

~~CONFIDENTIAL.~~

SECRET

1931.

~~1929.~~

C.S.

No.

S/5/31

S. of S. Confidential

SUBJECT.

~~1931.~~
1931.

11th April.

HEKTOR WHALING COMPANY, LIMITED -

Requests that payment of duty on whale oil in respect of 1930-1931 season may be deferred until the season's whale oil has been sold.

Previous Paper.

D/10/31. 358/22

MINUTES.

1-3. Confidential despatch from S. of S. of 11/4/31.

J/K.

Submitted.

C. J. J.
28/5/31.

Offic. Sec.

Please refer to

Mr. Treasurer at Collector of Customs

for report and advice.

2. So far as I am

aware no similar application has

been made by any other Company

Subsequent Paper.

and all the Companies have
paid the amount of duty
for which they were liable.

Yours
S

28.5.31.

Hon. Treasurer
& Collector of Customs,

Referred to you for your report and
advice please!

Yours
S
28/5/31

Hon. Col. Sec.

In my minutes of the 10th and 13th April
last, I asked you to request the C.A.'s to
collect from this Company the sums of
£6255-8-8 and £4502-10-0 respectively,
or a total of £10,757-18-8. I understand
that you have received no communication from
the C.A.'s about this.

2. The Sec. of State appears to be in
sympathy with the request of the Company,
and in the circumstances I am afraid we
have no option but to agree. Presumably
the Company will be required to pay interest
for the period the amounts due remain
unpaid.

3. I am not aware of any application
of a similar nature having been made,
and I am not aware that any other
Companies have not paid duty for which
they are liable.

Confidential

C.S.O. No. C/5/31

Inside Minute Paper.

Sheet No. 1.

4. If the amount due is not paid this year the Dependence's Revenue available will be very much reduced, and taking into consideration heavy refunds combined with a falling off of revenue on whale oil, it seems doubtful at the moment as to whether we shall be able to get the £9,000 from Dependence's Revenue this year.

In any case there will be loss to Revenue as in past years the £9,000 is transferred from Dependence's Revenue as early as possible in the year and becomes available as part of the liquid balances held in the Joint Colonial Fund.

W. Orange Harketa

Treasurer.

28 V. 31.

J/S.
Submitted with M.P. D/10/31.

C.S.O.
28/5/31

Offic. Sec. Draft despatch in 1931

Be with for fairness, please.

J/S

31. 5. 31.

Conf. despatch to S. of S. of 1/5/31.

4-5.

Off. Secy.

Please let the Treas.

at C. of C. see.



1-6-31.

Hon. Treasurer,
& Collector of Customs,

To see.

G. S. S.
2/6/31.

Hon. Col. Secy.

Thank you.

Mr. George Kullback
Treas.

2.6.31.

S. of S. Confidential despatch of 28/1/32. 6-8.

Hon. Treas.:

With reference to para: 2
of the Sec. of State's despatch will

you please say what is the practice.

Mr. George Hallett
 as c.s.
 12. 3. 31.

Hon. Col. Sec.

It has been the practice for many years on clearing whaling ships to require the masters to give an undertaking in writing to the effect that his Company will pay to the Crown Agents the amount of export duty due. In the case of vessels belonging to the Hektor Whaling Coy which were cleared in April, 1931, letters were received from the masters of the vessels to the effect that they had arranged for the duty to be paid in London. In each case the master signed a remittance voucher for the amount due against receipt of the amount by the Crown Agents.

2. As is customary in such cases the letters were forwarded to you, with the request that the Crown Agents be asked by telegram to collect the respective amounts.

3. The present practice was instituted to afford whaling Coys facilities for paying duty in London instead of through the Fl. Coy. local when they had to pay a somewhat high commission. A formal Bond has never been required, the

undertaking in writing being accepted
by the Govt. as a sufficient guarantee.

Mr. Bhanji Kulkarni
Treasurer.
21. 3. 32.

Conf. despatch to S. of S. of 26/3/32.

9-12.

Mr. Treasurer

Please see.

26/3/32
9

Hon. Col. Sec.

26, 3, 32.

Thank you.

Mr. Bhanji Kulkarni
Treas.
26. 3. 32.

P.A.
29/3/32

S. of S. Confidential despatch of 5/3/32. 13-17.

C.S.O. No. C/S/31.

Inside Minute Paper.

Sheet No. 3.

The Treas.

Re 17-13 for

favor of your advice, please.

2 Pennells 1 re no

objection to the proposal not

to press the main claim but

1 as doubtful as to the

expediency of giving the interest

charge.

J. M. L.

24.5.32.

H.C.S. I agree that in principle interest ought to be charged. Nevertheless, in view of the fact that the Secretary of State seems to be satisfied that it is of vital concern to the Company that every consideration

should be extended to them, I am inclined to think it would be better not to oppose any objection to waiving the question of an interest charge entirely.

J. H. Johnson
Asst. Secy.,
4 June 1932

P.S.

On the other hand I do not think that this decision should be communicated to the Company. They might be told that the question of interest will remain meantime in abeyance. This would leave it open to the Government to press the claim if it was thought that payment of duty was being unduly protracted.

J. H. Johnson
4 June 1932

1. Substant. On the whole I think it is politic to express unqualified agreement.

2. I put up a draft despatch accordingly.

Hon C. P.
draft of dispatch
approved
J. H. Johnson
6.6.32

6.6.32.

18. Conf. despatch to S. of S. of 7/6/32.

Mr. Treasurer

Please see

J. M. D. G.

8. 6. 32.

A.C.S. Seen & thank you

Ed. R. Brown
11. 6. 32.

G.F. 11. 10. 32.
~~11. 6. 32.~~

J. M. D. G. 11. 6. 32.

19-23 S. of S. Despatch No 100. of 29/7/32.

Mr. Treasurer

Please see

J. M. D. G.

21. 9. 32.

A.C.S.

Seen. Ed. R. Brown
By Treasurer
27 Sept 1932

b.f.

11. 12. 32.

jud 11. 10. 32

b.f.

11. 3. 33.

jud 11. 3. 32

b.f.

4. 4. 33.

jud

14. 3. 33.

Confidential despatch to S. off. of 6/4/33. 25.

Hon. Treasurer

To see

jud

5

10. 4. 33.

Hon. Col. Sec.

Thank you.

M. Carpi & others

17. 4. 33

b.f. 14/9/33.
C.S. 19/8/33

b.f.

~~18. 8. 33~~

~~jud 18. 9. 33~~

Y/6.

A reply has not yet been received to the Gen's despatch, Confidential of 6 April, 1933.

A. J. P. S.
21/9/33

Hon. Col. Sec.

This is unfortunate for us. Payment of the amount would be a windfall just now especially with the Gen's falling off of Dependents' revenue. Send a further reminder.

MCH
21. 9. 33

Despatch to S of S Conf of 22/9/33.

(26)

Y/6.

Despatch submitted for perusal of Y/6's signature.

A. J. P. S.
22/9/33.

Hon. Col. Sec.

Thank you, signed
MCH

22. 9. 33

S. of S Confidential despatch of 29/12/33. 27-30

Yr. Submitted. Unfortunately there seems little prospect of obtaining the sum due, for some time. Perhaps the matter was mentioned to Yr. while in England.

MCH
— ay c s.
19. 2. 34.

Mr. C.S.

See: 1 doubt whether the money will ever be paid.

2. No - I learned nothing further in England in regard to his motions.

jud
—
19. 2. 34.

Hon. Treas:

To see,

MCH
— ay c s.
20. 2. 34

Hon. Sec. Secretary

Seen, thank you.

aud
} or Sec. Treasurer
—
20. 2. 34

31-34. S. of S. Confidential despatch of 22/3/35.
 35-42. " " " " 24/4/35.

YH. Submitted. The amount of £10,700 due by the Hellen Coy to this Govt. has been outstanding since April 1931, and there seems slender hope of securing payment of the whole or part.

2. In the circumstances we might agree to the alternative proposal (red 35). If the price of whale oil improves we may recover some of the amount.

mch
14. 5. 35

Yes ~~YH~~ 18/4/35

(43) Confidential despatch to S. of S. of 18/5/35.

YH. Despatch Submitted for Signature.

mch
es.
17. 4. 35

P. A.
18/5/35

~~YH~~ 18/4/35

Telegram from S. of S. no. 447 of 16/5/35.

YH. Submitted. It seems as though this Gov. has no option but to waive its claim. If we do not waive it and the Company goes into liquidation we still lose the amount.

If the S. of S. considers such a course advisable then we might waive the claim.

MCH
CS.

20. V. 35

Please reply that as ^{now} it is ^{now} apparent that nothing is to be gained by pressing the claim of the Colonial Government against Hector Whaling limited the claim may be abandoned @ being emp'd. de facto if it may be cancelled

MCH 20/5/35

Telegram to S. of S. no. 38 of 21/5/35 45.

Hon. Secs.

To note.

MCH
CS.

22. V. 35

Hon. Col. Sec.

noted.

CS.
Hon. Col. Sec.

22. 5. 35

46-49 S. of S. Confidential despatch of 18/4/35.

50-52 " " " " 22/5/35

(53) Confidential Despatch to S of S 4/7/35

Despatch submitted.
MCA
4.7.35

10/4/35

54 S of S. Confidential despatch of 4/4/36.

Y.E. 55
Submitted.

Pres 21/5/36.

56
Audit in issue

26/5/36

57
Local audit
issue.

Pres 26/5/36

58
Hence col see

see above.

59
Pres. Local audit
30 May 36

Notes.

Although legally this matter is dead it is considered that S/A Keel has a moral obligation which it should know now it is in strong financial position.
K.H. 28/5/48

Extracted to
P/30/47 - United
Whelan paper.

59A

Extracted to D/30/47 -
United Whalers Limited

Y/E
Shd. see part of p. 7. 1 nice cr.
sent to C.W. Mr. [unclear] 25.6
61
Thankyou.
INC. 30 v. 1 y

62.

A.C.S.

Mr. Winter has filed a full copy of 59A in D/30/47
(United Whalers) (with HK) pl.

