

23rd December,

65.

Dear Sir,

I refer to our recent correspondence concerning claims under the mail contract. The Governor in Council has requested that your Company supply Government with a copy of your audited accounts as they become available. I hope you will be able to do this.

Yours faithfully,

W. B. THOMPSON

COLONIAL SECRETARY

The Manager,
Darwin Shipping Limited,
STANLEY.

IM

~~KIV 731~~

Reply at 735

la

733

The Falkland Islands Company, Limited.

(INCORPORATED BY ROYAL CHARTER 1851.)

REGISTERED 1902.

AGENTS FOR LLOYDS.

TELEGRAMS "FLEETWING PORTSTANLEY" VIA RADIO.

WHY/SRP

The Colonial Secretary,
Stanley.

Stanley.

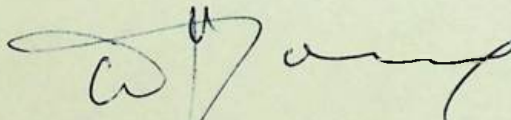
6th January, 1966.

*W
ult*

Dear Sir,

732 With reference to your letter of the 23rd December last, reference Q237/VI, I have advised our London Office of the Government's request for an audited copy of the 1965 accounts of Darwin Shipping Limited as soon as possible.

Yours faithfully,


Manager.

V. 110 731

fa

*Cd. Noted. I should like to be advised of the precise date that the Company can terminate his contract. 734
on 9/4/66*

DARWIN SHIPPING LIMITED

Directors: R. G. Vinson, W. H. Young.

Telegrams: "Fleetwing Portstanley"

STANLEY,
FALKLAND ISLANDS.
5th April, 1966

WHY/pmc.-

The Colonial Secretary,
STANLEY.-

Dear Sir,



*6/11
RySC
please speak
S.*

MAIL CONTRACT

We have been advised by London Office of the following percentage returns on the written down value of our Shipping assets:-

1958	-	5.85
1959	-	1.53
1960	-	5.39
1961	-	3.11
1962	-	5.70
1963	-	15.75

It would appear that these figures are at variance with the advised sums that might have been payable if guaranteed minimum of 6% return had been payable from 1958.-

We consider that on these figures the Colony of the Falkland Islands has been subsidised by the subsidiary companies of the Falkland Islands Company, insofar as shipping operations are concerned, to an extent that no other company would consider.-

The Company believe that a 6% return cannot reasonably be expected for the year 1966.-

This opinion is based on the following reasons:-

1. Charter voyage profits of "A.E.S." for 1965 will show a fall of over £21,000. It is the level of freights into the Colony which is the principle factor determining profitability and the shortfall arising from the shut-out cargo in December, 1965, has adversely affected freight earnings.-

Reply at 736

~~214a~~

2. The cost of "A.E.S." charter hire rose by 10% for all voyages in 1965.-

3. The wage outlay of R.M.S. "DARWIN" during 1965 is anticipated to be £6,000 higher than for 1964.-

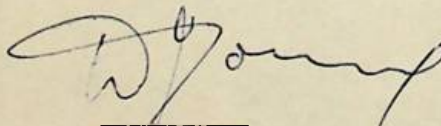
4. It would appear that if cabin, deck, engine-room, and other stores in respect of R.M.S. "DARWIN" increased by approximately £2,500 in respect of 1965, then a payment under the guaranteed minimum of 6% return will be due.-

In view of the foregoing we consider that an increase in freights and passages is justified, although we appreciate it may be considered that an increase in subsidy or a payment under the terms of the Mail Contract would be preferable.-

We would point out that the entire profit of Darwin Shipping Limited is taxed in the Colony owing to the action taken by the Falkland Islands Trading Company Ltd. in creating Darwin Shipping Limited registered in the Colony.-

Although we adhere to the terms of the Mail Contract we must give notice that in our view the return on our investment in R.M.S."DARWIN" amounting to well over £300,000 which was provided from taxed profit on sheep farming is no better than that obtainable on "no risk" investment, and, unless we can foresee an improvement in our investment income from this source, we shall be forced to give notice of termination in accordance with the terms of the contract.-

Yours faithfully,
DARWIN SHIPPING LIMITED.-


Chairman

See 744

No. 0327/TV

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



MEMORANDUM

15th April, 1966.

To: THE COLONIAL SECRETARY,

Secretariat,

Stanley.

From: The Registrar,
SUPREME COURT,
Stanley, Falkland Islands.

SUBJECT :-

MAIL CONTRACT.

Referring to clause 18 of the existing Mail Contract. In the latest recorded case, *Jacks v. Palmer's Shipbuilding & Iron Company (1928)*, where a somewhat similar clause provided that the agreement was to hold good for twelve months, with six months' notice thereafter to terminate the agreement, it was held that notice could not be given until twelve months had expired.

J. Bennett

Registrar.

735

UA
22/4

20th April,

66.

VA
00/4

Dear Sir,

734

Thank you for your letter of the 5th April concerning the Mail Contract, the contents of which have been noted.

Government is well aware of the difficulties facing your Company and I hope that you will find it possible to let me have the figures and details referred to in my letter of the 11th November, 1965.

I take this opportunity to say, yet once again, that Government has no other aim than to honour the contract within the spirit in which it was signed and to make it clear that when the time comes for a change we are ready and willing to enter into discussions with you.

Yours faithfully,

(W.H. THOMPSON)
COLONIAL SECRETARY

W. H. Young, Esq.,
Derwin Shipping Limited,
STANLEY.

Reply of 740

TB.

4/12.

737

Please see 734 . 735 & 736
et seq.

Di.

22/4

Cs. Thank you. 738

I think that we should now go on
record to Exco that at any time from
30 June 1967 onwards (if 735 is right)

we must expect 6 months notice of
determination from the company.

Ux 22/4

ACL

739

note for Ex Co please

Attention

✓

BU Ex Co 7.5/66

LA
3/6

CS please dividends
LA 2/6

740

DARWIN SHIPPING LIMITED

Directors: A. G. Barton, C.B.E., W. H. Young.

Telegrams: "Fleetwing Portstanley"

STANLEY,
FALKLAND ISLANDS.

WHY/SRP

26th April, 1966



The Colonial Secretary,
STANLEY.

Dear Sir,

736

I have to acknowledge receipt of your letter of 20th April, reference 0327/IV. Our London Office have advised us that they will forward an audited copy of the accounts in respect of 1965 as soon as the results of R.M.S. "Darwin" voyages for this year are known to them. These results were in fact telegraphed to London on the 13th April.

734

581

Further to my letter of 5th April London Office have advised me that the percentage returns quoted are in fact audited figures unadjusted for over provisions and under provisions in the various years, whereas the figures quoted in our memorandum of the 30th August, 1962 were based on adjustments on the Shipping profits over the years in question.

Yours faithfully,

Colonial Manager.

La.
L.
P.A.

(734)


Extract from Executive Council Minutes of Meeting No. 3/66 held on the
12th May 1966

0327/IV

13. MAIL CONTRACT

The Colonial Secretary informed members that Darwin Shipping Limited had given notice that they would exercise their right to terminate the mail contract on the expiry of the initial period of three and a half years. They had explained that the guaranteed minimum return of 6% was not proving adequate for the satisfactory operation of the company.

Council noted that at any time after 30th June 1967 it could be expected that Darwin Shipping would give six months notice of determination.


Clerk of Council

No. 010/4

MEMORANDUM

742

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



6th June, 1966.

To: The Honourable,
The Colonial Secretary,

From: Postmaster

STANLEY.

Stanley, Falkland Islands.

SUBJECT:- Mail Subsidy - 2nd quarter, 1966.

I certify that the attached account is correct. May Crown Agents be asked, by mail, to arrange payment to the London Office of Darwin Shipping Ltd.

[Handwritten signature]
Postmaster.

[Handwritten signature]

[Handwritten date]
13/6/66

DARWIN SHIPPING LTD. No. **A 08164**
STANLEY. INVOICE

Date 2nd JUNE 1966

M ANTARCTIC GOVT (POSTS & TELECOMMUNICATIONS

Dr. to The DEPT (624)

Falkland Islands Company, Limited

TO MAIL SUBSIDY

QUARTER

1 APR 66 - 30 JUNE

66

£ 4125 - -

A/-

MAIL CONTRACT.

0327/IV.

743

21st June,

66.

Dear Sirs,

Please be good enough to pay the Falkland Islands Company Limited, 120 Pall Mall, London, S.W.1., the sum of four thousand one hundred and twenty-five pounds (£4,125) being mail subsidy for R.M.S. Darwin for the period 1st April - 30th June, 1966.

1.10.66 - 30.9.66
1.10.66 - 31.12.66

Yours faithfully,

(Sgd.) H. W. Bond

for COLONIAL SECRETARY

4125
4124
PA 50

Crown Agents for Oversea Governments and Administrations,
4, Millbank,
LONDON, S.W.1.

Copy Sent to Treasury
Post Master

for

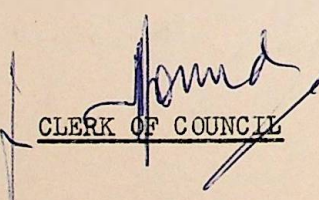
743a

EXTRACT FROM MINUTES OF MEETING NO. 7/66 OF EXECUTIVE COUNCIL HELD ON
THE 19th AND 20th JULY 1966.

0327/IV

33. MAIL CONTRACT

Council noted that Darwin Shipping Ltd., had written to say that no claim for a variable subsidy would arise for 1965.


CLERK OF COUNCIL

TB

744

DARWIN SHIPPING LIMITED

R. G. Vinson
Directors: ~~XXXXXXXXXX~~, W. H. Young.

Telegrams: "Fleetwing Portstanley"



STANLEY,
FALKLAND ISLANDS.
29th June, 1966

WHY/SRP

The Colonial Secretary,
Secretariat,
STANLEY.

Dear Sir,

Mail Contract

734

Further to our letter of the 5th April we have now received advice that no claim for variable subsidy will arise for 1965.

The deferment of "Darwin's" annual docking until 1966 owing to the accident in dry dock in November, 1965 has led to considerable improvements in the working results of this vessel.

Yours faithfully,

Director.

Copy to R. G. Vinson.

J

P.A

27th July 1966

Dear Mr. Young,

You called on me some time ago to raise the question as to whether freight charges were due from Government on mail carried from the Colony by 'A.E.S.'. Some doubt existed for no charges have been raised by your Company since the introduction of the current mail contract, although you thought the wording of the contract did not appear to provide for free carriage of mails by 'A.E.S.'.

On reading through the mail contract I find it altered in one important respect since I was last involved in its negotiation. At that time the draft required the Company to provide both a passenger vessel and a cargo vessel. In later stages the requirement to provide a cargo vessel was deleted and replaced by a clause to the effect that the Company may provide one.

If you refer to the second paragraph of the contract that commences "WHEREAS" you will see that the Government is "desirous of providing for the transmission of mails... ..between the Colony and the mainland of South America and between the Colony and the United Kingdom.....". This suggests that there is a desire on the Governments part to have a direct link between the Colony and the United Kingdom, i.e. 'A.E.S.'.

If you also refer to clause 1 of the contract you will see these words "Provided that the Company may charter a cargo carrying vessel for the purpose of carrying mails, freight and passengers as may be necessary". This, I feel, is the alternative to the earlier draft in which the Company was required to provide the cargo vessel. The contract

W. H. Young, Esq.,
Manager,
Falkland Islands Co. Ltd.,
STANLEY

FA

requires the Company to provide the 'Darwin' and adds that it may provide the 'A.E.S.'. Another interpretation of this quotation might be that the cargo vessel may be provided as a substitute for the steamship in the event of her loss, but the repeated references later in the contract to the steamship and cargo vessel suggest that if the Company operates two vessels both are subject to the provisions of the mail contract. These provisions include the free carriage of mails.

Yours sincerely,

(Sgd) L. C. Gleadell.

ACTING COLONIAL SECRETARY

pa

*Lo 743a
for signing.*

pa

No.

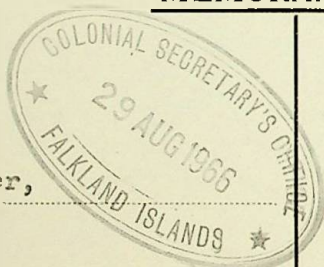
010/6

MEMORANDUM

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

From: Postmaster,

Stanley, Falkland Islands.



S. 16/11 746.
29th August, 19 66.

To: The Honourable,
The Colonial Secretary,

STANLEY.


SUBJECT :- Mail Contract.

Compensation payable by Darwin Shipping Ltd. for the loss or damage of a registered item or parcel, under Clause 8 of the above contract amounts to £2 and £1 respectively.

The maximum compensation payable by the Post Office for such loss or damage amounts to:

Registered Item	-	£2. 18. Od.
Parcel - 3 lb	-	£1. 3. Od.
- 7 lb	-	£1. 15. Od.
- 11 lb	-	£2. 18. Od.
- 22 lb	-	£4. 13. Od.
Insured Item	-	£50. 0. Od.

I recommend therefore that Clause 8 of the Mail Contract be amended to make the company fully responsible for Registered or Parcel Mail lost or damaged while in their custody. X


Postmaster

See 748

DARWIN SHIPPING LIMITED

PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31ST DECEMBER, 1965

<u>1964</u>		<u>£</u>	<u>£</u>	<u>1965</u>		<u>£</u>
125	Audit Fee		125	58,648	Profit on working for the year	39,494
16,051	Depreciation - R.M.S. "Darwin"	16,323		-	Agency Commission	391
82	Equipment	111				
16,357	Seaws	204	16,638			
42,186	Profit for the year, carried down		23,122			
<hr/>						
58,648			£39,885	£58,648		£39,885
<hr/>						
21,414	Balance brought forward from 1964		-	42,186	Profit for 1965, brought down	23,122
Provision for Taxation :						
6,030	Falkland Islands Income Tax	6,670				
8,130	Falkland Islands Profits Tax	2,320	8,990	-	Balance brought forward from 1964	12,641
12,642	Balance, carried forward		26,773			
<hr/>						
42,186			£35,763	£42,186		£35,763
<hr/>						

REPORT OF THE AUDITORS TO THE MEMBERS OF DARWIN SHIPPING LIMITED

We have audited the annexed Balance Sheet and the above Profit and Loss Account and have obtained all the information and explanations which we considered necessary. Proper books have been kept and the Accounts, which are in agreement therewith, comply with the requirements of the Companies and Private Partnership Ordinance.

The returns from the Stanley Office, not visited by us, have not been audited. Subject thereto, in our opinion, the Balance Sheet and Profit and Loss Account (in conjunction with the relative note) give respectively, a true and fair view of the state of affairs of the Company, as at 31st December, 1965, and of the Profit for the year to that date.

49 Bedford Row, London, W.C.1.

Chartered Accountants.

NOTICE IS HEREBY GIVEN that the THIRD ANNUAL GENERAL MEETING of the Company will be held at the offices of the Falkland Islands Company Ltd. on Monday, 31st October, 1965 at 9.30 a.m. for the following purposes :-

1. To receive the Directors' Report and Statement of Accounts for the twelve months ended 31st December, 1965.
2. To transact any other ordinary Business of the Company.

Any member entitled to attend and vote may appoint a proxy to attend and vote instead of him. Such proxy need not be a member of the Company.

By Order of the Board,

A. Sloggie,
Secretary.

Secretary.

Registered Office:-

4 Crozier Place,
Port Stanley, Falkland Islands.
DIRECTORS
R. G. VINSON
SECRETARY
A SLOGGIE

REPORT OF THE DIRECTORS FOR THE YEAR ENDED 31st DECEMBER, 1965

ACCOUNTS: The Directors submit the Accounts for the twelve months ended 31st December, 1965, which show an improvement on the previous years trading. The net profit carried forward to 1966 being £26,773.

DIRECTORS: There have been no changes in the Board of Directors during the year.

By Order of the Board,

A. Sloggie,

Secretary.

REPORT OF THE AUDITORS TO THE MEMBERS OF DARWIN SHIPPING LIMITED

We have audited the annexed Balance Sheet and the accompanying Profit and Loss Account and have obtained all the information and explanations which we considered necessary. These books have been kept and the accounts, which are in agreement therewith, comply with the requirements of the Companies and Private Partnership Ordinances. The returns from the Stanley Office, not visited by us, have not been audited. Subject thereto, in our opinion, the Balance Sheet and Profit and Loss Account (in conjunction with the relative notes) give a true and fair view of the state of affairs of the Falkland Islands Company as at 31st December, 1965, and of the profits for the year to that date.

42 Bedford Row, London, W.C.1.

Chartered Accountants.

747

The Falkland Islands Company, Limited.

INCORPORATED BY ROYAL CHARTER 1851

REGISTERED 1902

Stanley.

AGENTS FOR LLOYDS

TELEGRAMS TELETYPE FOR STANLEY VIA BALIC

WHY/SRP

16th September, 1966

The Colonial Secretary,
Secretariat,
STANLEY.



Si 14/11

Dear Sir,

Mail Contract

I enclose a copy of the Balance Sheet and Profit and Loss Account in respect of Darwin Shipping Limited for the year ended 31st December, 1965. These accounts have been audited and a copy signed by the auditors is held at this office.

Yours faithfully,

[Signature]
Colonial Manager.

Enc.

*66
14/11*

*B. U.
17/10/66*

0327/1V

748

16th November,

66.

To: The Postmaster.

From: The Colonial Secretary.

STANLEY.

Mail Contract

746 I refer to your memo of 29th August, 1966. I am expecting ~~to~~ general revision of the Mail Contract in 1967 and unless you have very strong views I propose to leave Clause 8 as it stands for the time being.

If you have views please express them.

S.

COLONIAL SECRETARY

BU 26.1 67

749.

No. 010/8

MEMORANDUM

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

15th December, 19⁵⁶.

To: The Colonial Secretary,

STANLEY.

From: Postmaster,

Stanley, Falkland Islands.

SUBJECT :- Mail Subsidy - 3rd & 4th quarters, 1966.

749a.

I certify that the attached accounts are correct. May Crown Agents be asked to arrange payment to the London Office of Arwin Shipping Ltd.

[Signature]
Postmaster

750

A/T Confirms OK to pay.
JA 16/12/66

Similar letter to 743p

749c

DARWIN SHIPPING LTD.
STANLEY. INVOICE

No. **N 01574**

Date **13-12-66**

Colonial Govt.
M (POSTS & TELECOMMUNICATIONS DEPT)

Dr to **The (624)**

Falkland Islands Company, Limited

**TO MAIL SUBSIDY
QUARTER ENDSO**

31.12.66

£ 4125 - -

A/.

COPY

DARWIN SHIPPING LTD.

13th September, 196⁶~~7~~.

Colonial Government (Posts & Telecommunications Dept) (624)

To Mail Subsidy Quarter
1 June 66 - 30 Sep 66

£4125. - -

=====

A/C

19.

Certified True Copy.

Bob Bannister

for Darwin Shipping Ltd.

032710

732

6/6

DARWIN SHIPPING LIMITED

Directors: R.G. Vinson, W.H. Young

Telegrams: "Fleetwing Port Stanley"



STANLEY,
FALKLAND ISLANDS.

23rd February, 1967

WHY/SRP

The Colonial Secretary,
Secretariat,
STANLEY.

W.I.
27/2

Dear Sir,

Mail Contract

We wish to advise you that with effect from the 1st July, 1967 it is proposed to give the necessary six month's notice of termination in accordance with the terms of the Mail Contract. This termination will be pending agreement of new terms.

Yours faithfully,

Director.

0327/IV.

751

20th December,

66.

Dear Sirs,

Please be good enough to pay the Falkland Islands Company Limited, 120 Pall Mall, London, S.W.1., the sum of eight thousand two hundred and fifty pounds (£8,250) being mail subsidy for R.M.S. Darwin for the periods 1st June - 30th September, 1966, and 1st October - 31st December, 1966.

Yours faithfully,

(Sgd.) H.L. Bound

for

COLONIAL SECRETARY

Copies to: Treasury
Postmaster

Crown Agents for Oversea Governments and Administrations,

4, Millbank,

London S.W.1.

Bu 26/167 Pa
(748)

753.

CONFIDENTIAL

Ref: C327/V

1st March 1967.

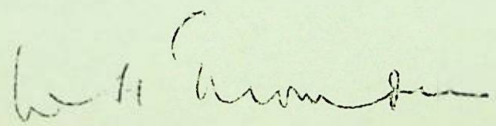
MEMORANDUM NO. 14/67 FOR EXECUTIVE COUNCIL

Mail Contract.

Honourable Members are asked to note that with effect from the 1st July 1967 Darwin Shipping Ltd. will be giving six month's notice of termination of the contract.

In a letter dated the 23rd February 1967 the contractors state that this termination will be pending agreement of 'new terms'.

Honourable Members will be asked to advise that a committee of members of both Councils be appointed in due course to commence negotiations with Darwin Shipping Ltd.



(W.H. THOMPSON)
COLONIAL SECRETARY.

memo for this
from PM

TB

DARWIN SHIPPING LTD.
STANLEY

No. **N 05760** ^a

INVOICE

Date **27 FEB 67**

M COLONIAL GOVT. (POSTS & TELECOMMUNICATIONS DEPT)

Dr. to

The

Falkland Islands Company, Limited (624)

TO MAIL SUBSIDY

QUARANTA

1/67 - 30/3/67

£ 4125 - -

A/-

Your ref: 0327/IV

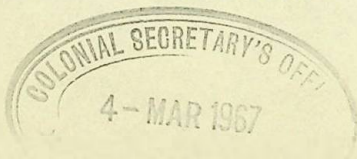
MEMORANDUM

754

3rd March, 1967.

From: Postmaster
Stanley.

To: Colonial Secretary,
Stanley.



Subject Mail Contract

Mail Subsidy - 1st qtr. 1967

for a.

I certify that the attached account is correct. May Crown Agents be asked to arrange payment to the London Office of Darwin Shipping Ltd.

A handwritten signature in dark ink, appearing to be "J.H. 1".

Postmaster.

See 755

0327/V

755

7th March,

67

Dear Sirs,

Please pay the Falkland Islands Company Limited of 120 Pall Mall, S.W.1., the sum of FOUR THOUSAND, ONE HUNDRED AND TWENTY FIVE POUNDS (£4,125) being the mail subsidy payable by this Government in respect of the quarter ended 31st March 1967.

Yours faithfully,

H.L. Bound

COLONIAL SECRETARY

Crown Agents for Oversea Governments & Administrations,
4, Millbank,
LONDON S.W.1.

Copies to: Treasury
Audit
Postmaster

ER

Bu. 1/4/67 (XCo)

0327/v.

756

The Falkland Islands Company, Limited.

INCORPORATED BY ROYAL CHARTER 1851

REGISTERED 1902

AGENTS FOR LLOYDS.

TELEGRAMS "FLEETWING FOR STANLEY" VIA RADIO

Stanley.

AS/SRP

4th April, 1967

601 / 12/4

The Colonial Secretary,
Secretariat,
STANLEY.

CT to note

Dear Sir,

We have been advised by our London Office that they "do not anticipate a claim for variable subsidy on the Falkland Islands Government notwithstanding the increased working loss of R.M.S. "Darwin". You will appreciate that this cannot be construed as meaning that no change in the terms will be requested.

Yours faithfully,

H. Slaggie

Colonial Manager.

✓
h. l.
13/4/67

Ex Co file

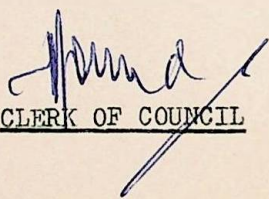
EXTRACT FROM MINUTES OF MEETING NO. 2/67 OF EXECUTIVE COUNCIL
HELD ON THE 4th, 5th, 6th AND 7th APRIL 1967

0327/v

11. MAIL CONTRACT. (Memo 14/67)

The Colonial Secretary explained that since issuing his memorandum No. 14/67 of 1st March 1967 he had been informed verbally by the Manager of the Falkland Islands Company Limited that as a result of an extremely good return from the working of the A.E.S., the company might not now be seeking abrogation of the contract but no written confirmation had been received.

Council advised that if it becomes necessary to negotiate a further contract a committee drawn from both Councils should be constituted to examine the terms and conditions of such contract.


