to be replaced. However on that occasion application was made to Council to vote funds for the purchase of a new aircraft.

2. At the subsequent Audit inspection carried out by Mr Carter he commented on the fact that Colony funds had been voted to purchase this new machine when a renewals fund was in existence, it was his opinion that the Renewals fund should have been utilised and only the balance required to make up total cost voted from Colony funds.

3. If the opinion as stated by Mr Carter is the correct procedure, then should we not continue contributing to our Renewals fund and when replacement is eventually required application be made to Council for the balance of monies required to make the purchase.

4. There is one point which I feel we should not overlook and that is we still have a fuselage which could be overhauled with a view to replacing the fuselage of the old aircraft, this is a point which we should discuss with the Senior Engineer.

  
D.C.A. 26/1/61

S/C A

Please return at your convenience

1/2/61

Shoen

5

H.C.T.

I wonder whether it is possible or desirable to work out a policy with regard to this fund in cracking when before it is meant to serve. Should it be the only to replace

What wears out or can I afford for replacement  
loss from accidents also: or are we going to consider  
such loss on its merits.  
82

10/2/60.

Hon b. t.

to 7

It depends entirely on the opinion of  
S.F.C. members. There is no "correct"  
procedure such as D.C.A refers to in 3.  
If S.F.C. say close revenue then that is  
final. We can advise them to adopt another  
policy of course but the time for this would  
be when expenditure is being considered.  
There is nothing further that I need for my  
letter to CAA. Thank you.

H.C.

27.3.61

of

DCA.

Please see Hon T's minute.

28/3/61

9

H.C.S. All due respects, but there obviously is a clash of  
opinions in this matter, and I can hardly believe that  
no "Correct" procedure exists for the spending of Public  
funds.

J.W. 3/4/61.

To Mayor when he  
comes  
or

Sherm.

10

H.C.T.

DCA is rather strong at 4 point three  
so ours is considerably smaller to the  
standard figures Flood. See also the above  
Insurance. We could discuss in SFC 2.

52

7/4/61.

Han b. A.

11.

I shall try to be more explicit. If  
S.F.C. say that the renewal is to be ~~paid~~  
paid for from revenue then that is correct.  
If replacement costs are met from a reserves  
fund then that is also 'correct'. Until a  
replacement is required no procedure can  
be laid down. Successive S.F.C.'s might  
have differing views and decisions are therefore  
made as required. We build up a fund  
when the budgetary position permits. We  
<sup>making contributions</sup> discontinued when the budgetary position  
deteriorated and I shall be pleased to explain  
the financial implications to D.C.A. if he  
cares to call some time.

I do not think S.F.C. need to be consulted  
on any point at the moment. The matter  
is always reviewed when the estimates are  
presented and considered.

H.C.T. 12

All right

L.C.T.  
13  
13.4.61

7/4/61.

L.C.T.  
10.4.61

I.C.A.

14

You may wish to discuss  
with Hon. C.T.

17.4.61

H.C.S.

15.

A. discussion with H.C.T. on my return from  
leave would be useful but not at present.

F.S.  
19/4/61

J.  
18/4/61.  
P.M.