WH. 5/7/48

PAU
57

63. FIDEL Tel 107 from D/S/S

U. (63) Any views?

64. Telegram Fidep 158 to 29 S/S of 30/7/56

65. S/T No 21 of 2/6/56 to S/S

66 Telegram from Asefido of 7/6/56

Sec. FIDS - 166

Can you provide or obtain this information

66 to

H.C.S.

Draft reply to 66 at once. In view of 65
you may wish to inform or send reply through
S. of S.

H.C.S.
FIDS.
16/6/56.

71 Telegram Fidep 126 from S/S of 17/6/56
BU 21/7/56

72 Telegram to Crown Agents of 26/6/56

McI
Sl rec 69.
Dkm
25/6/56

73 Del 126 from Gov. of 29/6/56

74 Telegram from S/Fido to C.A.A. of 29/6/56

McI 75.
Do see 74 pl.
Dkm
1/7/56

P.B.
2.7.56

76 S/T No 24²⁴⁸ from S/S of 17/6/56

S.F.
Do see 76 pl
Dkm
10/8/56

ACS 78
See thank you.

~~McI~~
11/8/56. P.A. 13/8/56

79 S/T No. 39 Dependencies of 23/7/56 from S/S.

80 Del to Fidep 202 from S/S of 12/7/56

U.S.
80 f.i.p.
20/9

1. H.C.S. } f.80.
2. Office. }

I expect the Governor has been informed of this decision - but h.u. after his return in case he doesn't know about it.

B.G.T.

21/9/56

BU 30/9.
24/9.

has

File B.G. accy. pl.

Q
2/x.

Note. The Governor knows of this decision. NFA

B.G.T.

4.10.56

Pa. 8. 4/x.



DOWLING STREET,

11 April, 1931.

FALKLAND ISLANDS.

CONFIDENTIAL.

Sir,

I have the honour to transmit to you, for your consideration, a copy of a letter from the Hector Whaling Company, requesting that payment of the current year's Licence Duties may be deferred until such time as the season's whale oil has been sold, and enquiring whether a sliding scale could be arranged whereby the minimum duty payable could be extended below the limit of £25 per ton for this and future years.

20.3.31

2. As regards the application to postpone payment of the duties, I understand that 600,000 barrels of the present season's production remain unsold and that the firm is consequently not in a position to make payment immediately. According to present indications, however, whaling operations are likely to be suspended during the forthcoming season, so that the absorption of the Hector Company's surplus oil should not be unduly delayed.

3. If you consider that the application of the Company should be granted, I do not propose to make the concession general, but only to grant it in

any

THE OFFICER ADMINISTERING
THE GOVERNMENT OF
THE FALKLAND ISLANDS.

2

any case in which the Company is in financial difficulties. In this connection I shall be glad to learn whether any application of a similar nature has been addressed to you, or whether any Company has not paid the amount due.

4. With regard to the scale of duties, I am not prepared to accede to the present request. I consider, however, that the whaling Companies should be offered in due course a revision of the present scale of duties as an inducement to their acceptance of a renewal of the 1928 Agreement for a further period of five years.

I have the honour to be,

Sir,

Your most obedient,

humble servant,

(Signed) PASSEFIELD.

COPY.

HECTOR WHALING LIMITED.

4, ST. MARY AXE.

LONDON, E.C.3.

20. 3. 1931.

The Under Secretary of State,
Colonial Office,
London, S.W.1.

Dear Sir,

We have been instructed by our Directors to write to you with reference to the recent meeting between Mr. Barnley, Consul Bugge and Mr. Trouton.

We understand that the position of this Company was then explained, and we suggest that it is reasonable to ask if you can make arrangements whereby payment of the current year's Licence Duties can be deferred until such time as the season's Whale Oil is sold.

In view of the position of whale oil prices when Licence Duties were fixed and the relative present-day prices, we are forced to ask whether a sliding scale could be arranged whereby the minimum duty could be extended below the present limit of £25 per ton for this and future years, to ensure that in the event of the oil being sold at the price of £15 per ton a duty of not more than sixpence per ton would be payable.

We shall be glad to hear from you at your convenience.
Yours faithfully,

for HECTOR WHALING LIMITED.

(Signed)

Secretaries.

GOVERNMENT HOUSE,

STANLEY.

1st June, 1931.

FAULKLAND ISLANDS.

CONFIDENTIAL.

My Lord,

In reply to Your Lordship's Confidential despatch of the 11th of April, 1931, I have the honour to state that in principle I am not inclined favourably to regard the application made by the Hektor Whaling Company to defer payment of export duty on last season's whale oil until such time as it has been sold. As Your Lordship is aware, the duty becomes payable on export and, apart from the precedent which will be created inevitably by a concession of this kind, a serious upset is threatened in the finances of the Dependencies as anticipated in the current estimates if the payment is delayed for any appreciable time. The heavy refunds of duty in respect of the 1928-1929 season which it is presumed will have to be met this year combine with the large decrease in the revenue accruing sufficiently to depress the balance and the added strain is not lightly to be borne.

2. If Your Lordship holds the view, however, that the application cannot well be refused, for example on the ground of the Hektor Whaling Company's actual inability to find the necessary money, I have no objection, of course, to offer to its grant but I would suggest that in granting it the Hektor Whaling Company should be given clearly to understand that the concession so allowed is wholly exceptional and should be required to pay interest at the rate/

THE RIGHT HONOURABLE
 LORD PASSFIELD OF PASSFIELD CORNER, P.C.,
 SECRETARY OF STATE FOR THE COLONIES.

rate of 5% per annum on the amount owing as from the date of export of the several consignments of whale oil affected.

5. I have to add that no application of a similar nature has been received by me and that so far as I am aware no other Company has failed to pay, to the Crown Agents for the Colonies, the amount due by it on this account.

4. I have to express ~~my~~ entire agreement with the course of action proposed by Your Lordship in connection with the further request by the Hektor Whaling Company for a revision of the present scale of duties.

I have the honour to be,

My Lord,

Your Lordship's most
obedient humble servant,

J. M. ELLIS.

7

27

January 2

86766/5/51.

Sir,

I am directed by Secretary Sir Philip Culliffe-Lister to refer to correspondence ending with your letter of the 18th of May last, with regard to certain payments due by the Hector Whaling Company to the Government of the Falkland Islands, and to ask that you will state whether since March last the Company has found it possible to dispose of any portion of their stock of oil, and if so how much.

2. If none of the oil has been disposed of, the Secretary of State is prepared, as a wholly exceptional case, to entertain a concession on the lines indicated below.

3. The Company would be expected to pay interest at the rate of 5% per annum on the amount owing as from the date of export of the several consignments

THE SECRETARY,

HECTOR WHALING LIMITED.

consignments of whale oil affected, payment of interest being made on the 1st April next, in respect of the period to the 31st March, 1932, and thereafter at quarterly intervals. Undertakings would also be required from the Company on the following points:-

(a) to notify this Office within the first seven days of each month of the disposal of any portion of the stock within the preceding month;

(b) to pay the appropriate duty on any such portion by the end of the month following the disposal; the payment of the duty on any portion of oil taking precedence in relation to that portion over any charge granted over it in favour of a Bank. It is desired that you should obtain and communicate the concurrence of the Bank concerned on this latter point.

I am,

Sir,

Your obedient servant,

(Sd.) R. DARNLEY.

(8)

FALKLAND ISLANDS.

CONFIDENTIAL.



Downing Street,

28 January, 1932.

Sir,

I have the honour to refer to Mr. Ellis's Confidential despatch of 1st June, 1931, regarding the application of the Hector Whaling Company to defer the payment of certain export duties on whale oil, and to transmit to you the accompanying copy of a letter addressed to Hector Whaling Limited upon the subject.

Recd. 4-5

Hector Whaling Co.
27 Jan. 1932.

2. Having regard to Section 10 of the Tariff Ordinance 1900, which provides that the clearance of a vessel shall be withheld until export duties have been paid or adequate security has been given for their payment, I shall be glad to be informed of the practice of the Colonial Government in such matters. It appears that no security was obtained in this instance, and if so I shall be glad to learn the reasons for waiving the requirement.

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

(Sgd.) P. CUNLIFFE-LISTER.

GOVERNOR

SIR JAMES O'GRADY, K.C.M.G.,

&c., &c., &c.

ENCLOSURE No. II IN FALKLAND ISLANDS DESPATCH
CONFIDENTIAL of the 24th of MARCH, 1932.

TELEGRAM.

From Colonial Secretary.

To The Crown Agents for the Colonies.

Despatched: 14th April, 1932.

Request you will collect from Hektor Whaling Company
Maudie duty oil £6193. 10s. remittance charge £61.18s.8d.
Melville duty oil £4106. 14s. duty guano £351. 4s. 5d.
remittance charge £44.11s. 7d.

SECRETARY.

6193-10
41 3
4106-14
351 4
44 11

10766

Stanley Harbour,
Falkland Islands.
12th April, 1931.

Sir,

I hereby certify that I have made arrangements with the Hektor Whaling Co., of Norway, to pay to the Crown Agents for the Colonies the export duty and remittance charge in respect of the cargo of whale oil on board my ship (excepting 10,700 barrels shipped ex S/S "Maudie", on which duty has been paid) and 7,067 barrels received on board from the S/S "Ronald", also on 26,017 bags of 98 ks. shipped per the S/S "Ada", as follows:-

Export Duty on 34,000 barrels of whale oil onboard S/S "Melville"	23,400. -- --
Export Duty on 7,067 barrels of whale oil received from S/S "Ronald"	706.14. --
Export Duty on 5619463 lbs (26,017 bags of 98 ks) Guano shipped per S/S "Ada"	351. 4. 5.
	<hr/>
	24,457.18. 5.
1% Remittance charge	44.11. 7.
	<hr/>
	24,502.10. --
	<hr/> <hr/>

2. I hereby authorise the Falkland Islands Co., Ltd, to pay on my behalf all Import Duties, Customs Fees, Harbour Dues, Pilotage, cost of postage stamps supplied and any other charges that may be made against my ship the S/S "Melville" and her catchers.

I am, Sir,

Your obedient servant,

The Collector of Customs,
Falkland Islands.

(Sgd.) S. Nielsen.

S/S "MELVILLE".

(11)

ENCLOSURE No. I IN FALKLAND ISLANDS DESPATCH

CONFIDENTIAL of the 24th of MARCH, 1932.