CLERK OF COUNCIL

Pa

See 763 757a

DARWIN SHIPPING LIMITED

Directors: R.G.Vinson, W.H.Young

Telegrams: "Fleeting Fortstanley"

STANLEY,
FALKLAND ISLANDS.
27th June, 1967

AS/SRP



The Colonial Secretary,
Secretariat,
STANLEY.

6/6 or
he
see 760
& 761
D.I.
4/7

Dear Sir,

MAIL CONTRACT

Please accept this as formal notice of our intention to terminate the existing mail contract. The period of notice required is six months and the notice will run from 1st July, 1967.

Before the contract can be renewed it will be necessary to negotiate new fares and freight rates and also an increase in the mail subsidy.

It is not our intention to ask for increased freight rates for "A.E.S."

Yours faithfully,

A handwritten signature in dark ink, appearing to read "Blagie".

Secretary.

Acc'd
JA
1-7-67

758.

No. 10

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



MEMORANDUM

28th June, 19 67

To: Colonial Secretary,
Stanley.

From: Postmaster,

Stanley, Falkland Islands.

SUBJECT:-

Mail Subsidy - 2nd quarter 1967.

758a

I certify that the attached account is correct. Please request the Crown Agents to arrange payment. Your file 0327/V refers.

P. Robinson
Postmaster.

See 759 ✓

uap - see 755

DARWIN SHIPPING LTD
STANLEY INVOICE

No. **K 08307**
1586

Date 23-4-67

M COLONIAL GOVT. POSTS & TELECOMMUNICATIONS DEPT)

Dr to **The** (624)
Falkland Islands Company, Limited

TO MAIL SUBSIDY
2ND QUARTER 1967
(i.e. THAT QUARTER
ENDING 30TH JUNE
1967)

£ 4125 - -

A/-

29th June

67

Dear Sirs,

Please pay the Falkland Islands Company Limited of 120 Pall Mall, S.W.1., the sum of FOUR THOUSAND ONE HUNDRED AND TWENTY FIVE POUNDS (£4,125) being the mail subsidy payable by this Government in respect of the quarter ended 30th June 1967.

Yours faithfully,

(H.L.BOUND)
for COLONIAL SECRETARY

Crown Agents for Oversea Governments and Administrations,
4, Millbank,
LONDON, S.W.1.

Copies: Treasury
Audit
Post Office.

TB

KIU 757a.

760

M E M O R A N D U M

4th July 1967

Ref: 0327/V

From: Colonial Secretary
STANLEY.

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

The Honourable Mr. R.V. Goss E.D.,
M.L.C.

The Honourable Mr. G.C.R. Bonner,
M.L.C., J.P.

The Honourable Mr. S. Miller M.L.C.,
J.P.

The Honourable Mr. L.G. Blake M.L.C.

The Honourable Mr. F.J. Cheek M.L.C.

The Honourable Mrs. M. Vinson M.L.C. 762

Subject:- Mail Contract

It is now confirmed that Darwin Shipping Limited have given formal notice of the termination of the Mail Contract with effect from the 31st December 1967. 757a

They state that before the contract can be renewed it will be necessary to negotiate new fares, new freight rates and an increase in the mail subsidy in respect of R.M.S. Darwin. They are not asking for increased freight rates for "A.E.S."

Will all Members please let me know whether they are willing to serve on a committee to negotiate with Darwin Shipping Limited. It maybe that, for the sake of convenience, the preliminary negotiations will have to be built around the Members most easily available to Stanley.

W.H. Thompson

(W.H. Thompson)

COLONIAL SECRETARY

pmc.

761

0327/V

4th July

67

Dear Sir,

Mail Contract

I confirm acceptance of the formal notice contained
in your letter of the 27th June 1967.

757a

Yours faithfully,

(W.H. Thompson)

COLONIAL SECRETARY

The Secretary,
Darwin Shipping Ltd.,
STANLEY.

pnc.

BU 31.7.67 (2)



Darwin Harbour,
East Falklands.

7. 7. 67.

To
The Hon. Colonial Secretary,
Stanley.

Dear Sir,

In answer to your Memorandum ⁷⁶⁰ of 4/7/67
Mail Contract, I am quite willing to serve on
a committee to negotiate with Darwin Shipping Ltd.

yours faithfully,

McVinson

17

762a

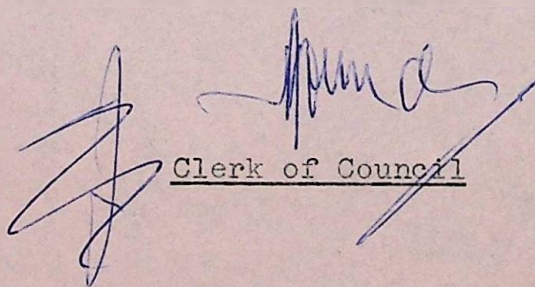
EXTRACT FROM MINUTES OF MEETING NO. 5/67 OF EXECUTIVE COUNCIL
HELD ON THE 14TH JULY 1967

0327/IV

31. ABROGATION OF MAIL CONTRACT

His Excellency informed members that the present mail contract with Darwin Shipping Limited would expire on 31st December 1967.

Council advised that a negotiating committee be appointed from the Legislature to discuss and make recommendations regarding terms and conditions of the new contract.


Clerk of Council

25th July

67

Dear Sir,

Abrogation of Mail Contract

I refer to your recent letter in which you gave formal notice of abrogation of Contract. To allow Government the time to consider the implications of the abrogation I would ask that you submit your proposals for negotiation as soon as possible.

757 a

I would suggest that we should have a first meeting to study your proposals on the 7th August.

You will of course have appreciated that if the deadline is to be met the matter will have to be considered by the Legislature in October.

It is suggested that our preliminary meeting should be between yourself and any other person you may care to have with you, and myself with the Colonial Treasurer. Later on the proposals will be considered by a full committee of the Legislature.

Yours faithfully,

(W.H. Thompson)
COLONIAL SECRETARY

Manager,
Darwin Shipping Limited,
STANLEY.

Reply at
764.BO 7.8.67
pmc.

764

The Falkland Islands Company, Limited.

INCORPORATED BY ROYAL CHARTER 1851

REGISTERED 1907

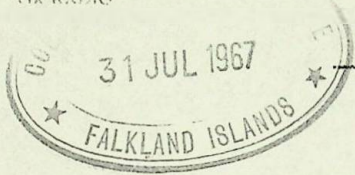
Stanley.

AGENTS FOR LLOYDS.

TELEGRAMS FOLLOWING FORTSTANLEY VIA RADIO

AS/CMB

Ref: 0327/V



26th July.

1967

S.

Colonial Secretary,
Stanley.

Dear Sir,

763.

Thank you for your letter of 25th July, 1967. We expect to obtain further details of our proposals in the next mail.

As the writer intends to visit various camp stations on the forthcoming camp trip of R.M.S. 'Darwin', we would suggest that the date of the first meeting should be postponed until say the 14th of August.

Yours faithfully,

H. Slaggie

COLONIAL MANAGER

[Handwritten mark]

fa

K10 762 for Signing

0327/V

765

12th September

67.

Dear Sir,

Mail Contract

The first meeting to consider the form of the new mail contract will commence at 9.15 a.m. on the 19th October in the Secretariat Conference Room. I shall be glad if your representatives will attend at this time.

Yours faithfully,

(W.H. THOMPSON)
COLONIAL SECRETARY

The Manager,
Darwin Shipping Ltd.,
STANLEY.

TB

File

766

Buf 19/9/67

DARWIN SHIPPING LIMITED

Directors: R.G. Vinson, W.H. Young

Telegrams: "Flying Postman"

STANLEY,
FALKLAND ISLANDS.

The Colonial Secretary,
Stanley.



14th September, 1967.

Dear Sir,

Wharfage and
Rate 16/6

DARWIN SHIPPING LTD. - MAIL CONTRACT

We are now in a position to advise you of this Company's suggestions on the question of a revised Mail Contract. These are as follows:-

a. Clause 4 of the Contract provides that Government will not be charged with any landing or wharfage charges at Stanley on bona fide Government cargo, carried on inter-island voyages and voyages to and from the South American continent. We would like to have this clause deleted.

What are the figures
costs

b. Clause 13 provides for a payment of £16,500 per annum, in consideration of the carriage of mails. We wish to have this sum increased to £24,000 per annum.

c. Clause 14. In the first paragraph of Clause 14 Government guaranties the Company a return from its shipping operations of 6% of the written down value of the ship and her equipment. The final paragraph of Clause 14 refers to the Company's right to ask for an increase in passenger and/or freight rates, should basic operating expenses increase to such an extent that a profit of 6% per annum of the current written down value of the ship and her equipment could not be achieved. We do not at this time wish to alter the figure of 6% in the first paragraph of this Clause, but we feel that any future application for an increase in freight and /or passenger rates, should be measurable by reference to a figure of 12½%, instead of 6%. This would entail a substitution of 12½ for the figure of 6 in the last paragraph of Clause 14 only. We make this request because of the effect of inflation on replacement costs. A figure of 6% is no longer realistic, and the minimum commercial return would be not less than 12½%.

d. General. We believe that Governemnt apply Second Schedule freight rates to cargo shipped on the "Philomel", and assume that they will continue to do so when the M.V. "Forrest" is in operation. We would like to have a further clause inserted in the Contract, giving a warranty by Government, that no vessel will carry cargo other than at the scheduled rates.

e. The Second Schedule. Rather than attempt to explain the Company's wishes in respect of increases in the second schedule, we have re-typed the Second Schedule in its entirety, with the proposed new rates in brackets beside the existing rates. A copy of this is enclosed.

We trust that there will be an early opportunity to discuss the fore-going proposals. Should you require any additional information, we will endeavour to provide this as quickly as possible.

Yours faithfully,

SECRETARY
DARWIN SHIPPING LTD.

25000

THE SECOND SCHEDULE ABOVE REFERRED TO

Particulars of :-

Service - ports of call
 Passage and freight rates
 Conditions of carriage of cargo and passengers, etc.

DARWIN SHIPPING LIMITED

SERVICE

1. The Company carries Her Majesty's mails between Island Ports, the United Kingdom, Montevideo, and Punta Arenas. The following are the ports of call :-

<u>East Falkland</u>	<u>West Falkland</u>	<u>Overseas</u>
Bluff Cove	Fox Bay	Montevideo
Fitzroy	Port Stephens	Punta Arenas
Darwin	Weddell Island	London, or such
Goose Green	Beaver Island	other United
Walker Creek	New Island	Kingdom Port to
Lively Island	Dunnose Head	which cargo is
North Arm	Chartres	carried for discharge.
Breaker Island	Roy Cove	
Speedwell Island Group	West Point Island	
San Carlos	Carcass Island	
Port San Carlos	Hill Cove	
Rincon Grande	Saunders Island	
Teal Inlet	Pebble Island Group	
Moro	Port Howard	
Salvador		
Johnson's Harbour		
Port Louis		
Green Patch		

2. PASSAGE RATES. From Stanley to following ports and vice versa; (exclusive of catering for groups 1 - 5) :-

		<u>Basic</u>	<u>Premium</u>
Group 1.	Berkely Sound Ports) Fitzroy) Bluff Cove)	24/6 (26/-)	29/6 (31/-)
Group 2.	Goose Green) Lively Island) Salvador Water Ports)	55/- (57/6)	66/- (69/-)
Group 3.	All other ports	91/6 (96/-)	110/- 115/-
Group 4.	Inter-Port Passages :		
	Up to 30 miles	24/6 (26/-)	29/6 (31/-)
	31 to 65 miles	55/- (57/6)	66/- (69/-)
	Over 65 miles	91/6 (96/-)	110/- (115/-)

Group 5. Round voyage Stanley - Stanley. Double the appropriate fare to the furthest port visited less 25% (20%).

Return Passages

Return Passages from Ports within the same Group, with six months validity, payable in advance, may be obtained at a discount of 25% (20%) of the return fare.

Catering Inter-Isalnd Voyages

Breakfast	5/- (6/-)
Lunch	7/6
Dinner	7/6
Early morning or afternoon tea	1/-
OR Contract rate per day	20/- (21/-)

3.

	<u>Basic</u>	<u>Premium</u>
Group 6. Montevideo	£25 (£26)	£30 (£32)
Punta Arenas	£18 15s (£20)	£22 10s (£24)
(Government taxes not included.)		

Classification

Catering Overseas Voyages

- (a) Included in fare for period of voyage.
- (b) Passengers using the ship as a hotel in Stanley or Overseas Port. £2 (£3) per day each. ✓

Off-season Rates (Montevideo only)

An off-season discount of 25% (10%) of the normal return fare will be applicable to the following voyages :-

- 1. Between the second half November and the end of February.
- 2. Northbound round trip voyages commencing July/August.
- 3. ~~Southbound round trip voyages commencing December/January.~~

Tariffs

Round trip passengers from Montevideo wishing to remain aboard the vessel while in Falkland Islands waters will pay a daily rate of £2 (£3). This rate includes full victualling and no additional fares in respect of coastwise voyages will be charged.

Classification of Accomodation

Basic :	4 x 4-berth cabins	} Main Deck
	2 x 2/3-berth cabins	
Premium :	8 x 2-berth cabins	Upper Deck

Sole occupancy of cabin by special arrangement.

Children's Fares

10 years and over	Full adult fare
5 years and under 10 years	Half adult fare
1 year and under 5 years	Quarter adult fare
Under 1 year	Free

Two children paying quarter fare each will occupy one berth. Cots will be provided for infants when possible, free of charge.

3. CONDITIONS OF CARRIAGE OF PASSENGERS AND BAGGAGE.

- 1. Passengers are carried on the terms and conditions printed on the Company's passenger tickets.
- 2. The Company reserves the right to charge the fare applicable to the most distant port when passengers are bound for a port called at after the most distant port, e.g. a passenger booked for Goose Green by a vessel going North-about from Stanley, calling at Fox Bay before Goose Green will pay the passenger money equal to a fare to Fox Bay.
- 3. Baggage Allowance - 36 cubic feet.
- 4. Excess Baggage - At freight rate.

4. CARGO RATES Cargo is accepted on the terms and conditions printed on the Company's Bills of Lading.

(a) MONTEVIDEO, PUNTA ARENAS AND SOUTH GEORGIA

General Cargo	90/- ^{100/-} (60/-) per ton w/m	} These freights are exclusive of wharfage and/or transhipment charges wherever incurred.
Special Stowage and Petrol	180/- (200/-) " "	
Minimum Bill of Lading as for	1/2 ton w/m	
Light oils in bulk by special arrangement		
Parcel freight	3/- per cubic ft. minimum 10/-	

(b) INTER-PORT FREIGHT RATES

Between Stanley and vice versa.

CLASSIFICATION

- A. Ports with jetties at which "Darwin" can always berth.
- B. Ports with jetties at which "Darwin" can usually berth, tide permitting, and where scows can always work afloat.
- C. Ports with jetties where "Darwin" cannot berth, but scows can always work afloat.
- D. Ports with jetties where "Darwin" cannot berth and scows cannot work at low tide.
- E. Ports without jetties, scows work off open beaches.

PORTS	BASIC RATE PER TON	CLASSIFICATION AND SURCHARGE					TOTAL
		A.	B.	C.	D.	E.	
BLUFF COVE	40/- (60/-)					30/-	70/- (90/-)
FITZROY	40/- (65/-)			15/-			55/- (80/-)
LIVELY IS.	52/6 (65/-)			15/-			67/6 (80/-)
DARWIN	52/6 (60/-)		10/-				62/6 (70/-)
WALKER CREEK	52/6 (60/-)					30/-	82/6 (90/-)
BLEAKER IS.	58/4 (75/-)				25/-		83/4 (100/-)
NORTH ARM	58/4 (85/-)			15/-			73/4 (100/-)
SPEEDWELL IS.	72/6 (85/-)			15/-			87/6 (100/-)
BARREN IS.	72/6 (85/-)			15/-			87/6 (100/-)
GEORGE IS.	72/6 (75/-)				25/-		97/6 (100/-)
SWAN IS.	72/6 (75/-)				25/-		97/6 (100/-)
FOX BAY WEST	84/2 (105/-)			15/-			99/2 (120/-)
FOX BAY EAST	84/2 (105/-)			15/-			99/2 (120/-)
PORT STEPHENS	95/- (105/-)			15/-			110/- (120/-)
WEDDEL IS.	95/- (105/-)			15/-			110/- (120/-)
BEAVER IS.	95/- (105/-)			15/-			110/- (120/-)
NEW IS.	95/-				25/-		120/-
DUNNOSE HEAD	95/-				25/-		120/-
CHARTRES	95/- (100/-)		10/-				105/- (110/-)
ROY COVE	95/- (100/-)	NIL					95/- (100/-)
WEST POINT IS.	95/-				25/-		120/-
CARCASS IS.	95/- (105/-)			15/-			110/0 (120/-)
HILL COVE	95/- (100/-)		10/-				105/- (110/-)
SAUNDERS IS.	95/- (100/-)					30/-	125/- (130/-)
PEBBLE IS.	95/- (105/-)			15/-			110/- (120/-)
GOLDING IS.	95/- (100/-)					30/-	125/- (130/-)
KEPPEL IS.	95/- (100/-)					30/-	125/- (130/-)
PRT. HOWARD JLW	84/2 (100/-)		10/-				94/2 (110/-)
PRT HOWARD PACKE	84/2 (95/-)				25/-		109/2 (120/-)
SAN CARLOS	58/4 (80/-)		10/-				68/4 (90/-)
PORT SAN CARLOS	58/4 (80/-)	NIL					58/4 (80/-)
SALVADOR	58/4 (85/-)			15/-			73/4 (100/-)
RINCON GRANDE	58/4 (75/-)				25/-		83/4 (100/-)
TEAL INLET	58/4 (80/-)		10/-				68/4 (90/-)
MORO	58/4 (80/-)	NIL					58/4 (80/-)
GREEN PATCH	40/- (55/-)				25/-		65/- (80/-)
JOHNSONS HARBOUR	40/- (55/-)				25/-		65/- (80/-)
PORT LOUIS N.	40/- (55/-)			15/-			55/- (70/-)
MANY BRANCH HBR.	117/6 (110/-)					30/-	147/6 (140/-)
PASSAGE IS.	117/6 (110/-)					30/-	147/6 (140/-)
SEA LION IS.	117/6 (110/-)					30/-	147/6 (140/-)
SEdge IS.	(110/-)					(30/-)	(140/-)

MIN. £75 PER CALL

Ports such as Pebble , New Island and others with seagoing craft automatically become "A" ports if their vessel receives from or discharges into "Darwin" at anchor.

Any port that improves its facilities will be reclassified if the improvements are of such a nature to warrant reclassification.

(c) INTER-PORT RATES. Not specified in 4 (b)

Up to 30 miles	40/-	per ton w/m	)	plus appropriate
31 to 50 "	52/6	" " "	)	surcharges applicable
51 to 100 "	58/4	" " "	)	to the loading and
101 to 120 "	84/2	" " "	)	discharging ports.
121 and above"	95/-	" " ")	

The above should now read :-

Up to 50 miles	60/-	per ton w/m	)	plus appropriate
51 to 100 "	80/-	" " "	)	surcharges applicable
101 an above	100/-	" " "	)	to the loading and
				discharging ports.

Special calls can usually be arranged provided there is sufficient inducement.

(d) OVERSEAS, OTHER THAN MONTEVIDEO AND PUNTA ARENAS.

The proper Conference Rate from the Overseas Port to Montevideo plus the rates quoted in sub-paragraphs (a) and (b) above from Montevideo to the Falkland Islands' destination; unless otherwise agreed with the Government. Provided that any future alteration in the Conference Rates shall be ratified by the Government.

(e) PARCELS - LOCAL. No parcels weighing over 28lb will be accepted. The minimum charge per parcel is 5/- for the first 11lb and thereafter 6d. per lb.

*do this
p.o.*

(f) ANIMALS. To any Island port :-

Cats	7/6 each
Dogs	10/- "
Poultry (in crates)	2/- "
Pigs (in crates)	freight rates
Cattle	£3 each
Horses	£3 (£5) each
Horses (across Falkland Sound)	£2 each
Sheep (in crates)	£2 "
Sheep (shifting in numbers)	by arrangement
Sheep (carcasses) East Falkland)	5/- (10/-) each
West Falkland)	
Beef Quarters	10/- (15/-)
Overseas - by arrangement	

5. WAREHOUSING. Any cargo delivered into the Company's Warehouse or other storage place is given free storage for seven days, after which the Company reserves the right to charge at the rate of 13/4, per ton weight or measurement per month or part of a month.

All storage at Owner's risk

6. PRODUCE. For shipment overseas. By arrangement at rates which include lighterage where required, shipment, storage, transshipment, Bill of Lading and Agency, i.e. all charges from point of shipment to final discharge.

7. DEVIATION AND DEMURRAGE. By arrangement.

Ref: 0327/V

Colonial Secretary's Office,
Stanley, Falkland Islands.

767

19th September 1967.

Dear Sir/Madam,

Abrogation of Mail Contract.

766

Honourable Members are already aware of the position and the attached application from Darwin Shipping Limited is forwarded for information and study prior to next months meeting.

Honourable Members should already have copies of the present Mail Contract.

Yours faithfully,

W1

(W.H. THOMPSON)
COLONIAL SECRETARY

To: All Members of Executive and Legislative Council.

DU X 14.10.67

TB

768



SAN CARLOS
FALKLAND ISLANDS
SOUTH AMERICA.

21st September, 1967.

Dear Sir,

Mail Subsidy. 767

I have received your note regarding the above and the Falkland Islands Company's proposals for the new contract.

It may be of some help in our consideration of the actual subsidy if some information could be made available on air charter rates from Punta Arenas or the mainland in general.

If our proposed airfield ever materialises, we might well be able to replace Darwin by a monthly or bimonthly charter flight with mails. For instance a DC3 or equivalent could probably manage all our air and paper mail and also have limited space for passengers and cargo.

It could be that the figures for a round trip, say Punta Arenas-Stanley-Punta Arenas, are not obtainable. I think, however, that they would be of interest when considering future policy on the subsidy clauses.

Yours Faithfully,

The Hon.
The Colonial Secretary,
Secretariat,
STANLEY.

Act'd
JA
25.9.67
A

DECODE.

769

TELEGRAM.

From Blake, Hill Cove

To Colonial Secretary, Stanley

Despatched : 25th September, 19 67 Time : 0900

Received : 25th September, 19 67 Time :

Regret mail contract mislaid grateful new copy

Blake

Copy made of packet
3.10.67
[Signature]

P/L : ER
Intld. H.I.B.

770

No. _____

MEMORANDUM

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

26th September, 19 67

To: The Colonial Secretary,

Secretariat,

Stanley.

FROM. Postmaster.

Stanley, Falkland Islands.

SUBJECT :- Mail Subsidy 3rd quarter 1967.

R.M.S. Darwin has now completed three return voyages during the third quarter of 1967 and payment is due of £4,125.

Grateful if you would arrange payment to the Falkland Islands Company Limited, of 120 Pall Mall, London.

D. M. Anderson
Postmaster.

Write this man

27.9.67

27

27th September,

67

Dear Sirs,

Please pay the Falkland Islands Company Limited of 120 Pall Mall, S.W.1., the sum of FOUR THOUSAND ONE HUNDRED AND TWENTY FIVE POUNDS (£4,125) being the mail subsidy payable by this Government in respect of the quarter ended 30th September 1967.

Yours faithfully,

(Sgd.) H.L. Bound

for COLONIAL SECRETARY

Crown Agents for Oversea Governments & Administrations,
4, Millbank,
LONDON S.W.1.

Copies to Treasury
Post Office

ER

BU XCO 14,1067

10th October

67

Dear Sirs,

Mail Contract

I shall be grateful if you will provide for the meeting on Thursday the 19th of October twelve copies of your last accounts and copies of your up-to-date operating expenses.

Yours faithfully,

(W.H. Thompson)
COLONIAL SECRETARY

Messrs. Darwin Shipping Limited,
STANLEY,₁

pmc.

80 14.10.67

9th October

67

Dear Sirs,

Mail Contract

Please refer to the page numbered 3 of your proposed new Second Schedule. May I please have clarification of the term "Government taxes not included". I assume you are referring to Uruguayan and Chilean taxes.

Are you able to give any figures of the volume of Government cargoes to provide a background for discussions on the amendment to Clause 4.

Yours faithfully,

(W.H. Thompson)
COLONIAL SECRETARY

Reply at 774

Messrs. Darwin Shipping Limited,
STANLEY.

pmc.

BO 14.10.67

774

X

The Falkland Islands Company, Limited.

INCORPORATED BY ROYAL CHARTER 1851 TO

REGISTERED 1892

AGENTS FOR LLOYDS.

TELEGRAMS FOLLOWING LISTENABLY VIA RADIO

Stanley.

AS/OMB

11th October, 1967.

Colonial Secretary,
Stanley.



W 12/10.

Dear Sir,

Mail Contract

We thank you for your letter ref. ⁷⁷²0327/IV, dated 9th October, 1967, and confirm that the "Government taxes not included" are Uruguayan or Chilean taxes.

The volume of Government cargo, requested by you, amounts to between three hundred and ninety and four hundred tons, weight measurement.

Yours faithfully,

M. Slagge
COLONIAL MANAGER

*Amount involved
£ 280 - 300 per
W
u/w*

[Handwritten mark]

EXTRACT FROM MINUTES OF MEETING NO. 6/67HELD ON 17TH AND 20TH OCTOBER 1967

0327/V

13. MAIL CONTRACT

The Colonial Secretary explained the arrangements made for the meeting between representatives of Darwin Shipping Limited and members of the Legislature.

Council advised that Mr. Barton should also be present at the meeting.

Clerk of Council

NOTES ARISING FROM A MEETING OF MEMBERS
OF EXECUTIVE AND LEGISLATIVE COUNCILS
AND REPRESENTATIVES OF DARWIN SHIPPING LIMITED
ON THE 19TH OCTOBER 1967

After hearing an explanation from Mr. Young, the Committee agreed as follows:-

- 1. That the revision to clause 4 concerning wharfage charges could be accepted in principle.
- 2. Clauses 13 and 14. A re-draft of these clauses by the Colonial Secretary was approved in principle: it read -

"13. So long as this Agreement is in force the Government shall pay to the Company in Stanley, or by mutual agreement in London by the Crown Agents on behalf of the Government, the sum of Sixteen thousand five hundred pounds per annum in equal quarterly payments of Four thousand one hundred and twenty-five pounds or in such other manner as may be agreed between the Government and the Company; provided that an abatement at the rate of One thousand two hundred and fifty pounds per return voyage or of Six hundred and twenty-five pounds per single voyage shall be made in respect of any of the twelve return voyages specified in Clause 12 (a) hereof which the Company may be unable from any cause to perform.

The Government shall further pay to the Company in Stanley, or by mutual agreement in London by the Crown Agents on behalf of the Government, the sum of £7,500 per annum on the 31st day of December 1968 or in such other manner as may be agreed between the Government and the Company; provided that should the profits of the Company exceed 12 $\frac{1}{2}$ % of the written down value of the Steamship this sum shall be abated by such amount as the profit shall exceed 12 $\frac{1}{2}$ %.

*included
this subsidy.*

14. The Government shall further guarantee the Company a return from its shipping operations in each year during the continuance of this contract equal to 6% of the written down value of the Steamship and her ancillary equipment at the commencement of the year and a pro rata proportion in respect of each part of a year. On the 1st January 1968 this value was The profits (or losses) from which this variable subsidy shall be calculated shall be those accepted for income tax purposes before capital allowances by the Official Income Tax Representative in London, except that

- i. there shall be permitted a deduction in respect of depreciation at the rates detailed in the Third Schedule hereto attached.
- ii. interest and income from investments shall be disregarded in calculating the return on shipping.
- iii. there shall be permitted a deduction of the premium transferred by the Company to the internal fund created by the Company to provide for the first £300 of each and every loss relating to the vessel and the first £10 of each and every loss relating to medical expenses of the crew.

The rates of depreciation detailed in the Third Schedule attached shall be the rates allowable for Colonial Income Tax purposes and shall be the rates adopted in calculating the written down value of the Steamship and her ancillary equipment."

3. It was agreed that the Forrest should not come into competition with the Darwin but that ~~the~~ basic rates with surcharges appropriate to Forrest should be applied.
4. It appeared that the suggested changes in passage rates, catering, off-season rates, and cargo rates for Montevideo, Punta Arenas and South Georgia could be accepted in principle.

No comment was expressed on parcel and animal rates.

It was agreed that Darwin Shipping Limited should be asked to explain the principle involved in the calculation of the new basic rates on page four of the suggested Second Schedule. They should also be asked to provide figures for 1966 in respect of the revenue raised under this same portion of the Schedule, together with an estimate of what the same tonnage ~~would~~ would bring in at the new rates.

It was agreed that ~~when the reply had been received the answer should be communicated to~~ the Sheep Owners' Association ~~who~~ would be consulted by Government, and that a further meeting of the Members of the Councils would be necessary.

✓ S.D.
23/10

pmc.

20th October

67

Dear Sir,

Mail Contract

I refer to the meeting on the 19th October arising out of your letter of the 14th September 1967 concerning the revision of the Mail Contract.

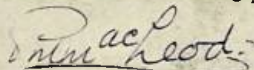
775
7666

I shall be obliged if you will let me have a clear statement of the principles underlying the re-arrangement of basic freight rates outlined on page four of the suggested revision of the Second Schedule. The explanation provided by you at our meeting was not entirely clear and it would be a help if you could lay out your answer in detail.

I shall also be obliged if you will let me have a statement of your earnings under this same section of the Second Schedule for the calendar year 1966, together with an estimate of what the same amount of freight would earn if calculated on the rates now suggested by you.

An early answer will be much appreciated.

Yours faithfully,

for (W.H. Thompson)
COLONIAL SECRETARYChairman,
Darwin Shipping Ltd.,

STANLEY. (dictated by Mr. Thompson and signed in his absence). p.m.c.

Reply requested 785

MEMORANDUM

All filed papers read to date

778

CA 24/10/67

Ref: 0327/V

23rd October 1967

From: Colonial Secretary, To: The Honourable Mr. A.C. Barton
STANLEY. C.B.E., J.P.;
The Honourable Mr. R.V. Goss M.D.,
M.L.C.;
The Honourable Mr. G.C.R. Bonner
M.L.C., J.P.;
The Honourable Mr. S. Miller M.L.C.,
J.P.;
The Honourable Mr. L.G. Blake M.L.C.;
The Honourable Mr. P.J. Cheek M.L.C.;
The Honourable Mrs. M. Vinson M.L.C.
Copied to C.T.

Subject:- Mail Contract

Arising out of our meeting on the 19th October I have *775*
sent the following letter to Harwin Shipping Limited:- *776*

"I refer to the meeting on the 19th October arising out of your letter of the 14th September 1967 concerning the revision of the Mail Contract.

I shall be obliged if you will let me have a clear statement of the principles underlying the re-arrangement of basic freight rates outlined on page four of the suggested revision of the Second Schedule. The explanation provided by you at our meeting was not entirely clear and it would be a help if you could lay out your answer in detail.

I shall also be obliged if you will let me have a statement of your earnings under this same section of the Second Schedule for the calendar year 1966, together with an estimate of what the same amount of freight would earn if calculated on the rates now suggested by you.

An early answer will be much appreciated."

(W.H. Thompson)
COLONIAL SECRETARY

pnc.

179 A

NOTES ARISING FROM A MEETING OF MEMBERS
OF EXECUTIVE AND LEGISLATIVE COUNCILS
AND REPRESENTATIVES OF DARWIN SHIPPING LIMITED
ON THE 19TH OCTOBER 1967

After hearing an explanation from Mr. Young, the Committee agreed as follows:-

1. That the revision to clause 4 concerning wharfage charges could be accepted in principle.
2. Clauses 13 and 14. A re-draft of these clauses by the Colonial Secretary was approved in principle: it read -

13. So long as this Agreement is in force the Government shall pay to the Company in Stanley, or by mutual agreement in London by the Crown Agents on behalf of the Government, the sum of sixteen thousand five hundred pounds per annum in equal quarterly payments of four thousand one hundred and twenty-five pounds or in such other manner as may be agreed between the Government and the Company; provided that an abatement at the rate of one thousand two hundred and fifty pounds per return voyage or of six hundred and twenty-five pounds per single voyage shall be made in respect of any of the twelve return voyages specified in Clause 12 (a) hereof which the Company may be unable from any cause to perform.

*reviser
concerning...
10a*

The Government shall further pay to the Company in Stanley, or by mutual agreement in London by the Crown Agents on behalf of the Government, the sum of seven thousand five hundred pounds per annum on the 31st day of December 1968 or in such other manner as may be agreed between the Government and the Company; provided that should the profits of the Company exceed $12\frac{1}{2}\%$ of the written down value of the Steamship this sum shall be abated by such amount as the profit shall exceed $12\frac{1}{2}\%$.

*as soon
as possible
therefor*

X 14. The Government shall further guarantee the Company a return from its shipping operations in each year during the continuance of this contract equal to 6% of the written down value of the Steamship and her ancillary equipment at the commencement of the year and ~~(= pro rata proportion in respect of each part of a year)~~. On the 1st January 1968 this value was . The profits (or losses) from which this variable subsidy shall be calculated shall be those accepted for income tax purposes before capital allowances by the Official Income Tax Representative in London, except that

- i. there shall be permitted a deduction in respect of depreciation at the rates detailed in the Third Schedule hereto attached.
- ii. interest and income from investments shall be disregarded in calculating the return on shipping.
- iii. there shall be permitted a deduction of the premium transferred by the Company to the internal fund created by the Company to provide for the first £300 of each and every loss relating to the vessel and the first £10 of each and every loss relating to medical expenses of the crew.

The rates of depreciation detailed in the Third Schedule attached shall be the rates allowable for Colonial Income Tax purposes and shall be the rates adopted in calculating the written down value of the Steamship and her ancillary equipment." X

3. It was agreed that the Forrest should not come into competition with the Darwin but that the basic rates with surcharges appropriate to Forrest should be applied.
4. It appeared that the suggested changes in passage rates, catering, off-season rates, and cargo rates for Montevideo, Punta Arenas and South Georgia could be accepted in principle.

No comment was expressed on parcel and animal rates.

It was agreed that Darwin Shipping Limited should be asked to explain the principle involved in the calculation of the new basic rates on page four of the suggested Second Schedule. They should also be asked to provide figures for 1966 in respect of the revenue raised under this same portion of the Schedule, together with an estimate of what the same tonnage would bring in at the new rates.

It was agreed that the Sheep Owners' Association would be consulted by Government, and that a further meeting of the Members of the Councils would be necessary.

W1

C.S. 23/10/67

pac.

23rd October

67

Dear Mr. Barton,

Mail Contract

I refer to your kind agreement, expressed in our recent Committee, to approach members of your Association to sound them out on the principle underlying the re-arrangement of freight charges suggested by Darwin Shipping Limited.

I suggest that the approach be on the following lines:-

"The Government and Darwin Shipping Limited are now involved in negotiations for a new shipping contract, part of which includes an agreement on freight rates within the Falkland Islands and which have hitherto been based purely on distance from Stanley. This has resulted in low rates for the close at hand ports, rising from 40/- per ton to as much as 117/6d for the furthest ports. I would ask whether you have any views to express on a new arrangement whereby the scale is shortened to make the difference between close and far ports less acute. Undoubtedly there will have to be some re-arrangement of freight rates and it would seem that if there are to be any increases it would be fairer to all if the load was to be spread more evenly."

If you agree to this perhaps you will let me know by telephone and I will have a sufficient number of copies of the letter run off for your distribution.

Yours sincerely,

(W.H. Thompson)
COLONIAL SECRETARY

Chairman,
Sheepowners' Association,
STANLEY.

pmc.

see 779

789

The Falkland Islands Sheep Owners Association,
Stanley,
Falkland Islands.

24th October 1967.

Dear Sir,

The Government and Darwin Shipping Limited are now involved in negotiations for a new shipping contract, part of which includes an agreement on freight rates within the Falkland Islands and which have hitherto been based purely on distance from Stanley. This has resulted in low rates for the close at hand ports, rising from 40/- per ton to as much as 117/6d for the furthestmost ports. I would ask whether you have any views to express on a new arrangement whereby the scale is shortened to make the difference between close and far ports less acute. Undoubtedly there will have to be some re-arrangement of freight rates and it would seem that if there are to be any increases it would be fairer to all if the load was to be spread more evenly.

Purely as an example of the suggestion above the following list of basic freight charges shows how a more even distribution might be made.

<u>PORTS</u>	<u>BASIC RATE</u>	
	<u>PER TON</u>	
	<u>Old dis- tribution.</u>	<u>Example of new dis- tribution.</u>
BLUFF COVE	40/-	60/-
FITZROY	40/-	65/-
LIVELY ISLAND	52/6	65/-
DARWIN	52/6	60/-
WALKER CREEK	52/6	60/-
BLEAKER ISLAND	58/4	75/-
NORTH ARM	58/4	85/-
SPEEDWELL ISLAND	72/6	85/-
BARREN ISLAND	72/6	85/-
GEORGE ISLAND	72/6	75/-
SWAN ISLAND	72/6	75/-
FOX BAY WEST	84/2	105/-
FOX BAY EAST	84/2	105/-
PORT STEPHENS	95/-	105/-
WEDDELL ISLAND	95/-	105/-
BEAVER ISLAND	95/-	105/-
NEW ISLAND	95/-	
DUNNOSE HEAD	95/-	
CHARTRES	95/-	100/-
ROY COVE	95/-	100/-
WEST POINT ISLAND	95/-	
CARCASS ISLAND	95/-	105/-
HILL COVE	95/-	100/-
SAUNDERS ISLAND	95/-	100/-
PEBBLE ISLAND	95/-	105/-
GOLDING ISLAND	95/-	100/-
KEPPEL ISLAND	95/-	100/-
PORT HOWARD JLV	84/2	100/-

The Manager,

PORT HOWARD PACKE/.....

BU 30.10.67

PORT HOWARD PACKE	84/2	95/-
SAN CARLOS	58/4	80/-
PORT SAN CARLOS	58/4	80/-
SALVADOR	58/4	80/-
RINCON GRANDE	58/4	80/-
TEAL INLET	58/4	80/-
MORO	58/4	80/-
GREEN PATCH	40/-	55/-
JOHNSONS HARBOUR	40/-	55/-
PORT LOUIS NORTH	40/-	55/-
MANY BRANCH HARBOUR	117/6	110/-
PASSAGE ISLAND	117/6	110/-
SEA LION ISLAND	117/6	110/-
SEDGE ISLAND		110/-

An early reply would be appreciated.

Yours faithfully,

B. B. B. B.

SECRETARY
SHEEP OWNERS ASSOCIATION.

TK. ~~OK~~ 24/10

In view of the need to return
Mess. Bonner & Miller to Camp with the
minimum of delay after the next Ex Co., and
keeping in mind their obvious lack of enthusiasm
to anything more than a one and a half day
stay in Stanley at that time I am thinking
of planning the next meeting on the head Contract
for the evening of the 12 December.

I will speak etc.

W.

24/10

File on head Contract file ▽ 6/6 1/12/67
W.

Ref: 0327/V

Colonial Secretary's Office,
Stanley, Falkland Islands.

78A

24th October 1967.

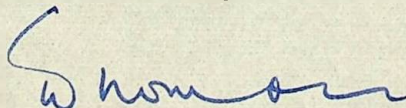
Dear Sir/Madam,

Mail Contract

For your information the next meeting will be timed to coincide with an Executive Council which is expected to be held on the 11th and 12th December.

It may have to be an evening meeting, but I will keep you informed.

Yours faithfully,



(W.H. THOMPSON)
COLONIAL SECRETARY

The Honourables:

Mr. L.G. Blake, M.L.C.,
Mr. F.J. Cheek, M.L.C.,
Mrs. M. Vinson, M.L.C.

Copies to: The Honourables:

Mr. A.G. Barton, C.B.E., J.P.
Mr. R.V. Goss, E.D., M.L.C.
Mr. G.C.R. Bonner, M.L.C., J.P.
Mr. S. Miller, M.L.C., J.P.

Ref: 0327/V

Colonial Secretary's Office,
Stanley, Falkland Islands.

783

10 November 1967

Dear

Mail Contract

Since our discussion with representatives of Darwin Shipping Limited the following new proposals for coastal freights have been delivered to me by Mr. W.H. Young:-

	<u>Basic Rate per Ton</u>
Salvador Water Ports)	
Berkeley Sound Ports)	
Bluff Cove)	
Fitzroy)	60/-
Lively Island)	
Walker Creek)	
Goose Green)	
Blacker Island)	
North Arm)	
Speedwell Island)	
Barron Island)	80/-
George Island)	
Swan Island)	
San Carlos)	
Port San Carlos)	
All West Falkland Ports with exceptions noted below	100/-
Mary Branch Harbour)	
Passage Island)	140/-
Sea Lion Island)	
Sedge Island)	MINIMUM \$75 per call

"All the above rates will carry the existing surcharges, with exception of Goose Green up graded to Classification A, and Port Stephens up graded to Classification B."

Handwritten: Annex

I understand that these now constitute a firm offer and as such will be considered at our next meeting on the Mail Contract in December.

Handwritten: Cranes Concurrence

(W.H. Thompson)
COLONIAL SECRETARY

TO THE HONOURABLE MR. A.G. BARTON C.B.E., J.P.
AND
ALL MEMBERS OF THE LEGISLATIVE COUNCIL.

Handwritten: BU 11/12/67

pnc.

Ref: 0327/V

28 November 1967

You very kindly agreed to come in for a meeting on the 12th or 13th December on the mail contract.

Would you be so good as to let me know whether you are still able to come in? We propose to take the opportunity to have a Standing Finance Committee at the same time.

(W.H. Thompson)

The Honourable Mrs. M. Vinson M.L.C.,
DARWIN.

pnc.

29 November

67

Dear Sir,

Mail Contract

I refer to my letter of the 20th October wherein I requested statements of principles concerning freight rates and earnings under the Second Schedule of the existing contract.

776

May I now have your reply.

Yours faithfully,

(W.H. Thompson)
COLONIAL SECRETARY

W.H. Young Esq.,
Chairman,
Darwin Shipping Limited,
STANLEY.

pmc.

*Reply at 788*KIU 783

M E M O R A N D U M

Ref: C327/V

30 November 1967

From:

Colonial Secretary,
STANLEY.

To:

The Honourable Mr. A.C. Barton C.B.E.; J.P.;
 The Honourable Mr. R.V. Goss E.D., M.L.C.;
 The Honourable Mr. S.C.R. Benner M.L.C., J.P.;
 The Honourable Mr. S. Miller M.L.C., J.P.;
 The Honourable Mr. L.C. Blake M.L.C.;
 The Honourable Mr. P.J. Cheek M.L.C.;
 The Honourable Mrs. M. Vinson M.L.C.

Copies: His Excellency The Governor, and
 The Honourable The Colonial Treasurer.

Subject:-

Mail Contract

It would seem that the forthcoming meeting of Executive Council will not complete its business before the evening of Tuesday the 12th December, and the choice of times for the next meeting on the mail contract is therefore limited to 7 p.m. on Tuesday the 12th or 9 a.m. on Wednesday the 13th December. In view of the desire of Camp Members to return to their farms as soon as possible it would seem that the Tuesday evening meeting is preferable.

Allowing for our normal amount of talk and the weight of business we can expect the meeting to go on for a minimum of three to four hours.

I have warned Mr. W.H. Young to be on call on the evening of the 12th December, but if it be the view of Members that we should tackle the problem on Wednesday the 13th this could be altered. 787

The final decision need not be made until Members have arrived in Stanley.

It may interest Members to know that Mr. Young has not yet provided an answer to the request made to him for a clear statement of the principles underlying the re-arrangement of basic freight rates and for a statement of earnings under the Second Schedule for the calendar year 1966. 776 & 785

(W.H. Thompson)
COLONIAL SECRETARY

ENC.

30 November

67

Dear Mr. Young,

The next meeting on the mail contract will either have to take place on the evening of the 12th December or the morning of the 13th December.

see 786

I therefore ask you to hold yourself in readiness for both times. I imagine the evening meeting would start about 7 p.m. and continue fairly late.

Should it be decided to postpone the meeting until Wednesday morning I will let you know not later than Tuesday morning.

Yours faithfully,

(W.H. Thompson)
COLONIAL SECRETARY

Reply at 789

W.H. Young Esq.,
Chairman,
Darwin Shipping Limited,
STANLEY.

pnc.

Copy: H.E. The Governor.

letter in

DARWIN SHIPPING LIMITED

Directors: R.G.Vinson, W.H.Young

Telegrams: "Fleetwing Port Stanley"

WHY/OMB



STANLEY,
FALKLAND ISLANDS.
30th November, 1967.

The Colonial Secretary,
Stanley.

Dear Sir,

Mail Contract

785.

With reference to your letter of the 29th November, 1967, (0327/V), I would prefer to leave the explanation of the principles underlying the proposals for the revision of the coasting freights until I meet Legislative Council, which I believe will be on the 12th December, as our revised proposals handed to His Excellency by Mr. J. H. Yorath are based on a completely different assumption to those originally put forward.

With regard to the estimate of earnings we have arrived at the figure of £1,580; our calculations were based on the average of the basic freight rates at present in force, excluding Many Branch Harbour, Passage Island, Sea Lion Island and Sedge Island, and dividing the total by the number of ports covered, similarly taking the total proposed basic rates for the same ports, but making a due allowance for the proposals that Darwin should become an "A" port, Port Stephens should become a "B" port, and we have also taken into account the probability that if the proposal to up-grade Darwin is agreed, then, in all fairness, Port Howard (J.L.W.) should also be similarly up-graded. These calculations gave us a freight increase of 12.736% and applying this increase to the 1966 local freight earned of £12,400 gave us an estimated increase in earnings of £1,580. I must stress that in our opinion the quantity of local freight carried in 1968 must be considerably lower than that carried in 1966, in view of current wood prices.

I would also like to remind you that the rate of freight on produce remains unchanged as it has for many years.

Yours faithfully,

W. Young
CHAIRMAN

*Also Port Howard
J.L.W.*

DARWIN SHIPPING LIMITED

Directors: R.C. Vinson, W.H. Young

Telegrams: "Fleetwing Port Stanley"



STANLEY,
FALKLAND ISLANDS.
1st December, 1967.

The Colonial Secretary,
Stanley.

Handwritten: 61 / 9/12

Dear Sir,

787

I acknowledge receipt of your letter of the 30th November, 1967, (0327/V) and confirm that I will, of course, hold myself in readiness to meet the Legislative Council on the 12th or 13th of December, at any time that they require.

Yours faithfully,

CHAIRMAN

WHY/CMB

0327/V

No.

(It is requested that, in any reference to this letter, the above Number and the date may be quoted.)

COLONIAL SECRETARY'S OFFICE,

STANLEY, FALKLAND ISLANDS,

791

15th December 1967

Dear Sir,

During our recent discussion on the revision of our agreement on shipping, I raised the point that Pebble Island provides a mechanical means of loading freight (a crane) and asked whether an improvement of this nature rated some concession as do ^{some} other ports.

You agreed to discuss this with Messrs. Dean Bros. Ltd. and by copy of this letter I am informing Mr. A. G. Barton accordingly.

Yours faithfully,

(W. H. THOMPSON)
COLONIAL SECRETARY

W. H. Young, Esq.,
Darwin Shipping Ltd.,
STANLEY

FA

Copies to: Hon. Mr. A.G. Barton, C.B.E., J.P.
All Members of Legislative Council

15th December

67.

Dear Sirs,

I refer to our negotiations concerning an agreement to replace the existing Mail Contract due to expire on the 31st December 1967.

I am now authorised to make the following offer:

- (a) Government will continue to pay Darwin Shipping Limited the sum of £26,500 per annum in exactly the same manner as laid down in Clause 13 of the present contract;
- (b) a further payment, in the form of an additional subsidy of £7,500, shall be made as soon as possible after the 31st December 1968. Provided that should the profits of the Company, after taking into account this further payment, exceed 12½ per cent, this further payment shall be abated by such amount as the profit shall exceed 12½ per cent;
- (c) the present arrangement whereby you are guaranteed a return on shipping operations in each year of 5 per cent of the written down value of the ship shall be continued on the same terms as are expressed in Clause 14 of the existing contract;
- (d) the proposals on the second schedule to the present Mail Contract contained in your letter of the 14th September 1967 shall be accepted with the following amendments:

(1) Line 3 page 3 to read

"(Overseas Government taxes not included)".

(2) Off-season Rates (Montevideo only)

"3. Southbound round trip voyages commencing December/January" to be deleted.