Stanley Harbour,

FALKLAND ISLANDS.

10th April, 1931.

Sir,

I hereby certify that I have made arrangements with the Hektor Whaling Co., of Norway, to pay to the Crown Agents for the Colonies the export duty and remittance charge in respect of the cargo of whale oil on board my ship and in respect of the whale oil transhipped to other vessels, as follows :-

Export Duty on 29,000 barrels of whale oil on board S/S "Maudie".	£2,900. -- --.
Export Duty on 32935 barrels transhipped to other vessels	3,293. 10.--.
Remittance charge of 1%	61. 18. 8.
	<hr/>
	£ 6,255. 8. 8.
	<hr/> <hr/>

2. I hereby authorise the Falkland Islands Co., Ltd. to pay on my behalf all Import Duties, Customs Fees, Harbour Dues, Pilotage, cost of postage stamps supplied and any other charges that may be made against my ship the S/S "Maudie" and her catchers.

I am, Sir,

Your obedient servant,

(Sgd.) O. J. Aransen.

MASTER,

S/S "MAUDIE".

The Collector of Customs,
Falkland Islands.

(12)

GOVERNMENT HOUSE,

STANLEY.

24th March, 1932.

FALKLAND ISLANDS.

CONFIDENTIAL.

Sir,

With reference to your Confidential despatch of the 28th of January, 1932, I have the honour to state that in accordance with the arrangement approved in the correspondence terminated with the late Viscount Milner's Confidential despatch of the 3rd of December, 1920, the practice of this Government in the matter of the payment of export duties on the products of the whaling industry in the Dependencies is to permit such duties, if desired, to be paid in London to the Crown Agents for the Colonies against a certificate given at the time of export, for example, by the manager or master of the exporting vessel.

2. I enclose copies of the certificates so given under date of the 10th and the 12th of April, 1931, in respect of the consignments of whale oil exported in the season 1931-1932 in the s.s. "Melville", "Maudie" and "Ronald" belonging to the Hektor Whaling Company.

3. I enclose furthermore a copy of the telegram sent, also in accordance with the established practice, by the Colonial Secretary to the Crown Agents for the Colonies on the 14th of April, 1932, instructing them to collect the sums due.

I have the honour to be,

Sir,

Your most obedient
humble servant,

THE RIGHT HONOURABLE

SIR PHILIP CUNLIFFE-LISTER,

G.B.E., P.C., M.C., M.P.,

SECRETARY OF STATE FOR THE COLONIES. JAMES O'GRADY.



17

FALKLAND ISLANDS.

DOWNING STREET,

CONFIDENTIAL.

5 March, 1932.

Sir,

Recd. 6-8

10/2/32

I have the honour to refer to my Confidential despatch of the 26th January, and to transmit to you, for your consideration, a copy of a further letter from Vector Whaling Limited regarding their application to defer payment of certain export duties on whale oil.

2. I understand that this Company which is technically British, but really partly British and partly Norwegian, has always been very helpful to the Colonial Government in the past, and that it is the only remaining Company seriously interested in whaling at the South Shetlands. They have met with an exceptional misfortune owing to the fact that they were the only Company which had not sold most of its oil before the market collapsed; and I am of opinion that they should be treated with every consideration both by reason of their misfortune, and because they may afford to Government considerable assistance in the future both generally and in respect of revenue.

3. I felt bound to put forward a claim for interest on the duty remaining unpaid, but for the

REASONS

GOVERNOR,

SIR JAMES O'GRADY, K.C.M.G.

etc.. etc.. etc.

reasons outlined in the preceding paragraph I am inclined to think that that claim might well be waived, and that the main claim, for payment of the outstanding duty and remittance charge, should not be pressed until the Company has succeeded in disposing of the bulk of their oil.

I have the honour to be,

Sir,

Your most obedient,

humble servant

EDMUND P. GUNLIFFE-LISTER.

[Faint, illegible text, likely bleed-through from the reverse side of the page.]

The only really serious question in the present context is to explain the position in which our country found itself last year, and which it still occupies.

When the first war broke out we were in a position of weakness, as we were unwilling to enter into any commitments. This placed us in a critical position. The crews of our vessels were recruited under Norwegian law to enforce the sale both of the catch and of the vessels at whatever prices they might fetch in order that they should be paid the very large sums due to them. This would, of course, have meant ruin to the industry and heavy losses to all our creditors, the British Finance Companies and banks. Therefore, undertaken in honour as well as duty, we should be able to effect a gain consideration of this as led to a substantial loss of the catch as well as the vessels which we should be able to make more than 2,000,000.

COPY.

13

HECTOR WHALING LIMITED.

4, St. Mary Axe,

London, E.C.3.

10th February, 1932

KFK/RM

The Under Secretary of State,
Colonial Office,
S.W.1.

Sir,

We have to acknowledge your letter of the 27th January (ref:86766/5/31) with regard to the amount of Export Duty still unpaid on the catch by the vessels belonging to A/S Hektor during the season 1930/31.

The only reply we are able to make at the present moment is to explain the position in which our company found itself last year, and which it still occupies.

When the fleet came home there was no possibility of selling the catch, as Unilever were unwilling to enter into any negotiations. This placed us in a critical position. The crews of the vessels were entitled under Norwegian law to enforce the sale both of the catch and of the vessels at whatever prices they might fetch in order that they should be paid the very large sums due to them. This would, of course, have spelt ruin to the Company and heavy loss to all our creditors, the Falkland Islands included. Our bankers, therefore, undertook to finance us until such time as we should be able to effect a sale. In consideration of this we had to hypothecate the whole of the catch as security for advances which to-day amount to more than £400,000.

As it became evident that an unorganised sale of fourteen cargoes belonging to several companies would be disastrous, steps were taken with the consent of the English and Norwegian banks concerned to form a selling pool. No one knows exactly what will accrue to each company until all the oil has been sold, each company receiving the average price realised. So far about 25% has been sold, but not all of this has been delivered. It is only when the entire claims of the banks concerned have been settled that we can obtain funds to satisfy other creditors including British and Norwegian tax claims.

It will be known to you that some time ago Unilever made an offer at a price which was about one half of those current for other edible oils, and obviously it could not be accepted. Circumstances are now developing more favourably, and we have no fear that we shall not obtain such a figure as will enable us to meet all claims, but exactly how long it will take we are not in a position to say. Part of the oil already sold will not be delivered until June next.

With reference to an interest charge, we sincerely trust that it will not be pressed, bearing in mind the circumstances in which we find ourselves. The Duty of 12/- per ton is a very heavy one, especially now that we shall have to sell the oil at considerably less than cost of production.

With reference to your claim that Duty should be paid within a limited period on the sale of
any

any portion of oil produced under licence, you will see from the above that we are not in a position to give such an undertaking. As far as we are concerned, we shall only be able to pay the Duty at such a time when it can be seen that there is a surplus available after satisfying the loans made by the banks on the security of the whole of our catch. We are therefore not in a position to approach the banks in the manner suggested.

In conclusion we can only request that the consideration so far extended to us will be continued until we have succeeded in disposing of our cargoes.

We are, etc.,
For HECTOR WHALING LIMITED.
(Sgd.) Moores, Carson and Watson.

Secretaries.

GOVERNMENT HOUSE,
STANLEY.

7th June, 1932.

FALKLAND ISLANDS.

CONFIDENTIAL.

Sir,

With reference to your Confidential despatch of the 5th of March, 1932, I have the honour to state that I have no objection to raise to the proposal not to press the claim against Hektor Whaling Limited for payment of certain export duty and remittance charge on whale oil until the Company has succeeded in disposing of bulk of the oil and to waive the claim for interest on the duty.

I have the honour to be,

Sir,

Your most obedient
humble servant,

JAMES O'GRADY.

THE RIGHT HONOURABLE
SIR PHILIP CULIFFE-LISTER,
C.B.E., P.C., M.C., M.P.,
SECRETARY OF STATE FOR THE COLONIES.

July 2

95104/4/32

13 JUL 1932

Gentlemen,

I am directed by Secretary Sir Philip Cunliffe-Lister to refer to your letter of the 17th November, in which you applied for exemption from the payment of rent in respect of your lease at Deception Island for the season 1931/32, and to inform you that the Governor of the Falkland Islands has reported that he is unable to agree to the remission of the rent in question.

I am,

Gentlemen,

Your obedient servant,

(Signed) G. JONES.

THE RECTOR WHALING COMPANY.

July 2

13 JUL 1932

96104/4/32

Sir,

I am directed by Secretary Sir Philip Cunliffe-Lister to refer to your letter NRE/O of the 25th May, addressed to the Crown Agents for the Colonies, and to inform you that it is regretted that your request for a reduction in the rate of export duty payable on whale oil exported from the Falkland Islands Dependencies during the season 1930/31 cannot be acceded to.

I am,

Sir,

Your obedient servant,

(Signed) G. JONES.

JOHN N. BURNIE.

$\frac{A}{1}$

Reference to previous correspondence:-
Secretary of State's Despatch No..... of the
Governor's



.....19.....

FALKLAND ISLANDS.

No....100.....

DOWNING STREET,

.....22th July.....19..32.

Sir,

I have the honour to transmit to you the papers noted below on the subject of the rate of export duty payable on whale-oil exported from the Falkland Islands Dependencies during the season 1931/32.

I have the honour to be,

Sir,

Your most obedient, humble servant,

THE OFFICER ADMINISTERING

THE GOVERNMENT OF THE FALKLAND ISLANDS.

R.N. Hamilton
for Secretary of State.

Date.	Description.
1932. 25th May 13th July 13th July	From Herr N. Bugge. do----- To the Hector whaling Company.

N. BUGGE

NRB/O.

Tonsberg, 25th May 1932.

Messrs. The Crown Agents for the Colonies,
4, Millbank,
Westminster,
London, S.W.1.

Dear Sirs

Red - 1

We wrote to you on the 20th of March 1931 about Export Dues on Whale Oil for the Falkland Islands Dependencies, and suggested that the Dues should be adjusted on a gliding scale in a certain relation to the price of Whale Oil from year to year.-

The reason for this request was that the price of Whale Oil has fluctuated considerably during the last few years, and at present it is about half of what it was in 1930.

A considerable quantity of the catch from 1930/31 has not been sold, and instead of reaping a profit on their operations, the Companies which have not sold their oil, will probably make a loss.

It is now just about one year since the Factory Ships arrived home, but still a large stock of oil remains unsold and prospects are not bright. It is under these circumstances that we renew our endeavours to arrive at some arrangement with regard to the Export Dues on the oil which was produced within the Falkland Island Sector during 1930/31.

For

For this year we must respectfully ask that we be allowed a reduction on the Dues outstanding, and we enclose a table with a gliding scale which we will ask you to kindly consider.

At a price of £13 per ton nobody can hope to make Whaling profitable, and even with all expenses reduced to the lowest possible level, one can only hope to make enough for depreciation. We have therefore adjusted our scale so that when the price is £13 per ton, no Dues are levied.

We sincerely hope that our suggestion will be considered, and will be glad to hear if it is possible to arrive at some arrangement whereby the Export Dues are adjusted in relation to the price of Whale Oil.

Yours faithfully,

(Sgd) N. BUGGE.

GLIDING SCALE.

At a price of £25 per ton for O/l Whale Oil 2/- per barrel,

"	£24	"	1/10	"	"
"	£23	"	1/8	"	"
"	£22	"	1/6	"	"
"	£21	"	1/4	"	"
"	£20	"	1/2	"	"
"	£19	"	1/-	"	"
"	£18	"	0/10d	"	"
"	£17	"	0/8d	"	"
"	£16	"	0/6d	"	"
"	£15	"	0/4d	"	"
"	£14	"	0/2d	"	"
"	£13	"			Free.

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GOVERNMENT HOUSE,

STANLEY,

6th April, 1933.

FALKLAND ISLANDS.

CONFIDENTIAL.

Sir,

I have the honour to refer to the previous correspondence terminated in my Confidential despatch of the 7th of June, 1932, and to enquire whether Hector Whaling Limited have been able to dispose of the bulk of the oil in question and are in a position to effect payment of the outstanding duty and remittance charge.

I have the honour to be,

Sir,

Your most obedient,
humble servant,

JAMES O'GRADY.

THE RIGHT HONOURABLE
SIR PHILIP CUNLIFFE-LISTER,
G.B.E., P.C., M.C., M.P.,
SECRETARY OF STATE FOR THE COLONIES.

26

GOVERNMENT HOUSE,

STANLEY.

22nd September, 1933.

FALKLAND ISLANDS.

CONFIDENTIAL.

Sir,

I have the honour to refer to Sir James O'Grady's Confidential despatch of the 6th April, 1933, regarding the question of payment by the Hector Whaling Company of outstanding export duty and remittance charge.

2. While realizing fully the difficulties of the Company in the past, I consider that they should endeavour to effect payment with as little further delay as possible since the amount due has been outstanding for over two years, and I have to suggest, for your consideration, that the Company be again approached in the matter.

I have the honour to be,

Sir,

Your most obedient
humble servant,

M. CRAIGIE-HALKETT.

THE RIGHT HONOURABLE
SIR PHILIP CUNLIFFE-LISTER,
G.S.E., P.C., M.C., M.P.,
SECRETARY OF STATE FOR THE COLONIES.

COPY OF LETTER from SIR KARL F. KNUDSEN to CROWN AGENTS FOR COLONIES.

Norway House,
21-24, Cockspur Street
S.W.1.

1st December, 1933.

Sirs,

1. I have to acknowledge receipt of your letter of the 23rd November (O/Falks. 48/5) enclosing copy of letter which you have addressed to the Secretary of Hector Whaling Limited.

2. Your letter was submitted to a Board meeting, but it was decided to ask me to reply personally, because in a sense it is not a matter with which the Board can deal, as A/S Hektor has retained its identity as a separate company. Nevertheless Hector Whaling Limited owns 80% of the shares, and I am, therefore, in a position to say exactly how matters stand to-day and why it is impossible to put forward any proposals at this state.

3. Hector Whaling Limited provided all the money required for the expansion of the Norwegian Company and for paying the old shareholders in A/S Hektor 70% of their capital. In return for this Hector Whaling Limited is the mortgagee for practically all the vessels except the tanker "Melville" and four of the modern catchers, which are mortgaged to two Norwegian banks and two Norwegian shipbuilding yards. Hector Whaling Limited again borrowed £300,000 against 7% ^m year notes, and as security for this deposited all the mortgages. Owing to the disastrous experience in the season 1930/31 and to the fact that the entire fleet was laid up ^{the} following season, Hector Whaling Limited was unable to ^{vide} provide the A/S Hektor, under their trading agreement, with funds ^{the} for

/annua

* Your debtor

annual operations. The agreement between the two companies was therefore suspended, and Hector Whaling Limited had to seek a moratorium, which was granted. The noteholders, who now have a majority on the board, agreed to pledge their security to bankers here in order to obtain funds for the annual operations, but any surplus from these operations is under the control of the noteholders.

4. As you are aware, whaling is restricted, and instead of using three factories and the Land Station we are only using one factory. For the season 1932/33 we hoped to have a surplus of about £80,000, but unfortunately the factory broke her rudder in the early part of the season, and the result of operations has merely been that the noteholders and the secured creditors will obtain their interest. Next year, according to the moratorium, we have not only to pay interest, but also, to repay about £60,000 to the secured creditors, which, as far as I can see, will be impossible. It will, therefore, be necessary to ask for a modified moratorium, which I am hopeful that we shall obtain.

5. You will gather from this that it will be a long time before we are able to pay anything to unsecured creditors, although, I am still hoping that such a change will occur as will free the company from the present shackles. We have seen such changes before, but I am bound to say that I see no prospect of it happening in respect of the operations for 1933/34.

I am, Sirs,

Your obedient Servant,

(signed) K.F. Knudsen.

O/Falks. 48/5.

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COPY OF LETTER from THE HECTOR WHALING LIMITED to CROWN AGENTS.

4, St. Mary Axe,
London, E.C. 3.

Your reference. O/Falks. 48/5.

30th November, 1933.

Gentlemen,

By instruction of our Board, your letter of
23rd instant has been forwarded to Sir Karl Knudsen
with the request that he will communicate with you.

We are, Gentlemen,

Yours faithfully,

for HEKTOR WHALING LIMITED,

(signed) ?

Assistant Secretary.

FALKLAND ISLANDS.
CONFIDENTIAL.



DOWNING STREET.

29 December, 1933.

Sir,

I have the honour to refer to Sir James O'Grady's Confidential despatch of the 6th of April and your Confidential despatch of the 22nd of September, regarding the indebtedness of the Aktieselskabet Hektor of Tonsberg to the Government of the Falkland Islands.

Red 205
Red 26

2. Several applications have been made for the sum owing by the Company but there appears to be little prospect of any payment on account of the debt being made within the near future. I enclose copies of letters recently received by the Crown Agents for the Colonies from Hektor Whaling Limited and Sir Carl P. Knudsen.

30th Nov.
1st Dec.

I have the honour to be,

Sir,

Your most obedient,

humble Servant,

1840 P. OUNLIFFE-LISTER.

OFFICER ADMINISTERING
THE GOVERNMENT OF
THE FALKLAND ISLANDS.

34



FALKLAND ISLANDS.

Downing Street,

CONFIDENTIAL.

22 March, 1935.

Sir,

Red 30

25/3/35.

With reference to my confidential despatch of the 29th of December, 1933, I have the honour to transmit to you for your information a copy of a letter from Sir Karl F. Knudsen to the Crown Agents for the Colonies regarding the position of Hector Whaling Limited.

2. The Crown Agents have acknowledged the receipt of the letter, and informed Sir Karl Knudsen that they await his further proposals in the matter.

I have the honour to be,

Sir,

Your most obedient,

humble servant,

(Sgd.) P. CUNLIFFE-LISTER.

GOVERNOR,

H. HENNIKER-HEATON, ESQ., C.M.G.,

etc., etc., etc.

COPY.

O/Falkland Is. 48/5.

COPY OF LETTER FROM SIR KARL F. KNUDSEN TO CROWN AGENTS.

Norway House,
21-24, Cockspur Street,
London, S.W.1.
23rd February, 1935.

Gentlemen,

Referring to your letter of the 23rd November, 1933, (ref: O/FALKS. 48/5) and my reply of the 1st December, 1933, I think it right to advise you of the position of the Hector Whaling Company.

Last year the moratorium expired, and the Company was due to repay a certain proportion of the secured indebtedness. The Company was unable to do so, and secured an extension of the moratorium of two years. As you may be aware, last year one of the leading Norwegian companies sold its production for the seasons 1934-35 and 1935-36 to Unilever at what virtually amounted to cost of production plus a small allowance for interest and depreciation. That placed the Hector Company in a very difficult position. The bankers would not advance money for seasonal credits unless the oil was sold forward, and the secured creditors therefore decided to do so on best terms possible, because it was realized that to lay up the "HEKTORIA" with catchers would involve a direct loss including interest and secured indebtedness of about £40,000, whereas there was otherwise a hope of paying expenses and possibly interest. It was fully realized that there was no question of earning a profit.

A contract was entered into at slightly better terms than those obtained by the other, powerful, companies. Unfortunately the catch this year has not been good, and although there is every hope of the expenses being covered, it is more than doubtful whether the interest on the secured indebtedness can be paid. It is therefore clear, that unless some fresh capital can be found and a reconstruction carried through, the position will continue to deteriorate. Fortunately, in consequence of the recent improvement in oil prices, it will be possible to obtain fresh capital from friends of the Company in spite of the fact that the fleet itself is not worth the amount of the secured indebtedness, about £270,000, let alone the premium of nearly £50,000 to which the moratorium entitles them.

The success of any scheme of this kind depends upon the unsecured creditors being willing to waive their claims in order to enable the Company to be saved and become a revenue producer, not only for this country, but also for Norway.

The unsecured creditors are the Norwegian Revenue Authorities, about £23,000, the British Revenue Authorities about £27,000, and yourselves, about £11,000.

We are now approaching the secured creditors, asking them to give us ten years in which to pay our debts to them, and we are also asking them to reduce the rate of interest, and to cancel their right to the premium. If they agree, and if the unsecured creditors will waive their claims, we can raise additional capital, enabling us to modernize an additional factory now laid up, and by so doing we are confident that we will again be a profit-earning concern.