(3) Cargo Rates

The item "General Cargo" to read '100/-' and not '160/-'.

(4) Inter-port Freight Rates.

'Darwin' to read 'Goose Green'.
Goose Green and Port Howard JLV to be classified as 'A' ports and Port Stephens as 'B' port. The basic rates to be deleted and replaced by the following:

W.A. Young, Esq.,

~~SECRET~~

Darwin Shipping Limited,

~~SECRET~~

B. 2 1 68 (copy)

Salvador Water Ports	}	60/-
Barnesley Sound Ports		
Bluff Cove		
Pitcairny		
Lively Island		
Walker Creek Goose Green		
Bleeker Island	}	80/-
North Arm		
Speedwell Island		
Barron Island		
George Island		
Swan Island		
San Carlos Port San Carlos		
All West Falkland Ports with exceptions noted below		100/-
Mary Burch Harbour	}	140/- Minimum \$75 per call
Passage Island		
Sea Lion Island		
Sedge Island		

- (e) Second Schedule Freight rates shall apply to the M.V. Forrest with surcharges appropriate to the vessel;
- (f) Clause 4 of the extant Contract shall be deleted;
- (g) the Agreement shall no longer be referred to as a Mail Contract a more suitable title being applied to it;
- (h) the Agreement shall run for one year expiring on the 31st December 1968 with a renegotiation to take place in October 1968.

In addition to the above authorized offer which is made as a whole, and for which total acceptance is requested, I suggest the following alterations to the present form of contract:

Preamble. Line 5 delete "Stanley House".

Preamble: Paragraph 2. The words "which terms are acceptable to the Government" to be deleted. These are meaningless. Acceptance is defined by signature.

Date of Commencement to be 1st January 1968.

Clause 5. The words "made for the Government" to be deleted. A new agreement will suppose that Mail will be carried free on all voyages.

Clause 9. To be deleted. It is not enforceable. In return for deletion we shall ask for a separate arrangement whereby the Master and the Company actively discourage the carrying of mails outside official post-bags.

Last paragraph on Page 3 "IN WITNESS" to be brought up to date.

If you will let me have your agreement to these proposals I shall arrange for the new form of contract to be prepared. Should your agreement be delayed beyond the 31st December 1967 it is my understanding that the rates stated in the present Mail Contract will continue to apply, but there is no objection to a dating back of any new agreement to the 1st January 1968; provided that no retrospective adjustments will arise therefrom.

Government has gone a very considerable way to meeting your claim and I hope you will point this out to your principal Board. The offer is not considered to be open to any further negotiation.

Yours faithfully,

W. H. Brown

(W. H. BROWN)

COLONIAL SECRETARY

CROWN
STANDARD
AGENTS

Copies: All Members of Executive and Legislative Councils.

Incl. the former

CROWN



67. 28/12

19th December,

The Manager,
Dean Bros. Ltd.,
Pebble Island.

Dear Sir,

I gather that you consider the provision of a crane on Pebble Island Jetty should be reflected in the surcharge added to your basic freight rate, which at the moment is 15/- for a C port i.e. Ports with jetties where "Darwin" cannot berth, but scows can always work afloat.

It is difficult to see how, in the general arrangement of coasting freights and surcharges, an abatement can be allowed, as without the use of "Malvinas"; "Darwin" will always have to discharge cargo in the scows, discharge from scows on to jetty; admittedly with the assistance of your crane, and load produce in the scows and discharge from scows into "Darwin".

We admit that the provision of this crane must facilitate the discharge of general cargo, but presumably it also facilitates the work of your own shore gang.

In the circumstances we do not consider that any abatement on the surcharge should be granted.

Yours faithfully,

COLONIAL MANAGER

c.c. Mr. A. G. Barton
Colonial Secretary

WHY/CMB

Roy Love

20/12/67

FEB
798

The Hon.
The Colonial Secretary
Stanley



W!
28/12

Dear Sir,

Thank you for your copy of the final
letter to Darwin Shipping Ltd.

This is just a brief acknowledgement as
plane is due in half an hour.

I think your letter to D.S. Ltd is very
well expressed and fully comprehensive of all
we talked about in the Conference room.

Yours sincerely

Colony Miller

X
Y.E., C.T.,

Mail Contract

I have just had a telephone message from Mr. Young who tells me that his London Office did not accept our offer on the Mail Contract.

Mitchell says his Board are adamant that unless we pay them half of the additional subsidy in cash in advance there can be no contract. Should they reach 12½% with this advance payment they would be prepared to make a refund (no mention was made of payment of any interest on refund). They also insist upon a two year contract but in return for this are prepared to give up their proposal for averaging (which we never accepted).

Young says his board insist on an immediate reply. He has explained that we have no Council but this has had no effect.

He is letting me have this in writing.

My immediate reaction is to be equally adamant in return and say that until we have an Ex Co in February we are not in a position to make any further offer.

S.
C.S.

22.12.67.

AA

X Copies sent.

796.

X

MEMORANDUM

27th December, 1967.

From: Postmaster,
Stanley.

To: Colonial Secretary,
Stanley.

Subject: Mail contract

R.M.S. Darwin has completed three round voyages to Montevideo during the fourth quarter of the year and payment is due of the sum of £4,125. -. -. .

Grateful if you would arrange payment to the Falkland Islands Company Ltd. 120 Pall Mall, London.

D. Pulman
Postmaster.

Letter no 971 ph

28th December

67

Dear Sirs,

Please pay the Falkland Islands Company Limited of 120 Pall Mall, S.W.1., the sum of FOUR THOUSAND ONE HUNDRED AND TWENTY-FIVE POUNDS (£4,125) being the mail subsidy payable by this Government in respect of the quarter ended 31st December 1967.

Yours faithfully,

WHT.
(Sgd) ~~H.L. Bound.~~

~~per~~ COLONIAL SECRETARY

Crown Agents for Oversea Governments & Administrations,
4 Millbank,
LONDON, S.W.1.

FA

Copies to: Treasury
Postmaster

28th December 1967.

Dear

792 Agreement on Shipping

Please refer to my letter of the 15th December to Darwin Shipping Ltd.

Mr. W. H. Young has now been authorised to accept all but those of our proposals which refer to the manner in which the additional subsidy shall be paid and to the length of the new contract.

The Board of the Falkland Islands Company Ltd. insist that half of the additional subsidy be paid in quarterly instalments in the same manner as the continuing subsidy of £16,500. I am in no position to refute their claim that they need the working capital which they would not have asked for unless it was truly needed. The remaining half of the additional subsidy would be paid as proposed by us.

I have pointed out that should any portion of the second subsidy not be needed the Company would, in effect, have an interest earning use of our capital.

This morning Mr. Young telephoned this view to his London Office and was empowered to offer us one half of one per cent less than the ruling Bank Rate as interest on any unused portion of the half-payment on the second subsidy.

This seems a fair offer and I recommend it be accepted.

In return for dropping the demand for averaging profits and losses over two years Mr. Young asks that the offer of a one year contract be extended to two years. He points out that if renegotiation takes place at the later end of 1968 he will not be able to produce a working account for a whole year based on the new rates. A two year agreement would be more realistic.

I recommend this be accepted.

Mr. Young fully appreciates how far we have gone towards meeting the Company and I know how thoroughly he has represented our views to his London principals.

Stanley members of the negotiating committee are asked to reply by letter or telephone. Campers might be so kind as to reply by telegram or radio using the following code:

Acceptance of both counter-offers	'KING'
Acceptance of offer on subsidy only	'CROWN'
Acceptance of offer of two year agreement	'ANCHOR'
Rejection of both offers	'PONTON'

The Colonial Treasurer finds both offers acceptable.

(W. H. THOMPSON)
COLONIAL SECRETARY

The Honourable Mr. A.C. Barton, C.B.E., J.P.
The Honourable Mr. R.V. Goss, J.P.
The Honourable Mr. S. Miller, J.P. 799
The Honourable Mr. C.E.B. Dawson, J.P. 600
L. C. Blake, Esq., 801
F. J. Check, Esq. 802
Mrs. M. Vinsen.

Copies to: His Excellency The Governor
The Honourable Colonial Treasurer

DL 2 1 65

DECODE.

799

TELEGRAM.

From Miller, Roy Cove

Si ||

To Colonial Secretary, Stanley

Despatched : 31st December, 19 67 Time : 0900

Received : 1st January, 19 68 Time : 0900

798

Your 0327/V Bingo

Miller

P/L : ER
Intld. H.L.B.

GOVERNMENT TELEGRAPH SERVICE

700

FALKLAND ISLANDS

RECEIVED

P2538 P4776/32/401381 500 11/66 R. Ward 843

Number	Office of Origin	Words	Handed In at	Date
16	Jaybee	5	0910	1.1.68

To

Etat Colonial Secretary Stanley

Bingo

Bonner

EMc

Time

GOVERNMENT TELEGRAPH SERVICE

807

FALKLAND ISLANDSRECEIVED

P4776/32/401381 500 11/66 R. Ward 843

Number	Office of Origin	Words	Handed in at	Date
31	Hill Cove	5	1030	2.1.68

To

Etat Colonial Secretary Stanley

Bingo

Blake

EMc

Time



Stanley

2 Jan, 1968

Dear Sir,

In reply to your ⁷⁹⁸ letter of 28th December, Agreement on Shipping

I accept both counter-offers

yours sincerely
F. Cheek

GOVERNMENT TELEGRAPH SERVICE

FALKLAND ISLANDS**SENT**

P2538 P4776/32/401381 500 11/66 R. Ward 843

Number	Office of Origin	Words	Handed in at	Date
	STANLEY			3.1.68
To				
	MRAT MRS VESCHEN DARWIN			HOA/c

Grateful reply bylet 28th December on shipping

Secretary

Time
IP~~802~~
803

DECODE.

804

TELEGRAM.

From Mrs. Vinson Darwin

To Colonial Secretary, Stanley

Despatched : 4th January, 1967 Time :

Received : 4th January, 1967 Time :

Bingo

Vinson

P/L : ER

phoned from Darwin

0327/V

805

To 4th January 68
Colonial Treasurer,
Superintendent Posts & Tels.,

From Colonial Secretary

A.C.S., C.C.,

Stanley.

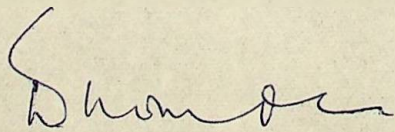
Darwin Shipping Contract

This item will not now continue to appear in the Estimates under the heading of Posts and Telecommunications.

Its proper place appears to be Hd. X Miscellaneous.

It should now appear as "Subsidy to Darwin Shipping Ltd."

The file will now be renamed "Shipping Subsidies."
The mail contract is dead and buried (at sea).



(W. H. Thompson)
COLONIAL SECRETARY

0327/V

806

9th January

67.

Dear Sir,

806 a. I enclose a draft Agreement for your approval.

Yours faithfully,

(W.H. THOMPSON)
COLONIAL SECRETARY.

reply at 807

W.H. Young, Esq.,
Darwin Shipping Limited,
STANLEY.

Copies: H.H. The Governor
Colonial Treasurer.

807

DARWIN SHIPPING LIMITED

Directors: R.G.Vinson, W.H.Young

Telegrams: "Fleetwing Port Stanley"

STANLEY,
FALKLAND ISLANDS.

WHY/pmc

10 January 1968

The Colonial Secretary,
Secretariat,
STANLEY.

Si
11/1

Dear Sir,

With reference to your ³⁰⁶letter 0327/V of the 9th instant, I return the draft Agreement and I would comment on the fact that the written down value shown in paragraph twelve may be subject to revision on completion of the audited accounts, as in arriving at this figure we do not have available the full information necessary to calculate the exact value.

Yours faithfully,


CHAIRMAN

Pa

FALKLAND ISLANDS

THIS INDENTURE made this
between THE GOVERNMENT OF THE FALKLAND ISLANDS (hereinafter
called "the Government") of the one part and DARWIN SHIPPING
LIMITED, STANLEY, FALKLAND ISLANDS, whose Registered Office
is situate at Stanley, Falkland Islands (hereinafter called
"the Company") of the other part.

WHEREAS the Government is desirous of providing for the trans-
mission of mails, passengers and freight within the home trade
limits of the Colony, the collection of produce and the transit
of mails, passengers and freight within and between the Colony
and the mainland of South America and between the Colony and
the United Kingdom upon the terms hereinafter appearing.

NOW THESE PRESENTS WITNESS AND IT IS HEREBY AGREED AND DECLARED
by and between the parties hereto as follows that is to say:

a. These provisions shall be regarded as having become
operative from the first day of January 1968 and shall remain
in force during the currency of this Agreement.

b. In this Agreement the following expressions shall
have the following meaning:-

"THE COLONY" means the Colony of the Falkland
Islands.

"THE GOVERNOR" means the Officer Administering the
Government of the Colony or the Colonial Secretary
acting on his behalf.

"THE POSTMASTER" means the Officer for the time
being exercising the function of that office.

"VARIABLE SUBSIDY" means any payment made by
Government which is calculated in accordance with
clause 12 of this Agreement.

1. The Company shall provide R.M.S. Darwin (hereinafter called "the steamship") short particulars of which are set out in the First Schedule hereto and shall use their best endeavours to maintain it in Lloyd's highest class for the carriage of mails, passengers and freight between the Colony and Montevideo, Uruguay, and between the several ports of the Colony and generally to provide transport facilities for farm settlements in the Colony. Provided that should the steamship become a total loss or be rendered wholly unseaworthy owing to circumstances not within the Company's control this Agreement shall forthwith be terminated. Provided that the Company may charter a cargo carrying vessel for the purpose of carrying mails, freight and passengers as may be necessary.

2. The steamship shall be properly found in all respects and capable of carrying not less than thirty-six saloon passengers with reasonable comfort and shall at all times be supplied and furnished with whatever may be requisite and necessary for rendering the Steamship having regard to the nature thereof constantly efficient for the services hereby contracted to be performed and shall also be manned with a proper and efficient crew of officers, engineers and seamen. The steamship shall be fitted with wireless telegraphy apparatus as required by the Ministry of Transport and Civil Aviation for a vessel of this class.

3. The maximum passenger fares and freight rates charged by the Company where detailed in the Second Schedule hereto attached shall not be altered or amended except by and with the consent of Government.

4. In consideration of the payments hereinafter mentioned the Company shall convey free of any charge whatever to the Government on any voyage/all mails which the Governor through the Postmaster may desire so to be conveyed.

5. The Company shall as hereinafter mentioned provide at its own cost a convenient and proper place or places of deposit on board the Steamship and cargo vessel for the safe keeping of the aforesaid mails and in particular the letter mails shall be placed under secure lock and key and shall be cleared by an officer of the Post Office or other person authorised to such effect by the Governor upon the arrival of the Steamship or cargo vessel at a port of call within the Colony and by some officer duly authorised to such effect upon the arrival of the Steamship or cargo vessel in the dock at Montevideo or other foreign port of call and the Company shall also provide a suitable boat properly manned and equipped and whatever else may be necessary for the safe embarkation and disembarkation of the same mails and shall defray all charges for the immediate taking on board and landing of the same mails.

X Small 5

X Small 5

X Small 5

6. All mails carried under this Agreement are to be delivered on the quayside nearest adjacent to the Steamship or cargo vessel by the Postmaster or other official appointed for the purpose and shall be delivered in like manner from the vessel to the Postmaster or other official appointed by him for the purpose and the Master of the Steamship or cargo vessel shall without any charge to the Government other than that otherwise provided in this Agreement to be paid to the Company take due care of and the Company shall be responsible for the receipt, safe custody and delivery of the mails as aforesaid and the Master of the Steamship or cargo vessel shall make such Declaration as shall be required by the Postmaster or his officers or agents or by the proper Authority in the United Kingdom, at Montevideo or other foreign ports and shall furnish such journals, returns and information and perform such services as may be required by the Postmaster or his officers or agents or by the proper authority in the United Kingdom, at Montevideo or other foreign port and the Master shall on arrival at any of the said places of the Steamship or cargo vessel either himself or by some

X Small 5

X Small 5

X Small 5

competent person deliver all mails for such place into the hands of the Postmaster or other person authorised to receive them and shall receive in like manner all the return or other mails to be forwarded in due course.

7. The Company shall be responsible for the loss or damage of any parcel or of any registered postal packet of any kind conveyed or tendered for conveyance under this Agreement (unless such loss or damage be caused or occasioned by Act of God, the Queen's enemies, pirates, restraints of Princes, rulers, or people, jettison, barratry, fire, collision, or perils or accidents of the seas, rivers and steam navigation) and in the event of any such loss or damage (except as aforesaid) the Company shall be liable to pay to the Postmaster in respect of each parcel or registered postal packet so lost or damaged (subject to the proviso hereinafter contained) such sum of money as shall be equal to the amount which may have been awarded and paid by the Postmaster at his sole option and discretion (and although not under legal obligation) to the sender or addressee of such parcel or registered postal packet as compensation for the loss or damage thereof provided that such sum shall not in any one case exceed One pound per parcel or Two pounds per registered postal packet.

8. The Company and the Master of the Steamship or cargo vessel and all agents, seamen and servants of the Company shall at all times punctually attend to the orders and directions of the Postmaster, his officers or agents or the proper authority in the United Kingdom, at Montevideo or other foreign port as to the mode, time and place of landing, delivering and receiving mails provided always that such orders and directions shall be in conformity with the provisions of this Agreement. x Small 3

9. The Company shall not carry nor permit to be carried in the Steamship any nitro-glycerine or any other substance or articles which in the opinion of the Government shall be dangerous except with the permission of the Governor. x Small 5

10. (a) The Steamship shall make such voyages from Stanley ^{x Small's} to Montevideo and return as the Government may require not exceeding twelve voyages each way in any one year. The dates of these voyages shall be fixed by the Company in consultation with the Government.

(b) The Steamship shall make not less than twelve calls in every year at a principal port on the main West Falkland Island in the course of separate voyages. The term principal port shall be taken to mean any one of the following places, videlicet, Fox Bay, Port Howard, Port Stephens and Hill Cove.

(c) Additional voyages to Montevideo or voyages to other places on the South American continent or to the Dependencies shall be the subject of special arrangement between the Government and the Company.

Provided the cargo vessel has adequate accommodation for twelve persons single voyages (not exceeding two in each direction during the months of January and February; June and July) Stanley to Montevideo or vice versa may be made in any year during the currency of this contract and shall be regarded as adequate substitutes for the voyages required by the Steam- ^{x Small's} ship under Clause 10 (a). In such cases it shall be permissible to carry mails suitably stowed in holds.

11. (a) So long as this Agreement is in force the Government shall pay to the Company in Stanley, or by mutual agreement in London by the Crown Agents on behalf of the Government, the sum of Sixteen thousand five hundred pounds per annum in equal quarterly payments of Four thousand one hundred and twenty-five pounds or in such other manner as may be agreed between the Government and the Company; provided that an abatement at the rate of One thousand two hundred and fifty pounds per return voyage or of Six hundred and twenty-five pounds per single voyage shall be made in respect of any of the twelve return voyages specified in Clause 10 (a) hereof which the Company may be unable from any cause to perform.

(b) The Government shall further pay to the Company in Stanley, or by mutual agreement in London by the Crown Agents on

behalf of the Government, the sum of three thousand seven hundred and fifty pounds in equal quarterly payments of nine hundred and thirty seven pounds and ten shillings or in such other manner as may be agreed between the Government and the Company; provided that should the profits of the Company then exceed $12\frac{1}{2}\%$ of the written down value of the steamship this sum shall be abated by such amount as the profit shall exceed $12\frac{1}{2}\%$. The Company shall pay to the Government in respect of any refund of abatement interest at Bank Rate, current on the 31st December in the year of payment, less one half of one per centum.

(c) Should the profits of the Company in respect of the written down value of the steamship still not reach $12\frac{1}{2}\%$ the Government shall further pay to the Company in a manner to be agreed and upon production of the annual account a further sum of three thousand seven hundred and fifty pounds; provided that this sum shall be abated by such amount as the profit shall then exceed $12\frac{1}{2}\%$.

12. The Government shall further guarantee the Company a return from its shipping operations in each year during the continuance of this contract equal to 6% of the written down value of the Steamship and her ancillary equipment at the commencement of the year and on the 1st January 1968 this value was £164,670. The profits (or losses) from which this variable subsidy shall be calculated shall be those accepted for income tax purposes before capital allowances by the Official Income Tax Representative in London, except that

- i. there shall be permitted a deduction in respect of depreciation at the rates detailed in the Third Schedule hereto attached.
- ii. Interest and income from investments shall be disregarded in calculating the return on shipping.
- iii. There shall be permitted a deduction of the premium transferred by the Company to the internal fund created by the Company to provide for the

first £300 of each and every loss relating to the ~~vessel~~ ^{steamship} and the first £10 of each and every loss ^{Steamship?} relating to medical expenses of the crew.

The rates of depreciation detailed in the Third Schedule attached shall be the rates allowable for Colonial Income Tax purposes and shall be the rates adopted in calculating the written down value of the steamship and her ancillary equipment. ^{X Small 3}

13. In the event of any breach of this Agreement by the Company or failure on the part of the Company fully to carry out the terms, stipulations or provisions hereof (unless the Company shall prove to the satisfaction of the Governor that such breach or failure arose solely from a cause or causes beyond the control of the Company and the servants of the Company) the Company shall be liable by way of penalty and not as liquidated damages for any such breach or failure to pay to the Government such a sum not exceeding £5. 0. Od. (five pounds sterling) as the Governor shall determine and if such breach or failure shall continue to a further penalty of £5. 0. Od. (five pounds sterling) for every day during which such breach or failure may continue and should there be any repetition of such breaches or failures or any breach or failure on the part of the Company which is in the opinion of the Governor to render such a course desirable the Government may by giving to the Company notice in writing forthwith determine this Agreement but without prejudice to the rights or remedies of the Government in respect of any antecedent breach of this Agreement by the Company and nothing herein contained shall prevent the Government in the event of such breach or failure from making such other arrangements as shall seem to the Government fit for the despatch and carriage of the aforesaid mails and passengers by some other vessel or vessels from bringing an action for damage against the Company instead of recovering a penalty under this Clause.

14. Nothing in this Agreement shall be deemed to or shall impose any personal liability on the Governor or on any other member or Officer of the Government.

15. The Government shall not be liable for any loss or damage whatever which may be sustained by the Company in consequence of the employment of the Steamship or cargo vessel on any of the services contracted to be performed under this Agreement. X Small

16. This Agreement shall continue in force for a period of two years from the 1st January 1968.

IN WITNESS whereof Willoughby Harry Thompson, Colonial Secretary, for and on behalf of the Government of the Falkland Islands has hereunto set his hand and seal and William Hamilton Young on behalf of Darwin Shipping Limited, has hereunto set his hand and seal the day and year first above written.

SIGNED SEALED AND DELIVERED
by WILLOUGHBY HARRY THOMPSON,
Colonial Secretary, for and on
behalf of the Government of the
Falkland Islands in the presence
of

Colonial Secretary

Assistant Colonial Secretary

SIGNED SEALED AND DELIVERED
by WILLIAM HAMILTON YOUNG, on
behalf of Darwin Shipping
Limited in the presence of

Colonial Manager

Assistant Colonial Secretary.

Your Ref: 327/V

808

No. 4/21.

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



25th March, 19 68

To: The Colonial Secretary,

Stanley.

From: Postmaster,

Stanley, Falkland Islands.

SUBJECT :-

Subsidy to Darwin Shipping Ltd.

R.M.S. Darwin has completed three return voyages to Montevideo during the first quarter of 1968 and payment is due of the sum of £4,125. - . - .

Grateful if you would arrange payment to the Falkland Islands Company Ltd. 120 Pall Mall, London.

D.R. Anderson
Postmaster.

See 813

809

DARWIN SHIPPING LIMITED

Directors: R.G.Vinson, W.H.Young

Telegrams: "Fleetwing Portstanley"

STANLEY,
FALKLAND ISLANDS.
14th May, 1968.

Handwritten:
C/H
S.C.
4/6.

The Colonial Secretary,
Stanley.

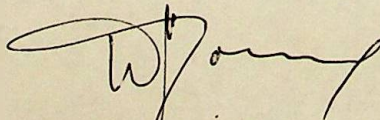
Dear Sir,

SHIPPING CONTRACT

I request that consideration be given to amending Clause 11 b. of the Shipping Contract. This clause covers the payment of interest by the Company to the Government in respect of any additional subsidy that may have been paid but, in fact, was not payable under the terms of the Contract.