The Norwegian Revenue have given their consent, provided, of course, that the British Revenue are willing to do the same. Negotiations have been going on with them for some time, and I believe that they will not refuse to help us, all the more so because no payment of any income tax can be expected except out of future profits, which depend upon this success of a reconstruction scheme.

As far as yourselves are concerned, I fear that the only expectation I can hold out is that if the Company is saved, it is quite likely that at least one of the factories may be operating under our South Shetland lease, and will of course pay the same tax per barrel as before on any oil produced while using a South Shetland harbour as a base. I do not by any means regard income from this source as a remote possibility. Whether the land station can be worked must depend upon the prices. The cost of production from the land station is far too high for the present level of oil prices.

Although these questions have not yet come to the fore, I am taking the liberty of writing you already now as I would be grateful if you would give the matter your consideration, so that rapid decision can be taken if we succeed in the negotiations outlined.

I am, etc.,

(Sgd.) K.F. KNUDSEN.

30th March 1935.

88014/2/35

Sir,

I am directed by Secretary Sir Philip Cunliffe-Lister to acknowledge the receipt of your letter of the 28th March, and to inform you that the request that the Government of the Falkland Islands should waive its outstanding claim against the Antiselskabet A/S cannot be entertained.

In the circumstances set out in your letter, he is prepared to invite the Colonial Government to agree to an assurance being given that the claim will not be pressed forthwith; and also, if it would be of assistance at the present juncture, to give careful consideration to any suggestion put forward on behalf of the Company for an understanding that the claim be allowed to stand over free of interest for a stated period, provided this did not extend beyond the 31st March, 1935.

Alternatively,

SIR KARL F. KNUDSEN, K.B.E.

Alternatively, the Secretary of State is prepared to invite the Colonial Government to consider an arrangement on the lines discussed in this Office on the 25th March, viz. that the claim be permitted to stand over for an unspecified period on the condition that it shall be met before any profits are distributed to the ordinary shareholders of the Company.

I am,

Sir,

Your obedient servant,

(Sd.) H. J. Allen



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FALKLAND ISLANDS

Downing Street,

CONFIDENTIAL

4 April 1935.

Sir,

Refs 31-34

With reference to my Confidential despatch of the 22nd March, I have the honour to transmit to you the accompanying copies of further letters from and to Sir Karl F. Knudsen concerning a request for the abandonment of the claim by the Government of the Falkland Islands against Aktieselskapet Hektor.

22nd March

25th March.

30th March

I have the honour to be,

Sir,

Your most obedient

humble servant,

FRANK P. OURLIFFE-LISTER.

GOVERNOR

H. HENNIKER-HEATON, BSC., C.M.G.,

Ac., Ac., Ac.

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COPY OF LETTER FROM KARL F. ERUGEN TO THE
GROWN AGENTS.

Norway House,
21-24 Cockspur Street,
London, S.W.1.
22nd March, 1935.

Gentlemen,

Referring to your letter of the 27th February (ref. O.Palkland Islands), I have refrained from writing before now, because the negotiations with the secured creditors have been difficult, but we have now arrived at a point where it seems possible for the Hector Whaling Company to continue its existence.

The noteholders in this country, who have security in the whole fleet with the exception of the tanker MELVILLE, have agreed to give us ten years within which to pay. They have reduced their claim to the nominal amount of £214,000 by waiving their right to premium of 20%. They have also reduced the interest by 1%. The Norwegian secured creditors are The Tonsberg and Splanda Privatbank who have security for their claim of £12,500 in our best modern catcher. They were offered this amount for the boat, but were persuaded not to sell her away from us. Then there is Andresens Bank, of Oslo, who have security in the MELVILLE. The total indebtedness is £42,000, which they have agreed to cut down to £36,000, and to accept repayment over ten years.

The secured indebtedness, even after having been reduced in this way, exceeds the value of our fleet, so in agreeing to these terms, the creditors are looking to the future and to the condition that we shall raise additional capital to the extent of £60,000 ranking after the secured indebtedness. This we are now trying to do, and we expect to get it underwritten next week, but a condition is that the unsec-
indebted

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indebtedness -- the Inland Revenue, the Norwegian Tax Authorities, and Yourself -- will be cancelled. On no other terms is the continuance of the Company possible.

As far as the revenue authorities in both countries are concerned, they are looking to the future earnings of the Company. The only compensation we are able to offer you is this, that the Company being able to continue, we shall be able to use the additional capital for modernising the ROBALD and it is our intention to use her for part of the season catching from the Land Station at Reception, through which the tax per barrel as previously arranged will become payable to you. We are not able to enter into any guarantee, because our ability to use the ROBALD in this way will depend upon Norwegian and British legislation. If that legislation permits us to continue catching from the Land Station while prohibiting pelagic catching after the 31st March, we shall of course use such permission, and will probably start catching from the Land Station before the 31st March.

We have only a few days within which to arrange these matters, because before the end of next week we have to give orders for four coal burning catchers to be sent to Norway for conversion into oil burners.

I trust I have made it clear that as far as the Hector Whaling is concerned, without an arrangement with the secured creditors, which again depends upon obtaining fresh capital, nothing can be done, and further, that the assets of the Company are insufficient to cover the secured creditors, so that we have regretfully to admit that we cannot hold out to the unsecured creditors any other expectation than that outlined.

Needless to say I am at your disposal at any time you like to mention.

I am, etc.,

(Sd.) K.F. KRUSKOPF

The Under Secretary of State for the Colonies

Downing Street, S.W. 1.

07

Carl F. Knudsen

Norway House,

21-24 Cockspar Street,

London, S.W.1.

25th March, 1935.

Sir,

re A/S Hektor Tonsberg,
and Hector Whaling Limited, London.

I beg to refer to our interview this afternoon with regard to the letter which I addressed to the Crown Agents for the Colonies on the 22nd March.

I confirm that the position is as follows:-

As matters stand to-day, the total value of the fleet belonging to the Companies may be placed at £185,000 at the outside. This season the HECTORIA has had very bad luck in the way of fog and storms, both when she was operating towards Enderby Land and later on, when she moved westwards, so that, instead of coming home with 20,000 tons, the maximum catch will be 15,000 tons, sold at a very low price. The likelihood, therefore, is that at the end of this season, after having paid interest to noteholders and secured creditors, there will scarcely be in cash left.

The secured indebtedness consists of £14,000 7% notes, which under the moratorium have to be redeemed with 20% premium, that is to say, they are entitled to £256,800. Andresens Bank have lent the Company £42,000 against security in the tanker MELVILLE, and this loan is redeemable at 10% premium, i.e. the total debt is £46,200. The only other secured creditor is Tonsberg and Oplands Privatbank. They have complete security in our newest catcher for £12,500, and this

The Under Secretary of State for the Colonies,
Downing Street, S.W.1.

this figure has been offered to them firm by another whaling company, and it was only out of consideration for us that they refrained from selling her while our reconstruction scheme was pending. Therefore, the secured indebtedness is \$315,500 against assets of \$125,000.

We have approached these secured creditors asking them to reduce their claims provided we can find people ready to put up \$50,000 of fresh capital with security after the present notes and mortgages. This money can only be obtained provided a reduction is made in the present secured indebtedness and provided the unsecured creditors abandon their claims. Unless this fresh capital can be obtained, enabling us to modernize the RONALD and four coal-burning catchers, the Company will have to go into liquidation.

The noteholders have now agreed to cancel their claim to premium, so that the amount due to them will be \$214,000, and they have reduced the interest from 7 to 5 1/2%. Andresens Bank has agreed, not only to abandon the premium, but to cut down their claim to \$35,000. In both cases we have been given ten years within which to effect repayment.

About \$23,000 is due to the Norwegian Revenue Authorities, and about \$27,000 to the Inland Revenue, and you may take it for granted that they will agree to abandon their claims. At any rate, unless they do so, the scheme falls through. It also falls through unless the Crown Agents are willing to abandon their claim entirely, and I regret to say that the only advantage we can hold out for being allowed to go on is that the Company will try, if at all possible, to operate under its lease of Reception, and then pay 2s. per barrel of whale oil secured under that lease.

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37

I mentioned to you that it might be possible to say that the claim need not be abandoned entirely, but that an undertaking might be given to us that it should not be exercised until such time arrived when there was a surplus belonging to the ordinary shareholders. After my interview with you I communicated with my colleagues, and found that I had indicated something which was not possible. Our chartered accountants say that if such an undertaking is given, the Inland Revenue will be asking for similar treatment, and what is perhaps an even greater difficulty is that a condition of the issue of the second priority notes is that the holders of them can insist upon being entitled to convert into ordinary shares after a very drastic reduction of the ordinary capital.

I am therefore only in a position to make an appeal to you that if the Inland Revenue and the Norwegian Revenue Authorities consent, the Crown Agents should also abandon their claim in order to give the Company a chance of avoiding liquidation.

Awaiting your decision in the matter.

I am etc.,

(Sgd) K. F. Knudsen.

2510

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GOVERNMENT HOUSE,
STANLEY.

18th May, 1935.

FALKLAND ISLANDS.

CONFIDENTIAL.

Sir,

I have the honour to acknowledge the receipt of your Confidential despatch of the 4th April, 1935, transmitting copies of further letters from and to Sir Karl F. Knudsen concerning a request for the abandonment of the claim by this Government against Aktieselskapet Hektor.

2. I agree that the claim be permitted to stand over for an unspecified period on the condition that it shall be met before any profits are distributed to the ordinary shareholders of the Company.

I have the honour to be,

Sir,

Your most obedient
humble servant,

(Sd) P. HENNIKER-HEATON

THE RIGHT HONOURABLE
SIR PHILIP CUNLIFFE-LISTER,
G.B.E., P.C., M.C., M.P.,
SECRETARY OF STATE FOR THE COLONIES.

444

GOVERNMENT TELEGRAPH SERVICE.

FALKLAND ISLANDS AND DEPENDENCIES.

RECEIVED.

Number	Office of Origin	Words	Handed in at	Date
		Despatched.	18.55	16th May, 1935.
		Received.	10.30.	19th May, 1935.

To HIS EXCELLENCY THE GOVERNOR.

FROM. SECRETARY OF STATE FOR THE COLONIES.