Under the current arrangement it is agreed that the Company will pay interest at the bank rate current on the 31st December in the year of payment, less one half of one percent. It is considered that normal business practice is that the interest should be calculated from the date of receipt by the Company of each payment until the date of repayment, at the varying bank rates in force during the period. You will appreciate that such an amendment could prove as beneficial to the Government as to the Company, according to the trend of bank rates over the period involved.

Yours faithfully,



CHAIRMAN

Handwritten: Reply at 811.

Handwritten: b. s.

Handwritten: 810.

WHY/CMB

Handwritten: D. G. A. approved the above amendment.

Handwritten: 3. 6. 68.

0327/v

810

811

4th June,

68.

Dear Sir,

I refer to your letter ⁸⁰⁹ of the 14th May concerning your request for an amendment to Clause B of the Shipping Agreement.

It is now agreed that the final sentence of Clause B should read -

"The Company shall pay to the Government in respect of any refund of abatement interest, calculated from the date of receipt by the Company of each payment until the date of re-payment at the varying bank rates in force during the period."

If you will agree to this wording I will arrange for a supplement to the Agreement to be made ready for our respective signatures.

Yours faithfully,

(W.H. THOMPSON)
COLONIAL SECRETARY.

Chairman,
Darwin Shipping Limited.

27.68.
B.H. 10.6.68.

812.

DARWIN SHIPPING LIMITED

Directors: R.G. Vinson, W.H. Young

Telegrams: "Fleetwing Portstanley"



STANLEY,
FALKLAND ISLANDS.

W.I.
26/6

WHY/pmc

D/1/2

6 June 1968

The Colonial Secretary,
STANLEY.

Dear Sir,

811

With reference to your letter of the 4th instant, number O327/V, I consider that the suggested revised wording of Clause 11(b) of the Shipping Agreement fully meets our requirements.

Yours faithfully,

Chairman

GOVERNMENT TELEGRAPH SERVICE

813

FALKLAND ISLANDS

SENT

P2538 P4776/32/401381 500 11/66 R. Ward 843

Number	Office of Origin	Words	Handed in at	Date
	STANLEY			10.6.68
To	LTF FUNDSCROWN LONDON SW1			HOA/C

286

No 136 Please pay Falkland Islands Company 120 Pall Mall
 SW1 Five thousand and sixty two pounds ten shillings being
 shipping subsidy quarter ended ^{30th September} 31st March 1968 debiting
 Colony account

Secretary

30.2.7.68

See 808.

Time

AA

Copies sent to - Postmaster & Treasury.

814

No. 4

MEMORANDUM

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



12th June, 19 68

To: The Colonial Secretary,
Stanley.

From: Postmaster,
Stanley, Falkland Islands.

SUBJECT :- Subsidy to Darwin Shipping Ltd.

R.M.S. Darwin has completed three return voyages Stanley/Montevideo during the second quarter of 1968.

As payment for the second quarter of 1967 was made in this financial year we have made four payments within the year and the quarterly amount of £4,125 is not available to meet this last commitment under the old system of paying the subsidy from our Carriage of Mails vote. I understand that £937. 10. 0. has been provided to meet the increased amount payable by Government in respect of the second quarter April - June 1968.

D.R. Anderson
Postmaster.

Ag. C. T.

815

For obs. on (814) pl.

817

Similar letter to 797

for June qtr - amount as £13 pl.

f c.s.
14. 6. 68.

816

A. A.
The payment for the 2nd quarter in the 1967/68 financial year will not be paid by the Govt until July and it would appear that there is quite a possibility that the Govt will not be in receipt of the 10.

816 cont.

8

At this stage the only action required is to authorize
payment of the June 1968 A.S. Subsidy to S.S. by
bank draft.

rd.

24. 6. 68.

~~Aggs.~~ ~~Aggs.~~

26th June

68

Dear Sirs,

Please pay the Falkland Islands Company Limited of 120 Pall Mall, S.W.1., the sum of FIVE THOUSAND AND SIXTY TWO POUNDS TEN SHILLINGS (£5,062. 10s. Od.) being the mail subsidy payable by this Government in respect of the quarter ended 30th June 1968.

Yours faithfully,

(Sgd) R. Browning

for COLONIAL SECRETARY

Copies: Treasury
Postmaster.

Crown Agents Finance Department,
4, Abbey Orchard Street,
LONDON, S.W.1.

5th July, 68.

Colonial Secretary.

Postmaster

c.c. Acting Colonial Treasurer.

Subsidy - Darwin Shipping Limited.

814

The Acting Colonial Treasurer has commented upon your letter No. 4 of the 12th June, 1968, and says that the payment for the fourth quarter in the 1967/68 financial year will not be paid by the Crown Agents until July and it would appear that there is quite a possibility of this happening in the next financial year. At this stage the only action required is to authorise payment of the June, 1968, subsidy by Crown Agents.

Should any difficulty arise the necessary accounting transfers can be made and authority obtained.

(W.H. THOMPSON)
COLONIAL SECRETARY.

BU 10.7.68 (KIV 812)

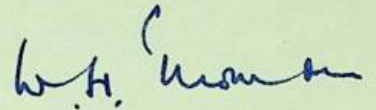
FALKLAND ISLANDS.

THIS INDENTURE made this 1st day of July, 1968, between THE GOVERNMENT OF THE FALKLAND ISLANDS (hereinafter called 'the Government') of the one part and DARWIN SHIPPING LIMITED, STANLEY, FALKLAND ISLANDS, whose Registered Office is situate at Stanley, Falkland Islands (hereinafter called 'the Company') of the other part, shall be supplementary to the agreement made on the 27th January, 1968, WHEREAS on the application of the Company and with the agreement of the Government it has been found necessary to revoke clause 11 (b) of the principal agreement. The following revised clause shall be substituted.

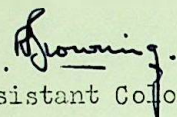
"(b) The Government shall further pay to the Company in Stanley, or by mutual agreement in London by the Crown Agents on behalf of the Government, the sum of three thousand seven hundred and fifty pounds in equal quarterly payments of nine-hundred and thirty seven pounds and ten shillings or in such other manner as may be agreed between the Government and the Company; provided that should the profits of the Company then exceed $12\frac{1}{2}\%$ of the written down value of the steamship this sum shall be abated by such amount as the profit shall exceed $12\frac{1}{2}\%$. The Company shall pay to the Government in respect of any refund of abatement interest, calculated from the date of receipt by the Company of each payment until the date of repayment, at the varying bank rates in force during the period."

Rev. 12. 10. 68.
(QW's P-10)

SIGNED SEALED AND DELIVERED
by WILLOUGHBY HARRY THOMPSON,
Colonial Secretary, for and on
behalf of the Government of the
Falkland Islands in the presence
of

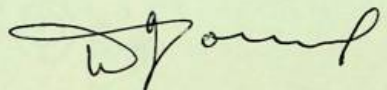


Colonial Secretary

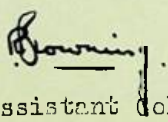

Acting Assistant Colonial Secretary



SIGNED SEALED AND DELIVERED
by WILLIAM HAMILTON YOUNG, on
behalf of Darwin Shipping
Limited in the presence of



Colonial Manager


Acting Assistant Colonial Secretary

0327/v

821
lfb

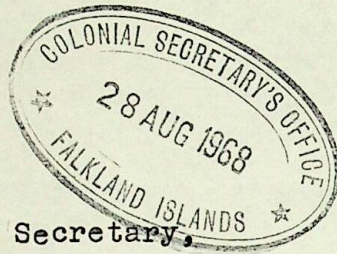
DARWIN SHIPPING LIMITED

Directors: R.G.Vinson, W.H.Young

W 31/8

W. 30/8.

Telegrams: "Fleetwing Portstanley"
WHY/pmc



STANLEY,
FALKLAND ISLANDS.
26 August 1968

The Colonial Secretary,
Secretariat,
STANLEY.

S.F.C.
informed.

Dear Sir,

SHIPPING AGREEMENT

As already verbally advised; we would like to place on record the fact that a substantial increase in the charter rate of m.v. "A.E.S." is anticipated owing to devaluation, and also that the hull underwriters of R.M.S. "Darwin" have insisted on an increase of 3/-%, this increase is also attributable to the results of devaluation.

Yours faithfully,

CHAIRMAN

823

ACS

I was under the impression that the Mail Contract was dead - see 805 and that as it was a shipping subsidy no action was necessary by me. W.H. Young 11.10.68
The vote is now controlled by the Treasury. Postmaster,

822.

We should now ask Brown to pay mail subsidy for 3rd qtr. of 1968, pl?

Bu 10.10.68.
(Daily payment)

f.c.s.
10.10.68.

Joshmaske

824

Wd for the confirm that Darwin has carried the required number of mails during the voyage ended 30th Sept 1968.

825.

Jos. 11/68

C.S.

On the 1st October RMS Darwin completed a further three return voyages to Montevideo.

May I have a copy of the contract governing the carriage of mails pl?

Copy supplied

22.11.68

Jos.

22.11.68

826.

C.S.

Telegraph Crown to pay?

22.11.68

827

C.S.

Yes.

L.G.

26/11/68

GOVERNMENT TELEGRAPH SERVICE

828

FALKLAND ISLANDS

SENT

P2538 P4776/32/401381 500 11/66 R. Ward 843

Number	Office of Origin	Words	Handed in at	Date
	STANLEY			27.11.68
To	LTF FUNDESCROWN LONDON SW1			HOA/C

No 286 Please pay Falkland Islands Company 120 Pall Mall
 SW1 five thousand and sixty two pounds ten shillings being
 shipping subsidy quarter ended 30th September 1968 debiting
 Colony account

Secretary

Time

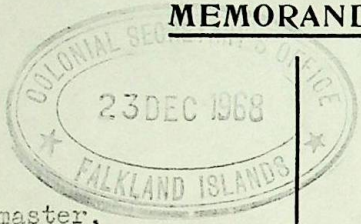
AA

Copies to Postmaster and Treasury

By 10.1.69. (Quality payment)

No. 4

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



MEMORANDUM

829

23rd December, 19 68

To: The Colonial Secretary,
Stanley.

From: Postmaster,

Stanley, Falkland Islands.

SUBJECT :- Subsidy to Darwin Shipping Ltd.

R.M.S. Darwin completed three return voyages to Montevideo during the fourth quarter of 1968.

D. Morrison
Postmaster.

830.

A.C.S.
We now send a similar letter to (818) pl?

B of C.S.
24.12.68.

831.
S/c & first discuss with C.T.

[Signature]

Similar to (818) pl.

0327/V

8th January 69.

Dear Sirs,

Please pay the Falkland Islands Company Limited of 120 Pall Mall, S.W.1., the sum of FIVE THOUSAND AND SIXTY TWO POUNDS TEN SHILLINGS (£5,062. 10s. Od.) being the mail subsidy payable by this Government in respect of the quarter ended 31st December 1968.

31st March 1969

Yours faithfully,

(sgd) H. C. Bond

for COLONIAL SECRETARY

Crown Agents Finance Department,
4, Abbey Orchard Street,
LONDON, S.W.1.

Copies to: Treasury
Postmaster

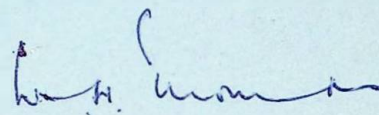
Bu 5.4.69. (by payment)

During the course of a social conversation the other evening a senior employee of the Falkland Islands Company said that he receives all items from Montevideo freight free "because he is a Company employee".

I persuaded the same person to speak a little more about the advantages of working for the Company and he went on to say that his new furniture and carpets and extra baggage had also been sent out from London freight free and that this applied to all other Company officials.

This is entirely against the promise given to us by Mr W.H. Young during the last negotiations on the shipping subsidy and is grossly unfair to Government who are contracted to make good losses and to enhance profits.

I have discussed this with H.E. the Governor and this Minute is committed to file in order that when the next negotiations take place the Falkland Islands Company and Darwin Shipping Limited shall be clearly tied down in writing on this matter.



(W.H. THOMPSON)
COLONIAL SECRETARY

25th February, 1969.

0327/V

copy to - Colonial Treasurer

SC

By 5.4.69, (1/4ly payment)

No.

4.

MEMORANDUM

834

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

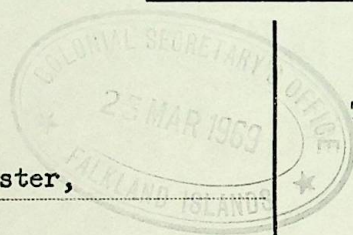
26th March, 19 69

To: The Colonial Secretary,

Stanley.

From Postmaster,

Stanley, Falkland Islands.



SUBJECT :- Subsidy to Darwin Shipping Ltd. - Your file 0327/V.

When RMS Darwin returns to Stanley on 1st April she will have completed the first three round voyages of 1969.

D. Wilson

Postmaster.

see 835

Similar letter to 832 pl.

2

835

No. 0327/V

(It is requested that, in any reference to this letter, the above number and the date may be quoted.)

COLONIAL SECRETARY'S OFFICE,
STANLEY, FALKLAND ISLANDS,

.....27th March.....19...69

Dear Sirs,

Please pay the Falkland Islands Company Limited of 120 Pall Mall, S.W.1., the sum of FIVE THOUSAND AND SIXTY TWO POUNDS TEN SHILLINGS (£5,062. 10s. 0d.) being the mail subsidy payable by this Government in respect of the quarter ended 31st March 1969.

See 834

Yours faithfully,

(sgd) H. L. Bond.
for COLONIAL SECRETARY

Crown Agents Finance Dept.,
4, Abbey Orchard Street,
LONDON, S.W.1.

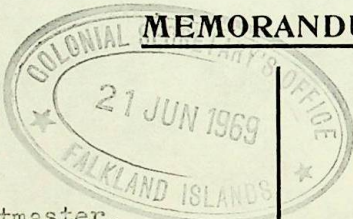
Copies to: Treasury
Postmaster

RRB.

by 5.7.69 (1/4 by payment)

No. 4

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



MEMORANDUM

836

21st June, 19 69

To: The Colonial Secretary,

Stanley.

From: Postmaster,

Stanley, Falkland Islands.

SUBJECT :- Subsidy to Darwin Shipping Ltd: your file 0327/V

Darwin
RMS/completed on 10th June a further three round voyages Stanley/Montevideo/
Stanley.

D. Morrison

Postmaster.

See 837

7818

27

837

No. 0327/V
(It is requested that, in any reference to this letter, the above Number and the date may be quoted.)

COLONIAL SECRETARY'S OFFICE,
STANLEY, FALKLAND ISLANDS.

.....21st June 1969

Dear Sirs,

Please pay the Falkland Islands Company Limited of 120 Pall Mall, S.W.1., the sum of FIVE THOUSAND AND SIXTY TWO POUNDS TEN SHILLINGS (£5,062. 10s. 0d.) being the mail subsidy payable by this Government in respect of the quarter ended 30th June 1969.

See 836

Supr

Yours faithfully,

ROD H. E. BOURN

for COLONIAL SECRETARY

Crown Agents Finance Dept.,
4, Abbey Orchard Street,
LONDON, S.W.1.

Copt to: Treasury
Postmaster

RRB.

*By 5-10-69.
(44 pgnms)*

0327/v.

838

DARWIN SHIPPING LIMITED

Directors: R.C. Vinson, ~~xxxxxx~~ A. Sloggie

Telegrams: "Fleetwing Port Stanley"

STANLEY,
FALKLAND ISLANDS.

AS/pr



9 July 1969

The Colonial Secretary,
STANLEY.

Dear Sir,

R.M.S. "DARWIN" - SHIPPING
AGREEMENT

We wish to give you advance notice that we will be claiming the full amount of additional subsidy, i.e. £3,750, under Clause 11(c) of the above agreement. The supporting accounts will be lodged with you in due course.

Yours faithfully,

A. Sloggie
CHAIRMAN

C.T. For inf
16.7.69
L.G.
18/7/69

Bu 5-10-69 *[Signature]*

[Handwritten mark]

No. 4

MEMORANDUM

839

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



24th September, 1969

To: The Colonial Secretary,

From: Postmaster,

Stanley.

Stanley, Falkland Islands.

SUBJECT:- Subsidy to Darwin Shipping Ltd: - your file 0327/V

R.M.S. Darwin has completed her eighth round voyage Stanley/Montevideo or Punta Arenas and although has completed only two voyages this quarter will make four in the fourth quarter.

T. D. Macmillan
Postmaster.

s/c. Re-instruct O/S as in p. 837 by this mail

30.9.69

0327/V

840.

2nd October,

69.

Dear Sirs,

Please pay the Falkland Islands Company Limited of 120 Pall Mall, S.W.1., the sum of FIVE THOUSAND AND SIXTY TWO POUNDS TEN SHILLINGS (£5,062, 10s Od.) being the mail subsidy payable by this Government in respect of the quarter ended 30th September 1969.

Yours faithfully,

M.L. BOUND

for COLONIAL SECRETARY

Copies: Treasury
Postmaster

Crown Agents Finance Dept.,
4, Abbey Orchard Street,
LONDON, S.W.1.

ARA.

The Falkland Islands Company, Limited.

84

INCORPORATED BY ROYAL CHARTER 1851

REGISTERED 1907

Stanley.

AGENTS FOR LLOYDS.

TELEGRAMS "ELEPHANT" FOR STANLEY VIA RADIO

AS/pr

26 September 1969

Secretary

The Colonial Treasurer,
STANLEY.

Dear Sir,

"A.E.S." - FARES

We have been advised by our London Office that it is necessary to increase the fares on the m.v. "A.E.S." with effect from the sailing ex U.K. in November/December. This increase has been forced upon us by increased costs, particularly the increased food allowance to the Chief Steward. As far as we can ascertain this is the first ever increase in passenger fares on Charter Vessels.

It is our intention to increase the fares by £15. The cost of a basic passage will therefore be £115, instead of £100, and the cost of a premium passage will be £130, instead of £115. We will allow a 5% rebate on return bookings.

Please confirm your approval of these increases.

Yours faithfully,

Allogie

MANAGER

Reply at 842.

Mail contract (or Shipping Subsidy) file, then back to me please. L.C.

0327/V

842

9th October,

69.

Dear Sir,

841

Thank you for your letter AS/pr of 26th September. In noting that you propose to increase the passenger fares per "A.E.S." it is hoped you will be giving adequate publicity before introducing the new rates.

Yours faithfully,

(L.C. GLEADELL)
ACTING COLONIAL SECRETARY

The Manager,
The Falkland Islands Co. Ltd.,
Stanley.

see 843

ARA.

Ry 5-1-70
(1/4 by Rtn)

843

DARWIN SHIPPING LIMITED

Directors: R.G.Vinson, ~~XXXXXXXX~~
A. Slaggie

Telegrams: "Fleetwing Portstanley"

STANLEY,
FALKLAND ISLANDS.
20 October 1969

AS/pr

Secretary

The Colonial Treasurer,
STANLEY.

Dear Sir,

R.M.S. "DARWIN" - SUBSIDY

1 | With reference to your letter dated 9.10.69,
 2 | we would advise you that the ⁸⁴²two main proposals
 3 | are that the subsidy should be fixed at £24,000
 per annum and that Government should guarantee
 a return of 12½% per annum on the written down
 value of fixed assets. The term of the renewed
 contract would be two years. A few minor
 increases in the charges for meals and passages
 are also proposed, and a summary of the proposals
 as they will affect the existing agreement is
 attached hereto.

Yours faithfully,

Slaggie
CHAIRMAN

- 11(a) Increase to £24,000
- 11(b) delete
- 11(c) delete
- 12 increase to 12½%
- 12 (iv) exclude airline agency commissions

Catering - Inter-island voyages

Breakfast	6/-
Lunch	8/6
Dinner	8/6
Early morning or afternoon tea	1/-
Contract rate	23/-
Rate per day as hotel	67/6

<u>Passages</u>	<u>Basic</u>	<u>Premium</u>
Montevideo	£28	£34
Punta Arenas	£22	£26

Off-season discount - 5%

Return bookings commencing in Falkland Islands - 5%

C. I. Pp. 843-A.

I can see no prospect of my being able to produce a
Memo. for Exco. next week on this: perhaps you will be able to?
If at all possible we should deal with it at this Exco., even if it
has to be done orally.

P. De/10

92/69

Darwin Shipping Subsidy Agreement

Memorandum by Colonial Secretary

845-

The Shipping Subsidy Agreement between the Colony Government and Darwin Shipping Co. Ltd. is due to be renegotiated before the end of the calander year. The company, in response to a request by Government to indicate when it will be ready to open negotiations, indicated that it would not be in a position to do so until the end of this month. Consequently it will not be possible to do what was hoped and bring the newly negotiated agreement to this meeting of Council for consideration.

2. Council is invited to note the position.

J. A. Jones
Colonial Secretary.

File Ref. 0387/V
October, 1969

/JML

Bu 5-1-70
(Pnty R/L)

1st November,

69.

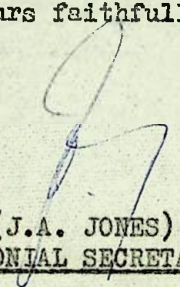
Dear Sir,

R.M.S. "DARWIN": Subsidy

prefer With reference to your letter of the 20th October, having had the advantage of seeing your initial proposals, of discussing them with you and obtaining clarification of them from you we should ~~approve~~ *prefer* for reasons of public accounting and similar considerations to adhere to the formula contained in Clause 11 of the current Agreement. Meanwhile the principle contained in Clause 12, which has been termed "blank cheque" ~~and~~, is not, it is considered, acceptable on grounds of public policy. We propose the following:

- Clause 11(a) Substitute the figure of £24,000 for the present figure of £16,500;
- Clause 11 (b) Substitute the figure of £5,000 for the present figure of £3,750;
- Clause 11(c) Substitute the figure of £5,000 for the present figure of £3,750.

Yours faithfully,



(J.A. JONES)
COLONIAL SECRETARY

The Chairman,
Darwin Shipping Limited,
Stanley.

ARA.

Bu 5-1-70
(patty kt.)

846
(a)

EXTRACT FROM MINUTES 12/69 HELD ON 27th, 28th, 29th,
30th & 31st OCTOBER 1969.

0327/V

17. DARWIN SHIPPING SUBSIDY AGREEMENT (Memo 92/69)

In discussion on this item, before the attendance of the Manager and Accountant of Darwin Shipping Limited, the point was made that during the last year of operation of the agreement for subsidising Darwin Shipping Ltd. the full sum provided for under clauses 11(a) to 11(c) of the agreement (£24,000) had been paid. There is, in addition, under clause 12 of the agreement a "blank cheque" guaranteeing a 6% return from the company's shipping operations. This "blank cheque" could result in a year of poor trading results, in a large contribution from public funds.

Three other points made were

- (1) that during the last year of its operations the company was still £1,300 short of a 12 $\frac{1}{2}$ % return on the written down value of R.M.S. "Darwin" after receiving a full subsidy under clause 11. The agreement with the new proposals seemed to remove most of the element of risk on the part of the company and reduced the importance of management efficiency;
- (2) that if a 12 $\frac{1}{2}$ % guaranteed return was agreed to the payment additionally of £24,000 proposed by the company was unnecessary; and
- (3) that a better solution to the whole problem might be to give Darwin Shipping a free hand with regard to freight and passage charges.

Mr. Sloggie and Mr. Milne were then invited to join Council. Mr. Sloggie said that his company's proposals for a new agreement were based on the assumption that it was Government policy to meet increased costs from revenue. The proposal for the fixed subsidy of £24,000 recognised a de facto situation. The finance employed by the company on R.M.S. "Darwin" unprofitably could, if invested elsewhere, expect to

/produce.....

CLERK OF COUNCIL.

EXTRACT FROM MINUTES 12/69 HELD ON 27th, 28th, 29th,
30th & 31st OCTOBER 1969.

Executive Council Meeting 12/69

- 6 -

produce profits of 14%; the company was only asking for a 12 $\frac{1}{2}$ % guarantee. The manager suggested the term of the new contract should be two years as hitherto. He mentioned greatly increased and unavoidable costs of the company's operations such as docking repairs, fuel and oil. Other proposals by the company included the upward revision of passage and victualling charges and the exclusion from the reckoning of a 12 $\frac{1}{2}$ % return of airline agency fees.

After the Council had had the benefit of answers to questions and detailed clarification from Mr. Sloggie, a Member suggested that it might be possible to negotiate on the basis of the proposed new formula but with a top limit on the figure for the annual return on the company's investment. Mr. Sloggie considered that his principals might be prepared to negotiate on this point but the problem was where and how to fix such a figure. Mr. Sloggie and Mr. Milne then left the meeting and the subject was further discussed. Among proposals made was one for limiting the duration of the new agreement to one year in the first instance in view of the implications of the overall transport study referred to in Minute No.9 of these minutes.

It was the general opinion that the "blank cheque" principle was not politically defensible and that in negotiating a new agreement one of the main aims of Government should be to obtain its abolition. Similarly it was the general view that the formula contained in the current clause 11 of the agreement should be retained.

Council advised that in replying to the company's letter the following counter offer should be made:

Clause 11(a) Substitute £24,000 for £16,500
Clause 11(b) Substitute £5,000 for £3,750
Clause 11(c) Substitute £5,000 for £3,750

and Council noted that the letter in which this offer was to be made would contain references to Government's reasons for wishing to retain the existing formula in clause 11 of the agreement and for wishing to abolish the principle contained in clause 12.

847

DARWIN SHIPPING LIMITED

Directors: R.G.Vinson, ~~xxxxxxx~~ A. Sloggie.

Telegrams: "Fleetwing Portstanley"

STANLEY,
FALKLAND ISLANDS.
2nd. November.

The Colonial Secretary,
Port Stanley.

Dear Sir,

R.M.S. "Darwin" : Subsidy.

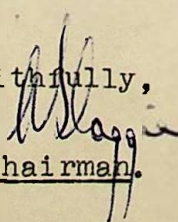
Thank you for your letter of 1st. November, 1969.

Whereas we welcome your agreement to the substitution of £24,000 p.a. for £16,500 p.a. in clause 11 (a) of the current agreement, we must reject your counter proposals regarding clauses 11 (b) and 11 (c). As we have already advised you verbally we are prepared to concede a reasonable limitation of Government's liability under clause 12 of the agreement should the figure of 6% in that clause be increased to 12½%.

We cannot concede a continuation of the formula for a variable subsidy coupled with provision for a refund in the event of our return on investment exceeding 12½%, and we wonder if, perhaps, you are giving undue weight to "reasons of public accounting and similar considerations".

Should you wish to discuss this matter further we are entirely at your disposal.

Yours faithfully,


Chairman.

CONFIDENTIAL

8+8

C.T.

Grateful for your advice regarding what might be the content of our next offer. I was fairly sure our first one would receive an outright rejection, indicating that FIC, London, had not given Poggie much room for discretion.

2 I am beginning to think we may have to bring the F.C.O. into this, though they wouldn't like it.

3 He is in C.S.O.

J
R 3/4

C.S.

This was delivered to C.T.

this morning she has asked me
to pass it on to you early.

3/11/69

CS

8+9

I feel we might first
pursue the underlined part of
the letter. We shall then
know the extremes within which
agreement ~~can~~ ^{might} be reached, e.g.
we have tried to limit our
liability to £34,000 (£24,000
+ £5000 + £5000), and now to
know what FIC have in mind.

L.G.

3/11/69

ESTIMATES, FALKLAND ISLANDS, 1966/67

DETAILS OF REVENUE

HEAD OF REVENUE.	Actual 1964/65	Approved Estimate 1965/66	Revised Estimate 1965/66	Estimate 1966/67
I. AVIATION.	9304	8500	9500	9500
Total	<u>9304</u>	<u>8500</u>	<u>9500</u>	<u>9500</u>
II. CUSTOMS DUTIES.				
1. Beer, Ale, Stout etc.	1207	1400	1200	1400
2. Spirits	19090	35000	46000	33000
3. Tobacco	6232	5000	4000	4500
4. Matches	73	100	110	100
5. Wines	603	400	600	600
Total Customs Duties	<u>27205</u>	<u>41900</u>	<u>51910</u>	<u>44600</u>
III. DEPENDENCIES CONTRIBUTION TO COST OF CENTRAL ADMINISTRATION.				
Total	<u>10000</u>	<u>10000</u>	<u>10000</u>	<u>10000</u>
IV. ELECTRICITY.				
1. Electric Light and Power	26520	25500	27500	32000
2. Labour Charges and Sale of Stores	351	250	350	250
3. Sale of Electric Current Fox Bay	209	250	250	250
Total	<u>27080</u>	<u>26000</u>	<u>28100</u>	<u>32500</u>
V. FEES & FINES.				
1. Supreme Court	127	100	100	200
2. Police Court, Poundage and Prisoners	253	150	150	150
3. Registrar-General	167	150	150	150
4. Customs Services	67	85	80	85
5. Shipping	59	30	50	50
6. Hospital and Medical	4026	3500	3500	3500
7. Dental	674	1000	1200	1000
8. Quarantine Fees	1	15	30	15
9. Passports	105	100	100	100
10. Audit Fees	-	20	40	20
11. Boarding School Fees	405	420	304	348
12. Commission on Drafts	592	650	600	650
Stud Fees	-	10	-	-
Marriage Fees	3	-	-	-
Naturalization Fees	25	-	-	-
	<u>6504</u>	<u>6250</u>	<u>6304</u>	<u>6268</u>

JSO

Y.E.

Darwin Shipping Subsidy Agreement

will wish to see Mr. Sloggie's reply at pp.847 which I mentioned to you yesterday to letter at pp. 846 which resulted from our recent discussion in Executive Council.

2. This morning C.T. and I had a 45 minute meeting with Mr. Sloggie and Mr. Milne. Opportunity was taken to remind Mr. Sloggie that the statement at pp. 846 regarding reasons of public accounting referred to Clause 11 of the Agreement while the consideration of public policy related to Clause 12.

3. After some general discussion it emerged that it was still the Company's view that the profits of the "A.E.S." should to some extent offset the "Darwin's" loss but with the tax payer bearing a larger proportion of the loss than has hitherto been the case. C.T. and I informed Mr. Sloggie that we considered it would be advisable for him to place this on record as Exco. had not appreciated that this was the Company's view. Mr. Sloggie agreed to do this.

4. Without prejudice we had a brief discussion on the figure at which Government liability under the 12 $\frac{1}{2}$ % guarantee resulting from Clause 12, if the continuation of Clause 12 was accepted by Government, should be. Very tentatively a figure of £50,000 was mentioned. That is not to say that even should this be the figure put forward from the Government side, it will be acceptable to Mr. Sloggie's principals. I rather think it will not be. However, I suggest that if you care to minute any provisional views you may have and will be kind enough, in my absence in South Georgia, to send the file to C.T., he could be asked to write to Mr. Sloggie proposing, without prejudice, discussion of a figure of £50,000 as the limit to Government's liability under any new Clause 12 which may be negotiated.

x/

(J. A. Jones)

JML

CS
CT

Thank you.

I am not at all happy about x/- because it goes a long way beyond what was agreed in ExCo and, in view of HRS, I think that we should now pause and reconsider. We are about to have a general discussion on transport problems - sea & air - and I do not think that we should be too eager to get deeply involved.

After mail has gone I would like CT to have a word with me and further discussion (in ExCo probably) can follow your return from S. Georgia W 5/11

851

L9.

DARWIN SHIPPING LIMITED

Directors: R.G.Vinson, ~~XXXXXXXX~~ A.Sloggie

Telegrams: "Fleetwing Portstanley"

STANLEY,
FALKLAND ISLANDS.

AS/pr

5 November 1969

The Colonial Secretary,
STANLEY.

*Noted by
10/11/69*

Dear Sir,

R.M.S. "DARWIN" SUBSIDY

Arising from this morning's discussion, it appears that Council were under the impression that this Company was no longer prepared to underwrite, to any degree, the loss incurred by R.M.S. "Darwin". You will understand that by asking Government to guarantee to Darwin Shipping Limited (which includes m.v. "A.E.S.") a return of 12½% on the written down value of R.M.S. "Darwin", then this Company is still accepting a large proportion of the loss incurred by R.M.S. "Darwin". To clarify the position further, such an arrangement must obviously result in profits made by the Company on the running of the m.v. "A.E.S." being offset against any losses made by R.M.S. "Darwin". This is the position which has prevailed for many years past, and the Company is prepared to continue to bear a portion of the loss on R.M.S. "Darwin", but not such a large proportion as in past years. The Company's good faith in this respect is further shown by their preparedness to accept a limitation of Government's liability under Clause 12 of the Agreement.

Yours faithfully,

A.Sloggie
CHAIRMAN

*cf. Form number in Exco?
11/11*

9 2/69

Darwin Shipping Subsidy Agreement

Memorandum by Colonial Secretary

852

The Shipping Subsidy Agreement between the Colony Government and Darwin Shipping Co. Ltd. is due to be renegotiated before the end of the calander year. The company, in response to a request by Government to indicate when it will be ready to open negotiations, indicated that it would not be in a position to do so until the end of this month. Consequently it will not be possible to do what was hoped and bring the newly negotiated agreement to this meeting of Council for consideration.

2. Council is invited to note the position.

J. A. Jones
Colonial Secretary.

Decision. Offer for negotiation £27,000 under 11(a),
£5,000 under each of (b) & (c); & cancellation of 12.

File Ref. 0387/V
October, 1969

And reject proposition of separately "Darwin" & "A.E.S."
/JML
Make no mention at this stage of length of the agreement.

Letter copy
attached draft.

1. Keep pass. of setting no. of voyages under clause 10(b) up our sleeves.
2. Perhaps and clause 3 to be by the states will be changed

Dominion Shipping liability

Shut by clarifying for record

Public accountig = clause 11

Public policy = clause 12

~~may not be p~~ All taxpayers.

Stoggie has applied 'public accountig' to clause 12. Not so.

Stoggie repeated co.'s wish is to separate "Dominion" losses fr. "A&S" profits, as it considers this unfair.

Cs pointed out Govt's view must be in interests of taxpayer as a whole & the above proposition is a new one.

Stoggie The prop. to offset some of profits as 'A&S' against 'Dominion's' loss, but with taxpayer bearing a larger proportion of the loss. He accepted that 'A&S' must to some extent subsidize 'Dominion'.

CT asked Stoggie of record suggested / thought possible limitation of £50,000 cd. be put on clause 12: but CT expects profit of all under clause 11.

Stoggie said his Bill incl. no larger except the variable payment formula under clause 11.

3rd December,

69

Dear Sir,

Darwin Shipping Subsidy Agreement
R.M.S. "Darwin" - Subsidy

With reference to your letter of the 2nd November and previous correspondence I have to inform you that this Government is prepared,

(i) to agree to increasing the amount under clause 11(a) of the Agreement to £24,000;

(ii) to accept the increases in catering charges and passages, together with the off-season discount and return bookings proposals set out in the attachment to your letter of the 20th October, 1969.

with reference to the 1st of January, 1970.

2. As you know, this government has established a special committee to examine the Colony's current transport communications facilities and to evaluate future trends. You are also aware that the British and Argentine Governments have agreed to hold special talks on communications between the South American mainland and the Colony. In view of the impossibility of anticipating the outcome of these exercises it is considered inadvisable to attempt to reach a conclusion at present on your proposals connected with what could be a major area of government financial commitment under the Darwin Shipping Subsidy Agreement (to the amount of which there would in any case have to be a definite limit). Clause 12 of the current Agreement embodies, as stated in my letter of the 1st November, a principle which is considered unacceptable on grounds of public policy. Since in any case payments which theoretically fall to be made under a new guarantee clause would not become payable until the second half of 1971 there would appear to be no undue urgency over this aspect of the negotiations, while the impending visit to the Colony early next year of the Chairman of your parent company will provide opportunity for further discussion.

3. In the attachment to your letter of the 20th October you propose the exclusion from any future Agreement of airline agency commissions. Government would welcome information regarding the reasons for this particular proposal.

Yours faithfully,

J. A. Jones
 J. A. Jones
 Colonial Secretary.

Mr. A. Sloggie,
 Darwin Shipping Limited,
Stanley

JML

17th NOVEMBER 1969.

854
(a)

0327/V 2. DARWIN SHIPPING SUBSIDY AGREEMENT

The Colonial Treasurer reported that Darwin Shipping Ltd. were in agreement to continue to offset the profits arising from the working of m.v. 'A.E.S.' against losses sustained by R.M.S. 'Darwin', but to some lesser extent than at present. There was some prospect of agreement being reached with regard to the company accepting a limitation of Government's liability under clause 12 of the draft agreement.

Council noted the position and advised that these considerations together with the lesser aspects of the agreement, i.e. increased fares, meals, etc., would need to be discussed further at a later meeting.

CLERK OF COUNCIL.

855

The Falkland Islands Company, Limited.

(INCORPORATED BY ROYAL CHARTER 1851.)

REGISTERED 1902.

AGENTS FOR LLOYDS.

TELEGRAMS "FLEETWING PORTSTANLEY" VIA RADIO.

Stanley,

5th December

1969

Your ref: 0327/V

AS/mh

The Colonial Secretary
STANLEY

Dear Sir,

R. M. S. "DARWIN" - SUBSIDY

Thank you for your letter of 3rd December 1969. We welcome your agreement to the fixed subsidy of £24,000 and to the various minor increases in catering charges, passages, etc.

As regards the exclusion of the airline agency commissions we made this request because we did not feel that profits earned in this way should subsidise the working of R.M.S. "Darwin" directly.

It is all part of Darwin Shipping operations.

With reference to the second paragraph of your letter on the subject of the guaranteed return to Darwin Shipping Limited, we cannot see that talks which might be held sometime next year could have any effect whatsoever on the principles embodied in our suggestions to you. Should the talks referred to result in R.M.S. "Darwin" making less of a loss than you and we will benefit. Should the talks result in "Darwin" making a greater loss, then, provided that an upper limit to Government's financial responsibility is agreed, Government cannot be adversely affected. We are not prepared to delay a new contract beyond the expiry of the existing contract and our feelings in this respect were made clear to you in October this year. We would also like to point out that as far as we are concerned, the Chairman of the parent Company has always been fully aware of these negotiations and we have acted throughout with his full knowledge and approval.

You shd. be able to see the principle which matters.

To C.S. personally?

Then he can hardly object to a suggestion that it should be discussed with him.

Yours faithfully,

W. Slagge

MANAGER

c.c. London Office

856 transferred to 1494/F

855 (a)

EXTRACT FROM THE MINUTES OF MEETING NO 16/69 HELD ON
1st, 2nd, AND 3rd DECEMBER 1969.

0327/V

3. DARWIN SHIPPING SUBSIDY AGREEMENT

The Colonial Treasurer explained that in negotiations with the Manager of Darwin Shipping Ltd. he had suggested that clauses 11(a), 11(b) and 11(c) of the current agreement be retained and that the total annual payment be limited to £34,000. These proposals

CONFIDENTIAL

Ex. Co. Meeting No. 16/69

- 2 -

were not acceptable to the company but it seemed they would consider fixing a ceiling to the commitment under clause 12 of the agreement. The Colonial Treasurer suggested that such a ceiling might be equated to the maximum annual loss sustained by R.N.S. "Darwin".

Council advised -

- (a) that 12½% of the written down value of "Darwin" was too high and that a more realistic figure for a gilt edged return of this nature would be around 9%, with a fixed ceiling of £26,000 in addition to the £24,000 proposed under clause 11(a);
- (b) that the agreement should be for a period of one year but if neither party gave notice of determination or intention to revise within six months it would automatically continue for two years;
- (c) that the lesser issues related to increased passages and catering charges be accepted with effect from 1st January 1970.

Council further advised that the company be asked to explain their reason for proposing the exclusion from any future agreement of the receipts from airline agency commissions.

0327/V

857

6th December

69

Dear Sir,

Darwin Shipping Subsidy Agreement

I regret that due to an oversight the words "in both instances with effect from the 1st January, 1970." were omitted from the end of the first paragraph of my letter No. 0327/V of the 3rd of December. — 854

Yours faithfully,

(J. A. JONES)
COLONIAL SECRETARY

The Chairman,
Darwin Shipping Ltd.,
STANLEY.

CA

F60

No. 4

MEMORANDUM

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

15 December 19 69

To: The Colonial Secretary,

Stanley.

From: Postmaster,

Stanley, Falkland Islands.

SUBJECT :- Subsidy to Darwin Shipping Ltd. - your memo 0327/V refers

RMS Darwin is on the return journey from Montevideo which will complete eleven round voyages to Montevideo and one to Punta Arenas during 1969.

[Signature]
Postmaster

Notes

1. C.T. informed verbally, in terms of above, on 23.12.69.
2. D.S.C. Ltd. may offer 9% tied to £2+000 ceiling, with 2-yr. term.

[Signature]
23/12

The Falkland Islands Company, Limited.

(INCORPORATED BY ROYAL CHARTER 1851.)

REGISTERED 1902.

AGENTS FOR LLOYDS.

TELEGRAMS "FLEETWING PORTSTANLEY" VIA RADIO.

Stanley,

23rd December 19 69

AS/mh

Colonial Secretary
STANLEY

Dear Sir,

R. M. S. "DARWIN" - SUBSIDY

With reference to previous correspondence on this subject, we have been in communication once more with our London Office and would suggest the following amendments to the existing mail contract:

- Para 11(a) Increase to £24,000
- " 11(b) Delete
- " 11(c) Delete
- " 12 Figure of 6% in this paragraph to be increased to 9%. Included in this paragraph will be a clause which would limit Government's liability under paragraph 12 to a figure of £24,000 in any one year.
- " 12(iv) exclude airline agency commissions

Catering - Inter-island voyages

Breakfast	6/-
Lunch	8/6
Dinner	8/6
Early morning or afternoon tea	1/-
Contract rate	23/-
Rate per day as hotel	67/6

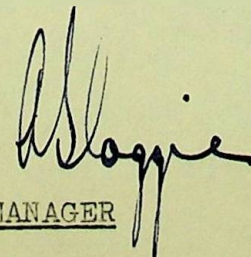
<u>Passages</u>	<u>Basic</u>	<u>Premium</u>
Montevideo	£28	£34
Punta Arenas	£22	£26

Off-season discount - 5%

Return bookings commencing in Falkland Islands - 5%

We would draw your attention to the fact that paragraph 16 will only be changed by altering the date 1st January 1968 to 1st January 1970.

Yours faithfully,


MANAGER

861
(a)

EXTRACT FROM THE MINUTES OF MEETING NO 17/69

HELD ON WEDNESDAY 17TH DECEMBER 1969.

0327/V

4. DARWIN SHIPPING SUBSIDY AGREEMENT (INF. 26/69)

His Excellency referred to the minutes of meeting No. 16/69 held on 1st, 2nd and 3rd December and which had only the previous evening been circulated and invited Members to refer to Minute 3 before discussing the subject in hand. The Colonial Secretary read his letter addressed to Darwin Shipping Limited of 3rd December and their reply dated 5th December. The Governor informed members that Mr Sloggie had called on him on 16th December and had asked to discuss the question further. From that discussion it appeared that Darwin Shipping and the parent Company might be willing to take steps to narrow the divergence of views between themselves and the Government. His Excellency now wished to obtain further advice on the subject from Members.

Council advised that the limits to which Government could be expected to go were 8% of the written down value of "Darwin" with a ceiling of £26,000 on the variable subsidy or up to 9 $\frac{1}{2}$ % with a proportionate reduction to the ceiling.

His Excellency undertook to discuss further with Mr Sloggie with a view to persuading the company to suggest acceptable terms.

The Clerk, Mr H.L. Bound, withdrew from the meeting at this point of the proceedings and was replaced by Mr R. Browning.

CLERK OF COUNCILS.

C.S.
C.T.

862

Darwin Shipping Ltd Subsidy.

The attached letter, addressed to C.S., has been handed in by Mr Stogge this morning at 9.4. So that I should satisfy myself that its contents conform with what Mr Stogge said to me yesterday afternoon.

I confirm that this is so.

I now pass it to you and it can become part of our official dealings with Darwin Shipping.

I suggest that copies be circulated to all Council members and that Mr S. be informed that ExCo will meet on Friday 9th January.

In our correspondence with Darwin Shipping I suggest avoidance of the wording used at the top of Mr S's letter - the subsidy, I to Darwin Shipping, nor to RMS Darwin!

This is the wording I use

No 24/12

863 transferred to 1494/F

8674

CONFIDENTIAL

EXECUTIVE COUNCIL

107/69

Darwin Shipping Subsidy Agreement

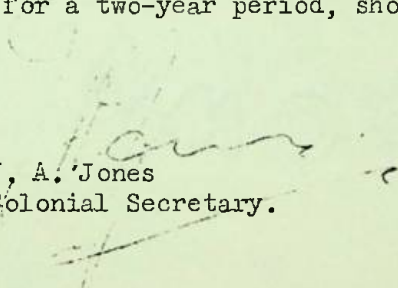
Memorandum by the Colonial Secretary

Previous Reference: Executive Council Meeting No. 17/69 Minute 4

Members will recall that at the last meeting of Council His Excellency reported upon discussions which he had had with Mr. Sloggie at the latter's request, about the new Darwin Shipping Subsidy Agreement. The minutes of that meeting indicated that His Excellency would have a further meeting with Mr. Sloggie. This meeting took place on the 18th December and as a result a fresh offer has been made by Darwin Shipping, the important part of which is a proposed reduction from 12½% to 9% of the guaranteed return on the written down value of P.M.S. "Darwin" together with a limitation of Government's liability in this respect to a figure of £24,000 in any one year.

2. The latest proposals of Darwin Shipping Limited are attached hereto as an Annexure. A

3. Council is invited to advise whether the formula for a renewal of the subsidy arrangements with Darwin Shipping Limited which, it may be noted, it is suggested should be for a two-year period, should be accepted.


J. A. Jones
Colonial Secretary.

File Ref. 0327/V
31st December, 1969
JML

Mr. Lushers. Final letter.

M/12/11

8766

To. p. 861

DRAFT

Dear Sir,

Darwin Shipping: Subsidy Agreement

2881 I have to refer to your letter of the 23rd of December, 1969, ~~and to~~ and to say that government accepts the proposals therein contained: that i to say that the following amendments to the existing agreement will be incorporated in a new agreement effective from the 1st of January, 1970:

(as in red brackets in Annexure 1 to Memo. 107/69 at p. 864A)

The term of the new agreement will be two years.

2. Acceptance of the proposal for the exclusion from the agreement of Airline Agency Commissions has been made on the understanding that during the term of the new agreement the element of Darwin Shipping's costs attributable to staff salaries, currently at the rate of £1,000 per annum, will not be increased. ^{written} Your confirmation of this understanding will be appreciated.

3. A new agreement will be drawn up embodying the foregoing decisions for signature/as soon as possible.

Yours faithfully,

F65
7

1st January,

70

Dear Sir,

R.M.S. "Darwin" - Shipping Subsidy Agreement.

861

I have to acknowledge receipt of your letter dated 23rd December, last and to say that it is hoped to send a reply to you during the week beginning the 12th January, 1970.

Yours faithfully,



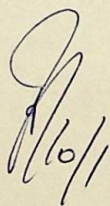
J. A. Jones
Colonial Secretary.

Mr. A. Sloggie,
Manager,
The Falkland Islands Company Limited,
Stanley.

JML

C.T.

It is, I consider, advisable for you to have the opportunity to comment upon the draft letter below to Daimin Shipping which confirms the final details of the proposed lease agreement. (Mr Poggie has already informed me that the figure of £1,000 which he mentioned in Keco. as representing the balance element of Daimin Shipping's costs is correct.)



✓ L.E.
12/1/70

12th January,

70

Dear Sir,

Darwin Shipping: Subsidy Agreement

I have to refer to your letter of the 23rd December, 1969 and to say that government accepts the proposals therein contained: that is to say that the following amendments to the existing agreement will be incorporated in a new agreement effective from the 1st of January, 1970:

- Para 11(a) Increase to £24,000
 Para 11(b) Delete
 Para 11(c) Delete
 Para 12 Figure of 6% in this paragraph to be increased to 9%. Included in this paragraph will be a clause which would limit Government's liability under paragraph 12 to a figure of £24,000 in any one year.
 Para 12(iv) exclude airline agency commissions.