No. 47. Confidential. My despatch 4th April Confidential
 Receptor Whaling Limited are pressing for entire abandonment of
 claim of Colonial Government to enable them to avoid liquidation.
 Extraordinary meeting of Company has been called for May 30th
 and position with regard to unsecured claims is said to be that
 Norwegian Government and Municipal Tonsberg have agreed to cancel
 their claims and that Inland Revenue have undertaken to waive
 their claim provided claim of Colonial Government is also waived.
 Please telegraph your views with the least possible delay.

Recd
35-42

SECRETARY OF STATE FOR THE COLONIES.

Time

4-5

GOVERNMENT TELEGRAPH SERVICE.

FALKLAND ISLANDS AND DEPENDENCIES.

SENT.

Number	Office of Origin	Words	Handed in at	Date
				21/5/35.

To THE SECRETARY OF STATE.
 FROM. HIS EXCELLENCY THE GOVERNOR.

No. 38. Confidential. Your telegram No. 47 as it is now apparent that nothing is to be gained by pressing the claim of the Colonial Government against Hector Whaling Limited the claim may be abandoned. My Confidential despatch of May 18th may be cancelled.

GOVERNOR.

Time



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FALKLAND ISLANDS.

CONFIDENTIAL.

Downing Street,

18 April, 1935.

Sir,

With reference to my Confidential despatch of the 4th of April, I have the honour to transmit to you, for any observations that you may wish to offer, the accompanying copy of a further letter from Sir Karl F. Knudsen regarding the position of Hector Whaling Limited and Aktieselskapet Hektor. A copy of the reply which has been returned to Sir Karl Knudsen is also enclosed.

I have the honour to be,

Sir,

Your most obedient,

humble servant,

H. CUNLIFFE-LISTER.

GOVERNOR,

H. HENRIKSEN-HEATON, M.B.E., C.M.G.,

Sec., Sec., Sec.

Reps. 35-42

*Fr. Sir Karl F. Knudsen
9.4.35.*

To ditto, 16 .4.35.

Copy

Norway House,

21-24 Cockspur Street,

London, S.W.1.

9th April, 1935.

Sir,

With reference to your letter of the 30th March (ref.88014/2/35), I have had a preliminary consultation with my colleagues. Personally I would have liked a settlement on the basis of the second alternative of paying the Crown Agents before distributing anything to the present ordinary shareholders in A/S Hektor or Hector Whaling Limited. I am, however, given to understand that there are technical difficulties in the way.

In the meanwhile we are trying to postpone the date of the final decision, and may succeed in doing so in order to enable you to communicate with Falkland Islands. As matters stand to-day, the claims of the Inland Revenue, the Norwegian Tax Authorities, and the Crown Agents are all hopeless. The Inland Revenue has admitted this, although the matter has not yet been definitely settled. As I see it, it is more a question of form than anything else. Ultimately I have no doubt that they will agree to cancel, and unless they do so, no fresh capital will be put up.

I would be grateful if the Falkland Islands Authorities could be communicated with and advised that if fresh capital can be obtained, it opens up a real

possibility

The Under Secretary of State,

Colonial Office, S.W.1.

47

possibility that the Company may be able to operate, at any rate for part of the season, under the Deception Island lease, so that some income may accrue to the Dependency. Otherwise I am afraid that we shall have to fall back upon the legal position as it is to-day under which the claim of the Crown Agents lies against A/S Hektor only and not against Hector Whaling Limited, and in this way we may be able to avoid the legal difficulty standing in the way of a further issue of notes probably inseparable from alternative two of your letter.

I am, etc.,

(Sd.) K.F. Knudsen.

K. F. Knudsen, K.S.S.

250

446

16 April, 1935.

88014/2/35.

Sir,

I am directed by Secretary Sir Philip Cunliffe-Lister to acknowledge the receipt of your letter of the 9th of April, regarding the position of Hector Whaling Limited and Aktieselskapet Hektor, and to inform you that copies of that letter, and of your letter of the 25th of March, are being communicated to the Governor of the Falkland Islands.

I am,

Sir,

Your obedient servant,

(Signed) G. JONES.

SIR KARL F. KNUDSEN, K.B.E.

52

A
I

Red Hit

Reference to previous correspondence:-
Secretary of State's ^{Telegram} Despatch No. 47... of the
(Governor's)

...16th May,.....1955.



FALKLAND ISLANDS.

NO...CONFIDENTIAL....

DOWNING STREET,

.....22 May,.....1955.

Sir,

I have the honour to transmit to you the papers
for your information, a copy of the paper
noted below on the subject of the position of Hektor Whalin
Limited and Aktieselskapet Hektor.

I have the honour to be,

Sir,

Your most obedient, humble servant,

THE OFFICER ADMINISTERING

THE GOVERNMENT OF THE FALKLAND ISLANDS.

P. CUNLIFFE-LISTER.

Date. 1935.	Description.
14th May.	From Sir Karl F. Knudsen.

Copy.

Norway House,

21-24, Cockspur Street,

London, S.W.1.

14th May, 1935.

Sir,

With reference to our correspondence with regard to Hector Whaling Limited, I very much appreciated your sending copies of the letters exchanged to Port Stanley. Since then we have had many difficulties to overcome. Ultimately, the Norwegian Government and the Municipality of Tønsberg agreed to cancel their claims, which amounted to about £23,000, provided our scheme of reconstruction were carried through. Since then we have been in constant contact with the Inland Revenue, who have been considering our application. This afternoon we have been informed that they will agree to waive all claims of taxation as far as the past is concerned on condition that all other claims by unsecured creditors shall have been cancelled. All claims have in fact been cancelled except the claim of the Crown Agents. I have asked our chartered accountants whether it is necessary for me to approach you, seeing that the claim is against A/S Hektor and not against Hector Whaling Limited, and they have stated that it is essential that the claim of the Crown Agents should be cancelled outright, this being specifically insisted upon by the Inland Revenue.

As you will understand, the long time that it has taken to come to this point has exposed our scheme

to

The Under Secretary of State,
 Colonial Office,
 Downing Street,
 S.W.1.

to many risks, and we have found it necessary to send out a circular to our shareholders, calling a meeting for them to give their final approval. We have had to do so in anticipation of obtaining the consent of the Inland Revenue. Otherwise we would have been too late. It is therefore necessary for my company to appeal to you to enable us to give the requisite assurance to the Inland Revenue that the claim of the Crown Agents has been cancelled. Otherwise I fear that the efforts which we have been making for about half a year will be frustrated.

I do not feel that I can usefully add anything to the arguments which I have advanced in my previous letters.

If you should desire to communicate with the Inland Revenue, the matter is in the hands of Mr. W.F. Atkins, Chief Inspector of Taxes, East Wing, Somerset House.

I am, &c.,

(Signed) K.F. Knudsen.

13

GOVERNMENT HOUSE,
STANLEY,

4th July, 1935.

FALKLAND ISLANDS.

CONFIDENTIAL.

Sir,

With reference to your Confidential despatch dated the 18th of April, 1935, transmitting for any observations that I may wish to offer, a copy of a further letter from Sir Karl F. Knudsen regarding the position of Hector Whaling, Limited, and Aktieselskapet Hektor, I have the honour to refer to my Confidential telegram No. 38 of the 21st May, 1935, in which I informed you that the claim of this Government against Hector Whaling, Limited, may be abandoned, and adding that my Confidential despatch of the 18th May, 1935, may be cancelled.

Red 49

Red 45

Red 43

I have the honour to be,

Sir,

Your most obedient
humble servant,

(Sd.) H. HENNIKER-HEATON

THE RIGHT HONOURABLE
MALCOLM MACDONALD, M.P.,
SECRETARY OF STATE FOR THE COLONIES.

54



FALKLAND ISLANDS.

CONFIDENTIAL.

Howling Street,

April, 1936.

4

Sir,

Red 53

With reference to your confidential despatch of the 4th July 1935 regarding the position of Hector Whaling Limited and Aktieselskapet Hektor, I have the honour to inform you that Hector Whaling Limited have intimated that the reconstruction of the Company has been approved by all parties, and that the Norwegian Government, the Municipality of Tonsberg and the Board of Inland Revenue have waived their claims against the Associated Companies.

2. In these circumstances, I agree that the claim of the Government of the Falkland Islands against Aktieselskapet Hektor for the sum of £10,761.5.11 may be abandoned as irrecoverable.

I have the honour to be,

Sir,

Your most obedient,
humble servant,

(Signed) J. H. THOMAS

W. HENRIKSEN-HEATON, Esq., C.M.G.,
&c., &c., &c.

This Company owed £10,761. 3s. 11d. on export duty on whale oil for the 1930/31 season. Contrary to the normal practice of holding ships until the duty had been paid the s.s. "Maudie" and s.s. "Melville" were allowed to proceed on certificates given by their Masters that arrangements had been made for the duty to be paid to the Crown Agents.

As a result of correspondence between the Secretary of State, the then Governor (Sir James O'Grady) and the Company, terminating in a Confidential Despatch dated the 5th of March, 1932, from the Secretary of State to the then Governor it was agreed to defer payment of the duties until the oil had been sold.

Several applications for payment were made but it was not until February, 1935, that the Company informed the Secretary of State of its acute financial position - (Confidential Despatch, Secretary of State to the Governor of the 22nd of March, 1935, with enclosure refers).

The Company's agreement to pay the duty on sale of the oil had apparently been overlooked.

In a long letter under covering Confidential Despatch from the Secretary of State to the then Governor dated the 4th of April, 1935, the Company stated, summarising that under pressure from the secured creditors the Company had to be reconstituted and fresh capital raised 'but it has a condition that the unsecured indebtedness be cancelled'!

In that letter there was a bait or inducement to acquiescence - it is our intention to use her (catcher "Donald") for part of the season catching from the land station at Deception through which the tax: will become payable to you.

The bait was taken and it was agreed that the amount of duty be abandoned but the intention was not fulfilled nor has any effort been made by the Company to renew whaling in the Dependencies despite the fact that it is now in a strong financial position.

The profit for the year-ending 31st July, 1947, was £1,123,244 (Investors' Chronicle 15th November, 1947).

It is considered:

1. That the Company did not play straight as the duty on the oil was a first charge on it and should have been paid immediately the oil was sold.
2. That although the legal claim is dead there is a strong moral obligation which the Company should honour.
3. An application would be opportune in view of the proposed lease with United Whalers and subsidiary Company of Hector Whaling.
4. We should not be caught in this manner - say 5 years hence - and reports of estimated duty should be made.

Refract

K.H.
2/5.

DECODE.

TELEGRAM SENT.

From SECRETARY OF STATE to GOVERNOR.

Despatched : 27.5.56. Time : 0945 Received : 28.5.56. Time : 1130

PRIORITY

CONFIDENTIAL. FIDEP 107.

Hector Whaling Company considering resumption of shore activities on Deception Island.

These would be confined in 1956/57 season to restoration of tanks and temporary storage of oil during pelagic whaling on same conditions but Company mention possibility of negotiating at a later date new licence re-opening land station. For the present, however, they ask for permission only to restore and make use of existing tanks and to land and erect small amount of plant for filling, heating and emptying them. They would make no claim to the proprietorship of restored tanks.

2. Presume that you will not, repeat not, wish to discourage this development. Complications exist however with the Aerial Survey operations next season. Company would erect alternative accommodation for Huntings' stores at present occupying tanks, but I am advised that the anchorage at Whalers Bay restricted and additional shipping might hamper use of aircraft.

3. There is no doubt that anchorage likely to be very crowded at the end of December when Duke's party present. On the other hand Company would have only one ship present at a time. Plan would be to send down late autumn one small ship with advance party to erect shed, etc. and restore tanks. This ship would move out middle of January leaving bay free until some time in February when a tanker would arrive with whale oil for shore tanks. At the end of the whaling season one ship would return to pick up oil from shore tanks.

4. If you agree in principle it is proposed to call a meeting with Company, Huntings, Captain Johnston and Green to discuss ways and means.

5. Grateful if you would consider urgently as Company are anxious for early decision.

GTC : PT.

Reply at 65

Out Saugren No 16
dated 1/5/56.
97/126.

63

DECODE.

TELEGRAM SENT.

From GOVERNOR to SECRETARY OF STATE.

Despatched: 30th May 1956 Time: 1430 Received: : Time: :

FIDEP 158. Your priority confidential telegram FIDEP 107.
Hector Whaling Company.

I see much advantage in resumption of whaling based on Deception and do not believe difficulties of anchorage and storage of air survey equipment insuperable. I agree to meeting suggested in your paragraph 4.

2. You are aware that this Company before reconstitution got away with £11,000 odd owed to this Government in export duty on whale oil and from records here it seems the methods then used were not straight. I should therefore be obliged if the financial position and integrity of the reconstituted Company could be examined. Minute by the then legal adviser of this Government setting out his view of dealings of Company over £11,000 debt follows by savingram.

GTC : PT

See 65

Report #
69

64

63

59A

F. I. ref: C/5/31/65

C. O. ref:

65.

SAVING TELEGRAM.

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

To: The Secretary of State for the Colonies.

Date: 2nd June, 1956.

No.21. SAVING. DEPENDENCIES CONFIDENTIAL

63
64

Your Priority Confidential telegram FIDEP 107. Hector Whaling Company. The following is the minute referred to in my telegram No. FIDEP 158 of the 30th May.

"This Company owed £10, 76s. 11d. on export duty on whale oil for the 1930/31 season. Contrary to the normal practice of holding ships until the duty had been paid the s.s. "Maudie" and s.s. "Melville" were allowed to proceed on certificates given by their Masters that arrangements had been made for the duty to be paid to the Crown Agents.

17

As a result of correspondence between the Secretary of State, the then Governor (Sir James O'Grady) and the Company, terminating in a Confidential Despatch dated the 5th of March, 1932, from the Secretary of State to the then Governor it was agreed to defer payment of the duties until the oil had been sold.

41

Several applications for payment were made but it was not until February, 1935, that the Company informed the Secretary of State of its acute financial position - (Confidential Despatch, Secretary of State to the Governor of the 22nd of March, 1935, with enclosure refers).

The Company's agreement to pay the duty on sale of the oil had apparently been overlooked.

42

In a long letter under covering Confidential Despatch from the Secretary of State to the then Governor dated the 4th of April, 1935, the Company stated, summarising that under pressure from the secured creditors the Company had to be reconstituted and fresh capital raised 'but it has a condition that the unsecured indebtedness be cancelled'!

43

In that letter there was a bait or inducement to acquiescence - it is our intention to use her (cather "Ronald") for part of the season catching from the land station at Deception through which the tax.....will become payable to you.

The bait was taken and it was agreed that the amount of duty be abandoned but the intention was not fulfilled nor has any effort been made by the Company to renew whaling in the Dependencies despite the fact that it is now in a strong financial position.

/The profit...

The profit for the year-ending 31st July, 1947, was £1,123,244 (Investors' Chronicle 15th November, 1947).

It is considered:-

1. That the company did not play straight as the duty on the oil was a first charge on it and should have been paid immediately the oil was sold.
2. That although the legal claim is dead there is a strong moral obligation which the Company should honour.
3. An application would be opportune in view of the proposed lease with United Whalers a subsidiary Company of Hector Whaling.
4. We should not be caught in this manner - say 5 years hence - and deposit of estimated duty should be made."

dated 2.7.48.

GOVERNOR.

MF

GOVERNMENT TELEGRAPH SERVICE

66

FALKLAND ISLANDS

RECEIVED

Number	Office of Origin	Words	Handed in at	Date
59	LONDON etat	51/40	1723	7.6.56

To

SECURITY STANLEY

RB 62/56 RECTOR COMPANY GRATEFUL FOR REPORT FROM DECEPTION ON THE
 CONDITION OF THE TANK FLOORS OF THE THREE LARGE TANKS IN PARTICULAR /
 IS THERE ANY INDICATION THAT THE FLOORS WERE DAMAGED WHEN DEMOLITION
 TOOK PLACE DURING WAR

ASECFIDS

Reply at ~~19~~ 70

Time

505/1

GOVERNMENT TELEGRAPH SERVICE

FALKLAND ISLANDS

SENT

67

Number	Office of Origin	Words	Handed in at	Date
				13.6.56
To	GUYVER	BASE B		A/C FIDS

CSO/C/5/31/67 GRATEFUL YOU EXAMINE FLOORS OF THREE LARGE
 OIL TANKS AND IN PARTICULAR WHETHER THERE IS ANY INDICATION
 THAT FLOORS WERE DAMAGED WHEN DEMOLITION TOOK PLACE DURING
 WAR STOP EARLY REPLY APPRECIATED. *Reply at 68*

33CFIDS

Time

JH

GOVERNMENT TELEGRAPH SERVICE

FALKLAND ISLANDS

RECEIVED

68

Number	Office of Origin	Words	Handed in at	Date
123	BASE B etat	61/59	2100	14.6.56

To
SECFIDS STANLEY

67 REF YOUR TELEGRAM CSO/C/51/31/67 STOP TANKS NUMBERED AS FROM BEACH STOP 1 PERFECTLY ALRIGHT STOP 2 INACCESSABLE BUT FLOOR APPEARS COVERED WITH ABOUT 1 FEET OF ICE STOP 3 FLOW SOUND AND IN USE BY FIDASE FOR STORAGE ONE THIRD UNDERMINED BY STREAM STOP ALL TANKS HAVE HEATER PIPES ABOUT 3 FEET OFF FLOOR

GUYVER

142100z

Time

DECODE.

TELEGRAM SENT.

70
69

From SECRETARY OF STATE to GOVERNOR

Despatched: 17.6.56. Time: 1305 Received: 18.6.56. Time: 0930

64

FIDEP 126. Confidential. Your tel. 158. FIDEP. Whalers Bay anchorage, Deception Island.

Meeting held. It was suggested that the appointment of a temporary Harbour Master to Deception Island due (?) to the vital importance of the anchorage during the Duke's visit would be a useful measure.

Hector
Whaling Company

Grateful for your comments on this.

Copy of Minutes of Meeting follows by savingram.

GEO : PT

See 76.

GOVERNMENT TELEGRAPH SERVICE

67 70

FALKLAND ISLANDS

SENT

Number	Office of Origin	Words	Handed in at	Date
	PSY			20/6/55

To CROWN LONDON FIDS A/C

66

050/0/5/31 FOLLOWING FOR FIDS OFFICE YOURTEL 62 FLOOR TANK
 NEAREST BEACH GOOD CONDITION COMMA FLOOR SECOND COVERED ONE
 FOOT ICE COMMA FLOOR THIRD GOOD CONDITION BUT ONE THIRD
 UNDERMINED BY STREAM STOP FULL REPORT ON TANKS WAS SUBMITTED
 TO SECRETARY OF STATE IN DEPENDENCIES SAVINGRAM 15 OF 1955.

97/314

SECRET.

Time

73.

DECODE.

TELEGRAM SENT.

From GOVERNOR to SECRETARY OF STATE

Despatched: 29.6.55. Time: 0930 Received: : Time: :

No: 126 Your tel. FIDRF 126. Base Leader Deception is always appointed Harbour Master. I can arrange for him to be briefed as to anchorages available and how they could best be allocated especially during Duke's visit.

GTC : PT

Copy at FIDS/83/55

DECODE.

74

TELEGRAM.

From SECURITY.

To CROWN AGENTS.

Despatched : 29th June 1956 19 Time : 1430
Received : : 19 Time : :

FIDS 83/54. Following confidential for Green.

Anchorage at Deception Island. Please arrange for Captains Johnston and Brown to draw up plans for anchorages at Deception Island having regard to all shipping requirements during the forthcoming season. Plans should come out with the first ship so that person selected for new Base Leader who will be Harbour Master can be fully briefed.

GTC : PT

Original at FIDS/83/54.

DECODE.

75

TELEGRAM SENT.

From GOVERNOR to SECRETARY OF STATE

Despatched: ~~.....~~

Time:

Received:

Time:

97/522

SECRET. FIDEP 202. Your FIDEP 151. All tanks Deception Island.

Air Survey at present occupies two of the seven tanks (three large and four small) as garage and store. There should be ample room for them and Admiralty requirement. I should not wish to charge any fee to Admiralty for use of tanks.