Catering - Inter-island voyages

Breakfast	6/-
Lunch	3/6
Dinner	3/6
Early morning or afternoon tea	1/-
Contract rate	23/-
Rate per day as hotel	67/6

<u>Passages</u>	<u>Basic</u>	<u>Premium</u>
Montevideo	£28	£34
Punta Arenas	£22	£26
Off-season discount	5%	
Return bookings commencing in Falkland Islands	5%	

The term of the new agreement will be two years.

2. Acceptance of the proposal for the exclusion from the agreement of Airline Agency Commissions has been made on the understanding that during the term of the new agreement the element of Darwin Shipping's costs attributable to staff salaries, currently at the rate of \$1,000 per annum, will not be increased. Your written confirmation of this understanding will be appreciated.

3. A new agreement embodying the foregoing decisions will be drawn up for signature as soon as possible.

Yours faithfully,

J. A. Jones
 Colonial Secretary.

A. Sloggie, Esq.,
 The Falkland Islands Company, Limited,
STANLEY

JML

See 90

0327/V
90
868

The Falkland Islands Company, Limited.

(INCORPORATED BY ROYAL CHARTER 1851.)

REGISTERED 1902.

AGENTS FOR LLOYDS.

TELEGRAMS "FLEETWING PORTSTANLEY" VIA RADIO.



Stanley,

13th January

19 70

AS/mh

The Colonial Secretary
STANLEY

Dear Sir,

R. M. S. "DARWIN" - SUBSIDY 89

We thank you for your letter reference 0327/V dated 12th January 1970 and note the terms on which the subsidy agreement will be renewed with retrospective effect from 1st January 1970. We confirm that the charge of £1,000 per annum to Darwin Shipping Limited in respect of Stanley Office services will not be increased during the currency of the agreement.

Yours faithfully,

[Handwritten Signature]
MANAGER

c.c. London Office F.I.C.

[Handwritten mark]

8697

FALKLAND ISLANDS.

The Indenture made the 27th day of January 1968 between the Government of the Falkland Islands of the one part and Darwin Shipping Limited of the other part is hereby amended as follows:-

1. The preamble is amended -
 - (a) by the insertion of new date in the first line; and
 - (b) in paragraph a. by the deletion of the figures "1968" and the substitution thereof of the figures "1970".
2. Clause 11 is deleted and replaced by the following new clause -

" 11. So long as this Agreement is in force the Government shall pay to the Company in Stanley, or by mutual agreement in London by the Crown Agents on behalf of the Government, the sum of Twenty-four thousand pounds per annum in equal quarterly payments of Six thousand pounds or in such manner as may be agreed between the Government and the Company; provided that an abatement at the rate of Two thousand pounds per return voyage or of One thousand pounds per single voyage shall be made in respect of any of the twelve return voyages specified in Clause 10(a) hereof ~~which~~ which the Company may be unable from any cause to perform."
3. Clause 12 is amended -
 - (a) by the deletion of the figure "6%" and the substitution thereof of the figure "9%"; *£ 162,670*
 - (b) by the deletion of the figures "1968" and the substitution thereof of the figures "1970"; *£ 24,000*
 - (c) by the insertion, after paragraph (iii), of the following new paragraph -

"(iv) "Air Line Agency Commissions shall be disregarded in calculating the return on shipping; provided that the element of the Company's costs attributable to staff salaries, currently at the rate of £1,000 per annum shall not be increased.";
 - (d) by the deletion of the full stop at the end thereof and the substitution thereof of a colon; and
 - (e) by the insertion, at the end thereof, of the following new proviso -

the

" Provided that the liability of Government under this Clause shall not exceed £24,000 in respect of any one year."
4. Clause 13 is amended by the deletion, in the thirteenth line, of the word "by" and the substitution thereof of the word "be".
5. Clause 16 is amended by the deletion of the figures "1968" and the substitution thereof of the figures "1970".
6. By the deletion of the words "Willoughby Harry Thompson" and "William Hamilton Young" wherever those words appear and the substitution thereof of the words "John Ashley Jones" and "Alexander Sloggie" respectively.
7. The Second Schedule is amended by the deletion of the words and figures from "Catering Inter-Island Voyages" to the figure "£24" and the substitution thereof of the following -

869AA

"Catering - Inter-island voyages"

Breakfast	6/-
Lunch	8/6
Dinner	8/6
Early morning or afternoon tea	1/-
Contract rate	23/-
Rate per day as hotel	67/6

<u>Passages</u>	<u>Basic</u>	<u>Premium</u>
Montevideo	£28	£34
Punta Arenas	£22	£26
Off-season discount	5%	
Return bookings commencing in Falkland Islands	5%"	

20th January,

70

91

I am sending you attached to this letter a draft of the substituted or new clauses and paragraphs which will be incorporated in a fresh Subsidy Agreement, and will be grateful for your comments before the new Agreement is drawn up for signature.

You will see that there is a blank to be completed in paragraph 3(b) of the attached relating to the figure for the current written down value of R.M.S. "Darwin". I shall be grateful if you will insert the relevant figure and return the draft to me with your comments.

J. A. Jones
Colonial Secretary.

A. Sloggie, Esq.,
Darwin Shipping Limited,
STANLEY

JML

87093

The Falkland Islands Company, Limited.

° (INCORPORATED BY ROYAL CHARTER 1851.) °

REGISTERED 1902.

AGENTS FOR LLOYDS.

TELEGRAMS "FLEETWING PORTSTANLEY" VIA RADIO



Stanley,

2nd February

19 70

D/1/2

The Colonial Secretary
STANLEY

Dear Sir,

R. M. S. "DARWIN" - SUBSIDY

92

Thank you for your letter reference O327/V dated 20th January 1970. We wish to confirm our recent telephone conversation wherein it was agreed that the current written down value of R.M.S. "Darwin" as at 1st January 1970 would not be written into the Agreement until the exact figure was available from London after completion of the "Darwin" accounts for 1969. As soon as this figure is available the Agreement will be completed and signed and until this is done the terms of the Agreement resulting from our recent discussions will be applied as if the Agreement had in fact already been completed.

Yours faithfully,

A handwritten signature in cursive script, appearing to read "H. Loggie".

MANAGER

f.0327/IV 871 944

DARWIN SHIPPING LIMITED

Directors: R.G.Vinson, ~~XXXXXXXX~~ A. Sloggie

Telegrams: "Fleetwing Portstanley"



STANLEY,
FALKLAND ISLANDS.

14th February 1970

D/1/2

Handwritten initials/signature

The Colonial Secretary
STANLEY

Dear Sir,

R. M. S. "DARWIN" - SUBSIDY

The Board of Directors of our parent Company has suggested that in view of the increasing number of children from the Colony who now attend the British School in Montevideo, an abatement of 10% be granted in respect of the fares of these children to and from Montevideo. This abatement would be restricted to one return trip each year and would include any other abatements presently granted e.g. off season discounts. In other words, the maximum discount allowable in respect of a school child would be 10%. In view of the terms of the Darwin Subsidy Agreement, we would be grateful if you would signify your approval of this suggestion.

Yours faithfully,

Handwritten signature: A. Sloggie
CHAIRMAN

874
97
Handwritten notes

0327/V

872 ~~95~~

18th February, 70

Your Ref: D/1/2

Dear Sir,

"Darwin" Shipping Subsidy Agreement

871 ~~944~~ I write to acknowledge with thanks receipt of your letter of the 14th of February containing a proposal for an abatement of fares in respect of school children travelling between Stanley and Montevideo and to say that I hope to return an answer to you about the end of the first week in March.

Yours faithfully,

(J. A. Jones)
Colonial Secretary.

The Manager,
Darwin Shipping Limited,
STANLEY

JML

873 96

CONFIDENTIAL

EXECUTIVE COUNCIL

Darwin Shipping Subsidy Agreement

18/70

Memorandum by the Colonial Secretary.

Previous Reference: Executive Council Meeting No. 1/70, Minute 2

Council concluded its deliberations on the renewal of the Darwin Shipping Subsidy Agreement at its first Meeting of 1970 held on the 9th and 10th of January and the company has been informed of the outcome.

2. The proposal contained in a letter dated the 14th of February which is set out below as an Annexure has now been received. Council is invited to advise that the proposal for an abatement of 10% once a year for fares of school children travelling to and from Montevideo, the abatement to be inclusive of other abatements (e.g. off season discounts) should be accepted and the company informed accordingly with a suitable expression of thanks.

(J. A. Jones)
Colonial Secretary.

File Ref: O327/V
18th February, 1970
JML

ANNEXURE

Darwin Shipping Limited,
STANLEY.

14th February, 1970

D/1/2

The Colonial Secretary,
STANLEY.

Dear Sir,

R.M.S. "DARWIN" - SUBSIDY

The Board of Directors of our parent Company has suggested that in view of the increasing number of children from the Colony who now attend the British School in Montevideo, an abatement of 10% be granted in respect of the fares of these children to and from Montevideo. This abatement would be restricted to one return trip each year and would include any other abatements presently granted e.g. off season discounts. In other words, the maximum discount allowable in respect of a school child would be 10%. In view of the terms of the Darwin Subsidy Agreement, we would be grateful if you would signify your approval of this suggestion.

Yours faithfully,
sed. (A. Sloggie) Chairman.

873 A

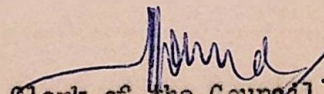
EXTRACTS FROM MINUTES OF MEETING NO. 3/70 OF EXECUTIVE COUNCIL

HELD ON THE 2nd and 3rd MARCH 1970

0327/V 12. DARWIN SHIPPING SUBSIDY AGREEMENT (Memo 18/70)

The Colonial Secretary explained that he had received a letter from Darwin Shipping Limited offering an abatement of 10% in respect of fares for children travelling to and from Montevideo for school. The abatement would be restricted to one return voyage each year and would include off-season discounts so that the maximum discount allowed would not in the aggregate exceed 10%.

Council advised that the offer be accepted and that a suitable expression of thanks be made to the company.


Clerk of the Council

Sc
rpa
action has been taken on para two. wd. you pl. quote x reference
See 874.

19.6.70

874 97

6th March,

70

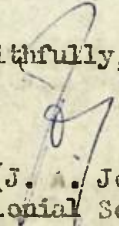
Dear Sir,

Darwin Shipping Subsidy Agreement.

I have to refer to your letter and to say that the action of you and your parent company in suggesting that an abatement of 10% be granted in respect of fares of children attending the British School in Montevideo for one return trip to Montevideo each year is appreciated. The offer is cordially accepted.

Reference to this concession will be incorporated in the new Agreement.

Yours faithfully,



(J. A. Jones)
Colonial Secretary.

The Chairman,
Darwin Shipping Limited,
STANLEY

SK P.T.O.

JML

98
875

DARWIN SHIPPING LIMITED

Directors: R.G. Vinson, ~~W.A. & J. A.~~ A. SLOGGIE

Telegrams: "Fleetwing Port Stanley"

STANLEY,
FALKLAND ISLANDS.

10TH MARCH, 1970.



THE COLONIAL SECRETARY
THE SECRETARIAT,
STANLEY.

/BOB.

DEAR SIR,

97

DARWIN SHIPPING SUBSIDY AGREEMENT

874

THANK YOU FOR YOUR LETTER 0327/V DATED 6TH MARCH.

JA has.

WE HAVE PLEASURE IN ENCLOSING OUR CREDIT NOTE IN RESPECT OF 5% OF THE RETURN FARE STANLEY/MONTEVIDEO OF THE STUDENTS WHO WENT TO SCHOOL IN MONTEVIDEO ON 'DARWIN' N. 3. THE CREDIT NOTE IS FOR 5% OF THE FARE AS THE NORMAL LOW SEASON REBATE OF 5% WAS GRANTED ON OUR ORIGINAL INVOICE FOR THESE FARES.

YOURS FAITHFULLY,

B. Barnes

FOR DARWIN SHIPPING LTD.

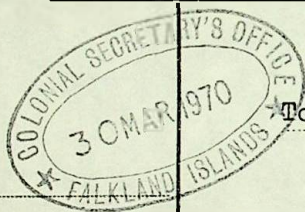
No. 4.

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

MEMORANDUM

876 99

29 March 19 70



To: The Colonial Secretary,

Stanley.

From: Postmaster,

Stanley, Falkland Islands.

SUBJECT :- Subsidy to Darwin Shipping Ltd. your memo 0327/V refers

R.M.S. Darwin has completed her third round voyage Stanley/Montevideo for the first quarter of 1970.

L.6000

A handwritten signature in dark ink, appearing to read "D. Ph...".

Postmaster.

C.S.,
Pp. 860 & 876. It appears that we should now pay Darwin Shipping Ltd., the sum of £11,062. 10s. -d?

2. Is it agreed that eleven voyages to Montevideo and one to Punta Arenas in 1969 fulfil the terms of the Shipping Agreement, n1?

3. In view of the delay in payment we should telegraph authority to pay.

S.
1.4.70

C.T.
For your advice. (My copy of the agreement which has now expired is in the General Office in connection with the preparation of the new agreement).

JH

C.S.
Presuming that 11 trips to Montevideo and 1 to Punta fulfilled Government's requirements under clause 10(a), payment of £11,062. 10s. is in order. I endorse recommendation re telegraphic advice to C.A.A.

L.C.

2/4/70

St/KC H/M.
Your para. 2 above. Agreed.
2 Please bet we have a draft for the purpose proposed in your para. 3.

JH

file pl.

879

DARWIN SHIPPING LIMITED

Directors: R.G. Vinson, ~~XXXXXXXX~~ A. Sloggie

Telegrams: "Fleetwing Port Stanley"

STANLEY,
FALKLAND ISLANDS.

D/1/1

7th July 1970

The Acting Colonial Secretary
STANLEY

X

Dear Sir,

In accordance with the Subsidy Agreement between Darwin Shipping Limited and the Colony Government, we wish to advise you that a new Charter Party has been entered into between this Company and the owners of the m.v. "A.E.S.". This new Charter Party calls for the payment of an additional £1,475 per month to the owners of the vessel.

As you may know, "A.E.S." freights which should have remained in line with the River Plate Conference rates have, in fact, been pegged at the Conference rate prevailing on 4th July 1966 plus a devaluation surcharge of 8%. It is now our intention to bring our freight charges up to the Conference rates with effect from the next voyage of the "A.E.S." from London. This represents an increase of approximately 15% on general cargo grades. As regards produce, it is our intention to increase freights by only 5%.

In accordance with paragraph 4(d) of the second schedule of the Subsidy Agreement, we would be grateful if you would obtain the approval of Government to these increases as expeditiously as possible so that the maximum notice can be given to the public.

Yours faithfully,

Reply at 880

A. Sloggie
CHAIRMAN

See 884

See 886

T.E.

Could be discuss the next move on Monday please!

L.G.
10/7/70

C.S. Yes, please bring this file with you when you come at 11 am on Monday. Also an up to date copy of the Agreement is available. L.G. 10/7/70

878

GOVERNMENT TELEGRAPH SERVICE

FALKLAND ISLANDS

SENT

WAP 1514B-821 585968/704663 500 pads 9/69 Grp.782

Number	Office of Origin	Words	Handed in at	Date
	Stanley			3.4.70
To	LTF FUNDSCROWN LONDON SW1		Copies : P.M. C.T.	HGA/C
			Mr Sloggie	

NO 70 Please pay Falkland Islands Company 120 Pall Mall SW1 sum of eleven thousand and sixty two pounds ten shillings being total shipping subsidies quarters ended 31st December 1969 and 31st March 1970 debiting Colony account

Secretary

Time ARA.

14th July,

70.

Dear Sir,

879

4

Thank you for your letter D/1/1 of 7th July on the subject of increased freight rates per "A.E.S.". It is noted with interest that a new Charter Party has been entered into between the owners and yourselves.

I understand from our conversation of several days ago that the River Plate Conference rates were reviewed in February 1970. I should be grateful if a copy of these rates could be made available for study.

I should also be grateful for further details of the financial part of the charter agreement, for the effective date of the new agreement, and for an estimate of what additional income Darwin Shipping expects from the proposed new freight rates.

With regard to your intention to apply the new rates to cargo carried on the next southbound voyage, you will no doubt appreciate that with the greater part of Executive Council at present in the United Kingdom and that some members are likely to be heavily committed on their return to the Colony, I cannot give any assurance of a decision being quickly reached, although I can say that the matter will be dealt with as expeditiously as possible.

Yours faithfully,

(L.C. GLEADELL)
COLONIAL TREASURER

The Chairman,
Darwin Shipping Ltd.,
Stanley.

ARA.

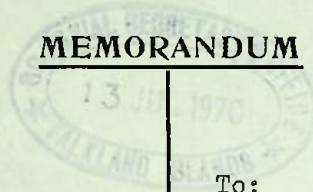
See #4

881

No. P4/759

MEMORANDUM

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



13th July, 1970

To: The Colonial Secretary.

STANLEY.

From: Acting Postmaster,

Stanley, Falkland Islands.

SUBJECT:- Subsidy to Darwin Shipping Ltd. - your memo 0327/V refers.

RMS Darwin is on the return journey from Montevideo which will complete a further three round voyages Stanley/Montevideo/Stanley.

R. P. Halliday
Ag. Postmaster.

12

882

No. 0327/V
(It is requested that, in any reference to this letter, the above Number and the date may be quoted.)

COLONIAL SECRETARY'S OFFICE,
STANLEY, FALKLAND ISLANDS.

.....15th July.....19 70

Dear Sirs,

Please pay the Falkland Islands Company Limited of 120 Pall Mall, S.W.1., the sum of SIX THOUSAND POUNDS (£6,000) being the mail subsidy payable by this Government in respect of the quarter ended 30th June 1970.

Yours faithfully,

H. L. B.

for COLONIAL SECRETARY

The Crown Agents for
Oversea Governments and Administrations,
4, Millbank,
LONDON, S. W. 1.

COPY: TREASURY
POSTMASTER

M4 / GEN.815/2

All letters to be addressed to the CROWN AGENTS this reference being quoted

813

CROWN AGENTS

for Overseas Governments and Administrations,
Foreign Office,
Department,
4, MILLBANK, LONDON, S.W.1

Telegrams "Crown, London-S.W.1."
Telephone 01-222 7730
Telex No. 24209



19th May, 1970.

Dear Sir,

R.M.S. Darwin Co. M.V. "A.E.S."

In a letter dated 11th February, 1970, the Falkland Islands Trading Co. Ltd. informed us that in future a 10% deposit of passage money would be payable on all reservations of Darwin Shipping Ltd. and that this deposit would be forfeited if the passages were cancelled within three months of departure date.

However, in the event, as a result of our representations the cancellation charge (the deposit) will only be levied on those passages which are cancelled within six weeks of sailing date.

Every effort will of course be taken so as to eliminate as far as possible the raising of such charges.

Yours faithfully,

A handwritten signature in purple ink, appearing to read "C.A.C. Spencer".

C.A.C. SPENCER
for the Crown Agents

The Colonial Secretary,
Stanley,
FALKLAND ISLANDS.

/NLB

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CROWN AGENTS

FOR OVERSEA GOVERNMENTS AND ADMINISTRATIONS,

Sender's name and address: _____

4 MILLBANK,

LONDON, S.W.1,

ENGLAND

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

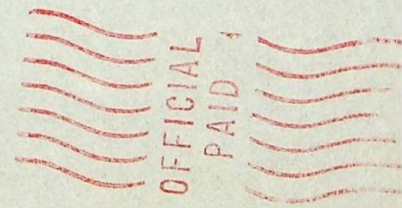
The 'APSLEY' Air Letter

A John Dickinson Product

Form approved by Postmaster General No.—71995/1Z

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The Colonial Secretary,

Stanley,

The Falkland Islands.

884

DARWIN SHIPPING LIMITED

Directors: R.G.Vinson, ~~XXXXXXXX~~ A. Sloggie

Telegrams: "Fleetwing Port Stanley"

STANLEY,
FALKLAND ISLANDS.



20th July 1970

D/1/1

The Colonial Treasurer
STANLEY

Dear Sir,

879

Further to our letter of 7th July and your reply No. 0327/V dated 14th July, we regret that we cannot very well give you a copy of the River Plate Conference rates and would suggest that you call at this office to have a look at this Tariff at any time convenient to yourself. You will appreciate that the Tariff is a fairly thick volume, we only have one copy of this, and we would not like to part with it for any length of time.

As regards the effective date of the new Agreement, this is 7th September 1970. The result of the increase in the charter costs is that this Company will have to pay approximately £17,000 a year more to the vessel's owner. As you will recall, "A. E. S." is normally off charter for only two or at the most three weeks per year and this year is rather an exception. The increased revenue which we anticipate from the new freight rates totals £17,000 as near as we can judge i.e. £13,000 from the 15% increase on the general cargo rate and £4,000 from the increase on the produce rate.

The position regarding this charter is that the Company will be paying £8,700 per month for the vessel. You will appreciate that our estimates of increased revenue are just that - estimates, and are based on breaking even on the increased charter rate.

We must reiterate our request that the matter be dealt with as quickly as possible. The new Agreement has already been entered into and had this not been the case, we might well have had no vessel at all. It is essential that we advise prospective shippers as soon as possible of the increased rates as already cargo space is being booked through our London Office for the forthcoming voyage of the "A. E. S."

Yours faithfully,

A. Sloggie

CHAIRMAN

Issued. 29. 7. 70.

885

CONFIDENTIAL EXECUTIVE COUNCIL

INF No. 17/70

DARWIN SHIPPING LIMITED

Memorandum by the Colonial Secretary

Three letters are attached.

1. From the Chairman, Darwin Shipping Limited, dated 7th July 1970.
2. From the Colonial Treasurer to Darwin Shipping Limited, dated 14th July.
3. From the Chairman, Darwin Shipping Limited, dated 20th July.

2. The Company seek Government approval to increase freight charges by approximately 15% (produce by 5%) as a means of offsetting the increased charter price that comes into effect on 7th September. Paragraph 4(d) of the second schedule of the Subsidy Agreement is quoted. For ease of reference this paragraph reads:

"The proper Conference Rate from the Overseas Port to Montevideo plus the rates quoted in sub-paragraphs a) and b) above from Montevideo to the Falkland Islands destination: unless otherwise agreed with the government. Provided that any future alteration in the Conference Rates shall be ratified by the Government."

The Conference Rates were amended in February 1970 according to the Chairman, Darwin Shipping Limited, and it is this latest amendment that the Company now wishes to apply.

3. The freight charging arrangement for carriage by "A.E.S." involves two or three separate elements:-

- 1) the Conference rate, which is based on a River Plate destination;
- 2) the rate from Montevideo to Stanley; and
- 3) the rate from Stanley to the Camp (where a camp station is the destination).

The a) and b) referred to in the quotation above are the Montevideo/Stanley and Stanley/Camp rates.

4. Some examples have been provided by the Chairman of what the effect of these proposed increases will be on prices in local stores. These are:

Evaporated Milk	from 1/9 to 1/10
Giant Cereals	from 4/8 to 4/11
Men's Shoes	from 90/- to 91/-
Ladies' Shoes	from 66/- to 66/9

On produce (wool) the increased freight rate would be approximately one-fifth of a penny per pound.

5. The company has now reported the trading profit of Darwin Shipping

File Ref: 0327/V
28th July 1970

JD

Shipping/Limited

INF No. 17/70
File ref: 0327/V
28th July 1970

- 2 -

Limited for 1969 (for subsidy purposes). During 1969, or in respect of 1969, Government paid or is required to pay £39,000 and this will bring the profit of the Company to £9,182 after depreciation on "Darwin". Allowing only for £16,500 of the Government contribution in the income of "Darwin" (this might be regarded as earned in carrying mail rather than subsidy) it seems that the loss on "Darwin" is almost as great as the profit from other sources, and if the variable subsidy of £22,500 is excluded from the latter the "Darwin" loss seems greater than "A.E.S." profits. It is hoped to be able to quote the loss and profit from these two sources but at the time of writing they are not available. So long as "Darwin" continues to be the drain on the company that it is, the case for increases in freight rates is a strong one. If, and when, "Darwin" is replaced by an air/sea combination the Company will be considerably better off. Without figures it is impossible to say how much better off but in the Communications Committee Mr. Sloggie quoted figures of £50,000 and more as the loss on "Darwin".