If however Eco or Whaling Company seriously intends to resume operations (your priority confidential FIDEP 107 refers) 63 presumably they will require and should have use of all tanks. Grateful for information as to position in regard to Whaling Company's intentions and as to whether, if they resume operations, they will require all tanks.

Cypher 'B' : PT

Original at ^{FIDEP} 97/524

13/7/56.

Savingram

c/5/31.

76
CO. 1

FALKLAND ISLANDS
(DEPENDENCIES)

From the Secretary of State for the Colonies.

To the Officer Administering the Government of

Date 20 JUN 1956

No. 29

Colonial Office reference WAF. 528/529/05

Your reference

With reference to my ^{despatch} ~~savingram~~ No. 126 FIDEP.
your ~~telegram~~ 69

of the 17TH JUNE, 1956, I enclose, for your information, consideration, a copy of the paper noted below. observations,

SECEP

Originator and date	Subject
76adb.	<p>Minutes of a Meeting on 4th June re. Hector Whaling Ltd.</p> <p>24.7.57 31.7.57</p>

Minutes of a Meeting to discuss proposed operations by Hector Whaling Ltd. on Deception Island held in Room H.301, Church House, on Monday, 4th June.

Those Present:

Mr. M.A. Willis	Colonial Office (in the Chair)
Mr. R. De B. Trouton	Hector Whaling Ltd.
Commander H.C. Arnold-Foster	" " "
Mr. W.M.J. Jackson	" " "
Mr. J.H. Saffery	Hunting Aerosurveys Ltd.
Capt. W. Johnston	F.I.D.S.
Mr. J.R. Green	F.I.D.S.
Commander R.F. Tibbatts	Admiralty
Mr. W.J. Botton	"
Group Capt. J. Bussey	Directorate of Colonial Surveys
Mr. G.H. Whitefield	Colonial Office

The Chairman said the meeting had been called to discuss the possibility of the anchorage in Whalers Bay, Deception Island becoming overcrowded particularly during the forthcoming visit of the Duke of Edinburgh to Deception Island. There was also the aerial survey to consider: the survey, to which the Government had committed a considerable sum of money, would be operating from Deception Island at that time and it was imperative that their operations should not be hampered especially if the weather were suitable for flying. So far as the Hector Company's proposals were concerned, the Colonial Office had approached the Governor who welcomed them provided the present meeting agreed as to ways and means.

Mr. Trouton explained that for economic reasons Hector Whaling proposed to use one tanker instead of two during the next whaling season. It was for this reason that they had in mind reverting to the arrangement of storing oil in their old tanks on Deception Island. The project, if pursued, would involve three visits by their ships to Deception Island only one ship being used on each occasion. The first call would be in December when it would be hoped to repair the tanks and install new equipment as well as alternative storage accommodation for the air survey expedition. This operation would be likely to take from a fortnight to a month and if all went well it would be hoped that their ship would be out of Whalers Bay before the end of December. The second visit would be in February to unload oil and the third at the end of March to reload it. Both the latter visits would be for approximately 48 hours each. The ship used would be a tanker: the factory ship would not visit Deception Island.

Capt. Johnston agreed that Whalers Bay would be crowded especially during the Duke's visit and he suggested that a senior officer should be sent to Deception Island to act as Harbour Master during the Duke's visit with powers to allocate anchorages in Whalers Bay to the ships present there at that time. There was also the strong possibility that Argentine and Chilean ships would be present and the control of their movements would be carried out more effectively by an officer in uniform.

/Mr. Botton

see 76.

766

Mr. Botton said that it was most unlikely that a naval officer could be spared for this purpose and that it was, not, in any case, customary for a naval officer to be in charge of an anchorage other than a naval one.

Following discussion it was agreed that the appointment of a harbour master at Whalers Bay for the duration of the Duke of Edinburgh's visit would be most desirable and it was left to the Colonial Office to put the proposal to the Governor.

Mr. Trouton said that if it was necessary their ship could withdraw from Whaler's Bay for the three days of the Duke's visit.

Mr. Willis thanked him for his willingness to co-operate but said that he did not wish to harry the Company and that his offer would not be taken up unless it was absolutely necessary.

Use of the beach

Mr. Saffery thought that there might be congestion on the beach at Whalers Bay while the company and the air survey were both busy there. It was, however, agreed that with a certain amount of give and take on the spot it should be possible for both parties to avoid getting in each other's way.

Access for aircraft

Mr. Saffery said he was more concerned for the aircraft when at their moorings. The question of sufficient space for "take off" purposes was not so serious because the aircraft usually taxied outside the Bay for the final run up. When moored, the aircraft required a fair amount of space in which to swing round their buoys especially in windy weather, ships would also be swinging at anchor and, the aircraft being so fragile, might suffer damage or destruction if the anchorage were so crowded that there was insufficient room for manoeuvre.

Mr. Trouton pointed out that as their tanker was a twin-screw vessel she would be more manoeuvrable than the single-screw ships and should not, therefore, be a menace to the aircraft.

Capt. Johnson pointed out that although in that area there was always an element of risk to craft at anchor during bad weather, if the anchorage in Whalers Bay was properly organised there should be no difficulty.

Summing up the meeting, the Chairman said that it was obvious that with the necessary co-operation by all parties no insuperable difficulty should arise especially with a controlling officer present at the most crowded period i.e. the three days of the Duke of Edinburgh's visit. He undertook to put the question of the temporary appointment of a harbour master for Whalers Bay to the Governor.

79d
GOVERNMENT OF THE COLONIES
- 3 SEP 1956

WRAJ/JH

WAF 528/529/05

23rd August, 1956

Gentlemen,

79d
79d
I am directed by Mr. Secretary Leano-Boyd to acknowledge the receipt of your letter of the 17th August and to inform you that subject to the modification in regard to the large tank which it appears will remain at Huntings' disposal, the Governor approves the proposals set out in your letter of the 23rd July for arranging for the storage of oil on Deception Island.

I am,
Gentlemen,
Your obedient servant,

Sgd. M. A. Willis

HECTOR WHALING LIMITED,
41, UPPER GROSVENOR STREET,
W. 1.

C O P Y

HECTOR WHALING LIMITED.

79d

17th August, 1956
WMJ/JH

The Under Secretary of State,
Colonial Office,
London, S.W. 1.

For the attention of Mr. Willis.

Dear Sir,

Deception Island

79c
Thank you for your letter of the 16th August, reference WAF 528/529/05, from which we note that you are still waiting to hear from us whether we have resolved our difficulties with Hunting Aero Surveys over alternative storage accommodation. This matter was raised on the telephone by your Mr. Whitfield early in August and on the 9th the undersigned telephoned him to say that we had resolved our difficulties with the Air Survey Party.

79d
Of the three large tanks on the island we, as explained in our letter of the 23rd July, are interested in using only two for the storage of fuel oil. The third tank requires a great deal more work to put it into commission than the other two, because of a subsidence which has taken place, we assume, as a result of the demolition work carried out by the Navy during the war. It transpired in conversation with Huntings' representative that their stores are, in fact, deposited in the large tank in which we are not interested. The question of providing alternative storage space does not, therefore, arise.

On this basis, may we please have permission to proceed with our plans.

Yours faithfully,
for HECTOR WHALING LIMITED,

(sgd) W.M. JACKSON

C O P Y



WAF 528/529/05

16 August, 1956

WMJ/JH

Gentlemen.

794
I am directed to express regret for the delay in replying to your letter of the 23rd July about the use of oil tanks on Deception Island.

Before approval of your plans can be given, however, it is necessary to resolve some difficulty with Hunting Aero Surveys over alternative storage accommodation about which you are aware, and a further letter from you is awaited.

In order that your letter of the 23rd July may be considered here from all points of view your further comments on the provision of accommodation for Hunting's stores would be appreciated.

I am,
Gentlemen,
Your obedient servant,

(sgl) M.A. WILLIS

HECTOR WHALING LIMITED.



C O P Y

HECTOR WHALING LIMITED

41 Upper Grosvenor Street,
London W. 1.

23rd July, 1956
WMJ/JH

The Under Secretary of State,
Colonial Office,
Church House,
Great Smith Street,
LONDON, S.W. 1.

For the attention of Mr. Willis.

Dear Sir,

We thank you for your letter Reference WAF 528/529/05 of the 20th July. You will recall that at the Meeting held at Church House on the 4th June, we outlined our proposals to repair three of the large tanks on Deception Island and to use them for storing whale oil during part of the 1956-57 whaling season. After further consideration, we have modified these plans and this Company now proposes to proceed on the lines indicated below always, of course, subject to your approval.

- a) We now intend despatching one of our ships to arrive at Deception Island in the first half of December. Her crew supplemented by a party of fitters, would proceed to repair two of the large storage tanks including the one at present used as a store by the Air Survey party. Into these tanks would be pumped 3,600 tons of a special type of fuel oil which remains viscous at low temperatures without being heated. This oil would remain in the tanks until the end of the whaling season, which we expect to be sometime in March, when one of our vessels will collect it and refuel our fleet for the voyage home.
- b) We would undertake to provide alternative storage space in one of the smaller tanks and transfer to it the Air Survey party's stores from the large tank at present used by them.
- c) Our ship should be clear of Deception Island by the end of December, but should her stay be prolonged, and Whalers Bay becomes too congested, we confirm our willingness to move her to another anchorage.
- d) We are also considering erecting a hut to accommodate six men who would live on the Island from December to March. They would be engaged in clearing away the debris from the Whaling Station to see how much it would cost to put it back into commission.

We would be glad to have your permission to proceed with these plans so that at the earliest opportunity we may start purchasing the stores and equipment necessary for the mounting of such an operation.

Yours faithfully
for HECTOR WHALING LIMITED.

(sgd) S. Stevenson

Director.

Reply at 79c

COPY.

80

DECODE.

TELEGRAM SENT.

From SECRETARY OF STATE to GOVERNOR

Despatched: 13.9.56. Time: 1450 Received: 14.9.56. Time: 0900

SECRET.

97/524

FIDEP 202. Your telegram FIDEP 202.
Oil Tanks at Deception Island.

Hector Whaling have abandoned intention of
rehabilitating the oil storage tanks during the
forthcoming season.

Cypher 'E': PT.

Original Filed at 97/532.
Copy to C/5/31.✓