6. The return of the Colonial Secretary and Major Goss may provide some indication of what possibilities lie ahead of air and sea communication with Argentina. Without their report a clear invitation to Council to ratify the latest increase in Conference Rates would be unwise: and even with their report it may appear necessary to ratify subject to re-consideration if "Darwin" can be replaced by something cheaper. In other words, approval of the three-tier freight rate per "A.E.S." is conditional on the existence of "Darwin".

7. Council is invited to note that this memorandum will be considered at the first meeting following the return of the Colonial Secretary and Major Goss,



(L. Gleadell)
Actg. Colonial Secretary

DECODE.

887

TELEGRAM SENT.

From SECRETARY OF STATE to GOVERNOR

Despatched:

Time:

Received: 19/8/70 Time: 10 a.m.

No. 154

CONFIDENTIAL

PRIORITY

Addressed to Governor Falkland Islands telegram 154 of August 18th repeated to Buenos Aires.

Darwin Shipping Company subsidy.

? In the course of his interview with MONSON on July 28th - (copy record not yet received bag) - WALDRON mentioned that renegotiation of DARWIN subsidy contract for the two years beginning 1972 would soon be necessary. Our only information on subsidy is contained in your saving despatch 21 of 16th January 1969 and it would be helpful if you would bring us up to date.

In 0284/XTI

DOUGLAS-HOME.

See 891

Cypher:

Cs.

2 copies for you.

Anything we can send by ^{air} mail, such as a copy of agreement? It may be preferable to wait till 14 Sept. 19/8.

C.T. Pl. Sp. Secy.
19/8

The Colonial Treasury,
Stanley,
Falkland Islands.

6th August 1970.

Dear Sir,

879

I am directed to inform you that arising from the request contained in the last paragraph of your letter D/1/1 of 7th July approval is given for charging River Plate Conference Rates as amended in February 1970 in the freight formula for cargo per "A.E.S".

2. I am to add, however, that in view of the possibility of changing transport patterns Government reserves the right to keep the matter under review.


Yours faithfully,

(L.C. Gleadell)
COLONIAL TREASURER

The Chairman,
Darwin Shipping Ltd.,
STANLEY

888

Shortly after I returned from Britain I discussed with you the various considerations likely to be involved in the renegotiations of the Subsidy Agreement next year and asked you to prepare the ground for us by drafting a letter to go to the F.C.O. by the mid-September outward mail giving the background history and setting out the financial implications for H.M.G. over the years of the Subsidy Agreements. The letter would also say that our purpose in doing this was to enable them to study the matter with a view to being in the best possible position to advise us, as we shall be asking them to do, in the middle of next year when it may be expected that negotiations for renewing the Agreement will begin and will present us with particular difficulty due to the heavy losses the continued running of the "Darwin" entails. Our letter would be accompanied by copies of past agreements (I have asked S/C to collect them so that you can study them) and, if the current one is still not finalised (and it is not) would say that a copy of the current Agreement will be provided shortly. The letter could state in what main respects the current Agreement differs from the immediately previous one.



(J. A. Jones)
Colonial Secretary
24/8/70

0327/V

889
The Treasury,
Secretariat,
Stanley.

25th August 1970.

Dear Sir,

Mail Contract 1969.

~~TR~~ Please refer to your ^{TR 5/6/70} letters of 21st July and 20th August 1970. I should be grateful if you would confirm that the request in the latter does not affect the amount claimed in the former, i.e., that after payment under clause 11(c) of the contract of £3,750 a sum of £18,751 lbs. 11d. is still required to bring the profit for 1969 up to 6% of the written down value of R.M.S. Darwin at 1st January 1969.

Yours faithfully,

(L. C. Gleadell)
COLONIAL TREASURER.

The Secretary,
Darwin Shipping Ltd.,
STANLEY.

890 transferred to 1494/f

AC.

890/9)

MINUTES FROM THE MEETING OF STANDING FINANCE COMMITTEE HELD ON

31ST AUGUST 1970

9. Subsidy to Darwin Shipping Ltd. (C.S. 0327/v)

Major the Honourable R.V. Goss asked whether Government had any means of ensuring that the cost of operating the "Darwin" was kept to a minimum. He said that he had observed that for a period four Deck Officers in addition to the Master were engaged. However, at present the ship was operating with three officers in addition to the Master and it would appear that for a period the "Darwin" had been overstaffed. This observation was made by way of illustration.

The Chairman informed the Committee that in future it could be expected that the Foreign and Commonwealth Office would be asked to advise the Colony Government on re-negotiations of the Shipping Subsidy Agreement. It was difficult to see how the Colony Government could exercise any effective supervision unless it was represented on the board of Darwin Shipping Ltd. This might be a partial solution to the problem.

897

887

1000 Ref: Telegram No. 154

The Mail Contract and/or Shipping Subsidy

The services providing mail, passenger and freight carrying is conducted by Mail Shipping Limited, a wholly owned subsidiary of either the Falkland Is. Co. Ltd or the Falkland Islands Trading Co. Ltd, which, for the purposes of this paper are one and the same company.

1. Attached to this paper is a progressive account of changes in what was first well called the Mail Contract and is now known as the Shipping Subsidy contract. The account traces the more active parts of the contract through the changes since 1937.
2. Also attached are copies of the Contract that became effective in 1968 and 1970 although the latest one is subject to minor alterations that have delayed the formality of signing (the changes will affect the page which is typed instead of cyclostyled).
3. Prior to 1953 the only direct shipping connection from the Colony to the outside world was to Montevideo in Uruguay, and through Montevideo passed all passengers and mail, as well as the produce of the Falklands sheep farms and stores and equipment for the Colony. This service was provided by one vessel belonging to the Falkland Islands Company and, as the vessel had the entire Colony external shipping trade, it was possible to operate the service with a reasonable expectation of making a profit.
4. The most lucrative part of the shipping trade offered by the Colony is the transport of the wool clip to the London market. The most uneconomical part is the carriage of passengers.
5. As stated above, prior to 1953 (November 1952 to be more exact) the wool was carried only as far as Montevideo. As from 1953 the Falkland Islands Company chartered, on a direct run from and to Europe, firstly Dutch and latterly Danish cargo vessels to carry the wool clip away and bring back supplies and equipment. This left the vessel doing the Stanley/Montevideo run to rely on revenue from passengers, a small amount of South American cargo and odd shipments from the United Kingdom. This vessel, however, continued to be the Colony's principal mail link. It is not clear whether the Company realised that the Stanley/Montevideo trade would not be profit-making but it seems that they expected whatever loss this service incurred would be more than made up by the increased revenue to the Company that would result from taking over the carriage of produce and supplies over the full Colony/U.K. trade route. The net profit for shipping for this period is not known for the "shipping" part of the company's operations was not subject to Colony taxation and no returns were therefore available. However, according to statements provided by the Company, losses on the Stanley/Montevideo circuit in 1955 amount to £26,000 (a year in which heavy expenditure was incurred on repairs) and £11,000 in 1956.
6. In 1957 the Company replaced "Fitzroy" with "Darwin" for the South American run and according to their advice the ship incurred losses as follows:-

CLOSED

See Vol. VI

A.C.W. Joo, Esq.,
Foreign and Commonwealth Office,
LONDON, S.W.1.

See 908 in Vol VI

1958	\$33,620
1959	\$14,740
1960	\$23,513
1961	\$32,637
1962	\$37,000

In 1963 Darwin Shipping Ltd was formed (incorporated in the Colony) and purchased from the Falkland Is. Trading Co. Ltd the vessel "Darwin". This new company also took over the chartering of Danish vessels for the carriage of wool and supplies. The following information has been extracted from confidential records:-

<u>Year</u>	loss on working "Darwin" excluding depreciation	Company net profit from all operations after depreciation
1963 (5 months)	not given	21,414 (loss)
1964	not given	42,136 (profit)
1965	25,075	23,191 "
1966	41,466	30,871 "
1967	not given	19,233 "
1968	44,235	19,269 "

Following, or as part of, the transfer of ownership to a Falkland Islands registered company the nature of the Mail Contract changed significantly and Government entered into an agreement that involved a shipping subsidy in addition to a fee for a regular mail service. The agreement of 1964 provides for the payment of \$16,500 for the mail service and a guarantee of a variable subsidy sufficient to maintain a return of 6% of the written down value of "Darwin".

8. In 1968 the fee was raised by the addition of two further sums of \$3,750, payment being conditional on the return from shipping being less than 12% including either or both of these payments. Both were paid in respect of 1968 and 1969 and in respect of 1969 a further \$18,000 was paid under the 6% clause. As the written down value upon which the 6% is based was \$153,048 the company's profit from all operations must have been \$9,182 after payments by Government of \$16,500 for the carriage of mails and \$25,500 shipping subsidy. Under the 1970 contract Government will pay \$24,000 for the mail service and guarantee a 9% return on shipping subject to a limit of a further \$24,000.

9. Whether any or all of the additional \$24,000 will fall to be paid depends upon the loss incurred on the South American run and the profit made on the charter run direct to Britain. Both can vary: it does not necessarily follow that a higher loss means a higher subsidy but higher losses on one must be met by higher profits from the other or Government becomes increasingly involved.

10. The profitability of the charter vessel can be greatly influenced by "outside" freights. "Outside" means freights for agencies outside the Colony, or something new such as an ESRD station or Alginates factory. On one of the four annual voyages "ABS" does not have a wool cargo and the company tries to get a freight from a South American port. Success or otherwise in this has an important effect on the company's profits and consequently on the Falkland Islands Government. A year in which "Darwin" might cut its losses by a substantial margin but "A.S.S." for some reason or other had a "bad year" could also result in F.I. Government paying to guarantee the 9% return.

11. The following is a list of related former correspondence between the Governor and the Secretary of State, most of it rather old. It may contain something that is still useful. From the correspondence it appears that the Company's requests for increasing passenger and freight

rates have not been unreasonable.

- Governor's despatch No 24, Confidential of 5th July 1947
- Governor's telegram No 457 Confidential of 20th August 1947
- S/S Saving No 124 of 29th December 1947
- Governor's despatch No 61, Colony, Confidential of 1st June 1949
- S/S Saving No 92, confidential, of 8th July 1949
- Governor's telegram No 108 of 5th May 1951
- S/S telegram No 123 of 9th July 1951
- Governor's telegram No 122, confidential, of 2nd July 1953
(only because it refers to external air service)
- D/O letter G.H. Sheffield (C.O. ref. COM 201/50/01 of 6th July 1956)
to Denton Thompson
- Governor's telegram No 135 (Par Marham) of 3rd October 1962

12. Since the introduction of a two-vessel service the freight rates per the charter vessel have been fixed on a three-element basis:-

- (a) The River Plate Conference rate (increases subject to Government approval); plus
- (b) The rate per "Darwin" Montevideo/Stanley; plus
- (c) The rate Stanley/Destination, if the destination is not Stanley.

Wool is carried at a special rate and under agreement with the shippers the freight and marketing costs are deducted from the proceeds of wool sales.

As from September 1970 the charter fee for "A.E.S." has increased by £17,000 to £101,000 per annum and an increase in the Conference rates dated February 1970 has been approved for application to the Colony/United Kingdom route.

Passage fares on the "A.E.S." Colony/United Kingdom are £115.

13. The following tables may help to illustrate the trend in increased fares and freights on the Colony/Montevideo run.

To and from Montevideo (single journey)

Passages

1939	1951	1957	1965	1968	1970
£14	£20	£22	£30	£32	£34

Freight

1939	1942	1951	1956	1957	1965	1968
40/-	48/-	72/-	80/-	82/4	90/-	100/-

(J. A. Jones)
Colonial Secretary.

13th May 1949.

Sir,

I am directed to refer to your letter of the 4th of May, 1949, and to observe with particular reference to the argument put forward in its second paragraph that His Excellency does not regard himself as bound in any way by an argument which he would not have accepted at the time it was conceded - much less is he prepared to do so now.

2. I am to remind you that in 1947 your Company sought to transfer to the shoulders of Government the entire liability for additional insurance and depreciation consequent upon their purchase of the "Lafonia" (ex "Perth") and he must energetically dispel any impression which may remain that the Administration ought to bear the lion's share of additional running costs of the Company's ships.

3. The s.s. "Fitzroy" on which your Company is making a considerable annual profit (nearly £17,000 in 1945 and 1946) is run primarily in the Company's own interests e.g. of a total export of 5,051,000 lbs. of wool in 1947 close on half was the product of the Company's farms; of imports in the same year, totalling £246,000, no less than £166,000 was on account of your Company. Yet the charge to the Administration for carrying on an average less than $1\frac{1}{2}$ tons of mail represents on your own figures 34% of the total cost of each voyage. The average cost to Government for this service during the fifteen years prior to its agreement with your Company was less than £1,000 per annum.

4. The s.s. "Fitzroy" has recently been re-adapted and converted to oil-burning with a view, presumably, to greater economy in operation and His Excellency understands from you that seven trips to Montevideo are necessary to clear the wool clip so that on the basis of one a month (*maxima*) there would be only five trips in respect of which the interests of Government would be anything but a negligible consideration.

5. The Governor is of the opinion that there are two equitable solutions

- (a) either a flat rate subsidy of £500 per round trip with a minimum of ten voyages per annum and a penalty for non-fulfilment, or
- (b) that the Administration should pay ordinary commercial tonnage rates for the transport of each consignment of mail.

6. His Excellency, whose first concern must be the Colony's budget, will be glad to discuss these proposals with you at your convenience and should it not be possible to reach agreement will take an early opportunity of referring the question to the Imperial Shipping Committee.

I am,
Sir,
Your obedient servant,

(sgd) R. Winter

The Manager,
Falkland Islands Company Ltd.,
Stanley.

Acting Colonial Secretary.

5

29th November, 1949.

The Honourable,
The Colonial Secretary,
Stanley.

Sir,

MAIL CONTRACT

We beg to refer to your letter No. 0327 dated 13th May last.

We do not think that any useful purpose would be served in replying to your paragraphs 1 and 2 at this juncture, and will therefore proceed to paragraph 3.

2.a. With regard to the profit which s/s "Fitzroy" is said to have earned in certain years, we do not think that any allowance can have been made for depreciation and surveys.

b. We cannot agree that the Mail service is run primarily in the Company's interests. Before the opening of the Panama Canal, the Kosmos Line and then the Pacific Steam Navigation Company Ltd., gave the Colony an excellent service, but thereafter it steadily declined and in the later 1920's was reduced to P.S.N.C. vessels which usually made four calls Homewards (January-March-May-July) and six calls outwards at approximately two monthly intervals in each year. The May Homewards and October outwards calls were made by a Passenger ship which was certainly convenient but was withdrawn in 1931 when the vessel employed (s/s "Orita") was broken up. The cargo vessels had indifferent accommodation for 8/12 passengers, the Homeward voyage took 4/5 weeks; the outward 5/6 weeks and both occasionally longer. Passengers wishing to leave the Colony after July had to proceed to Punta Arenas and take a chance of getting a vessel there for Buenos Aires or proceed to Valparaiso and rail to Buenos Aires: or make the voyage to the United Kingdom via the Panama Canal.

The withdrawal of s/s "Orita" and the changes in whaling, which affected the Colony insofar as whaling factories and catchers ceased calling here, made it apparent that the isolation of the Colony was likely to become more acute and this factor was one of the principle reasons for the Mail Contract negotiated with the Colonial Government in 1931. Had we then only considered our own immediate interests we should have had no difficulty in providing for our own requirements, in a manner which would not have involved us in building at a time of acute depression.

We therefore submit that the service which s/s "Fitzroy" and our other vessels have provided from 1932 onwards have been of very material benefit to the Colony as a whole.

Frequent, regular and quick communications were provided and continued until the outbreak of war. Despite wartime difficulties a regular service was maintained throughout, a fact which was appreciated by the Falkland Islands Government and responsible departments in the Home Government.

Since then we have been endeavouring to get back to our pre-war standard of service, but this has been made practically impossible by the irregular sailings of connecting vessels, due to slow port work, strikes and the Argentine meat situation. We have hopes that 1950 will show some improvement in that respect about which we are addressing you separately.

3. We submit that the amount of subsidy paid should not be regarded from so narrow a view as the weight of mails handled. It is surely paid to ensure a service. With regard to the average annual cost to the Colonial Government prior to the agreement with this Company, we are of opinion that no service was provided; mails were shipped and arrived by such opportunities as occurred and over which Government had no control. S/s "Fleurus" was certainly employed to a limited extent, but the service she rendered was extremely limited.

4. The alterations to and survey of s/s "Fitzroy" have cost approximately £60,000; it is anticipated that conversion to oil firing will show some economy. Since devaluation the price of oil fuel has increased by 50%. The economy remains as compared with coal but this does not alter the fact that the cost is considerably higher; it would of course be greater if the vessel still burned coal.

5. We are of opinion that the amount of subsidy paid should bear some relation to the increased cost of running, which is well over 100% on pre-war, and submit that £700 per voyage for a minimum of 10 round voyages per annum, Falkland Islands/Montevideo would be equitable.

The 25% Government rebate, which amounts to approximately £1,000 per annum, to remain. This saving does in fact reduce the amount of subsidy paid.

6. We trust that His Excellency will consider this proposal as a basis for agreement; while we have no objection to the matter being referred to the Imperial Shipping Committee, we feel that it should be capable of solution directly between the Government and the Company.

7. We take this opportunity of advising you that consequent on devaluation it has become necessary to increase the rate of freight on produce by 15%, for the ensuing season. We would add that rates on wool and skins have recently been increased from Chile, Australia and New Zealand to the United Kingdom.

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

Managing Director.

ARA.

CONFIDENTIAL & URGENT

EXECUTIVE COUNCIL MEMORANDUM

The following telegram from the Falkland Islands Company's London Office to the Stanley Office has been forwarded by the Colonial Manager;

"Advise Governor we are offered ship capacity 40 passengers £2 60,000 cu feet cargo speed 12 knots in good condition would seriously consider if subsidy increased to £1,000 per voyage early reply essential as others interested."

2. Though no further information is available it can only be assumed that this new ship is destined to replace and not supplement the "Fitzroy"
3. At the present Government subsidises the "Fitzroy" to the extent of £500 per trip to Montevideo for a minimum of 10 trips per year. The new proposal would accordingly cost Government £10,000 a year as opposed to £5,000
4. Again it is open to speculation whether the Falkland Islands Company in the event of their purchasing a larger ship with increased passenger accommodations, will feel prepared to pursue the question of an external air service with any seriousness. Honourable Members will recall at the last meeting that a subsidy for an external air service was agreed to in principle, but it is difficult to see how the Colony would be able to afford any appreciable sum of £10,000 a year is required for the sea mail subsidy.
5. On the other hand if the question of a coastal air service is disregarded there is clearly a need for a larger ship than the Fitzroy particularly with regard to passenger accommodation and in this latter respect the position may even deteriorate further.

Again the Falkland Islands Company at present have great difficulty in finding sufficient cargo for ten outward voyages to Montevideo and they will become further embarrassed if they invest in a ship with a greater cargo carrying capacity; that is, of course, unless they then discontinue charter.

6. Honourable Members are requested to furnish their views in writing.

C. CAMPBELL

COLONIAL SECRETARY

C.S.O.
29th June 1953.

5ht February 1955

From Colonial Secretary

All Members of Ex. Co.

Mail Contract

The Chairman, Falkland Islands Company is contemplating replacing the "Fitzroy" with a new ship which would be built in about 2 years time. He is prepared to recommend this project to his Board provided that Government will enter into a mail contract for a term of years and increase the subsidy from £6,000 to £12,000 this increase is based on

- (a) The high post war costs.
- (b) The new vessel will be slightly larger and faster
- (c) She will be designed to accommodate about 36 passengers (as opposed to about 12 on the "Fitzroy")
- (d) She will do at least 12 regular round trips to Montevideo per annum as opposed to at least 10 irregular trips at present.

2. As there now appears to be no prospect of obtaining an external aerservice in the foreseeable future His Excellency feels that the best alternative is a regular monthly mail and passenger service to Montevideo in a vessel with passenger accommodation markedly superior to that offered in the "Fitzroy".

3. The matter will be discussed at the next meeting of Council but in the meantime the written views of Members would be appreciated together with any queries they wish to raise.

C. CAMPBELL

COLONIAL SECRETARY.

CONFIDENTIAL.

e

To: The Honourable the Colonial Secretary,
Falkland Islands.

Dated: January 24, 1956.

Subject: Request by the Falkland Islands Co. Ltd., to increase
freights on cargo Montevideo-Stanley and vice versa.

Enquiries made in Montevideo confirm that an increase in freight rates of the order requested is perfectly fair. Since 1951, when freight rates were last increased, there have been increases in charges in the Port of Montevideo for stevedoring, tally-clerks, lighterage and port dues. Furthermore, as from the beginning of the year 1956, the United Kingdom River Plate Freight Conference have also increased freight rates, due to higher operating and cargo-handling charges.

The request of the Falkland Islands Co. Ltd., would seem to be quite justified in the circumstances.

Commercial Department,
British Embassy,
Montevideo.

January 24, 1956.

ARA

f

21st February 1957.

The Honourable the Colonial Secretary,
Stanley.

Sir,

Mail Contract

We have for acknowledgement your letter No 0327/III of 14th inst.

2. Your interpretation of the existing Mail Contract from a legal point of view is probably perfectly correct, in that Charter Vessels do not conform with the Sections relating to Passenger Accommodation therefore the Contract terminates with final departure of s.s. "FITZROY".

3. However in all other respects we contend that for approximately six months in each of the last five years, the Colony in general and the Colony's industry in particular has received better service from the Company's Owned or Chartered Vessels than ever envisaged by the Mail Contract, and that these indisputable facts should more generously be recognised than Government is prepared to admit. They are as follows:-

- (i) More frequent mail service to and from Montevideo.
- (ii) Transshipping charges in Montevideo on cargo from United Kingdom are largely reduced.
- (iii) Improved mail and cargo service on coastwise voyages.
- (iv) 95% of the season's Wool Clip reaches the London Market and is sold before the end of July, whereas previously Wool was regularly offered in September and often in November.

4. Section 6(ii) of your letter under reference acknowledges that the special circumstances which have given rise to the fourth voyage of a Charter Vessel merit recognition in the April/June Quarter in the sum of £600.

As "NANCIE-S" will leave Stanley northward with a mail at least a fortnight after March sailing of "FITZROY" we consider that this sailing should qualify for at least for half the sum agreed for second voyage of "HANNE-S".

I am, Sir,
Your obedient Servant,

(sgd.) A.G. Barton

MANAGER.

ARA.

0327/III

22nd March 1957.

Sir,

I have the honour to refer to your letter of the 21st February in connexion with the mail contract and express regret at the considerable delay in replying.

With regard to paragraph 3 you will no doubt appreciate that the intention of the mail contract is to provide for a regular mail service between the mainland and the Islands. The general intention is of course that it should be a monthly service but it is appreciated that there are occasions particularly in view of the need for meeting overseas shipping connections in Montevideo, when it is not possible or it is even undesirable to schedule the Stanley/Montevideo service at regular monthly intervals.

Etc. etc. etc.

I am, Sir,
Your obedient servant,

OFFICER ADMINISTERING THE GOVERNMENT

The Manager Falkland Islands Co. Ltd.;
Stanley.

ARA

h

R.H.S. "DARWIN" - MAIL CONTRACT.

The Contract became operative on 1st January, 1958, for a period of $5\frac{1}{2}$ years certain and thereafter continuing on the same terms subject to 6 months notice. The operating costs of R.H.S. "Darwin" have increased by £14,129 per annum since 1958 and notice terminating the Contract with effect from the 31st December, 1962, has accordingly been given by this Company.

The principal financial terms of the present Contract are as follows:-

- (a) The Company shall make such voyages from Stanley to Montevideo and return not exceeding 12 voyages each way, as the Government may require and shall receive £13,200 per annum by way of subsidy.
- (b) Passenger fares and freight rates are fixed according to a schedule of the contract and cannot be altered except with the consent of Government.
- (c) The Company shall allow a rebate of 25% on all Government cargo and passages.

It is clear, however, that the Company can no longer continue to operate the "Darwin" on the present basis owing to the heavy and increasing costs of operation and the need to provide depreciation on a capital cost of more than £265,000 higher than its predecessor "Fitzroy".

In considering an alternative basis for renewal of the Mail Contract the Company has accepted that its shipping operations through the Charter Vessel M.V. "A.E.S." should be taken into account. The Company is also cognisant of the fact that it would be difficult for the Government to sustain a substantially increased annual subsidy at the present or proposed levels of taxation unless wool prices rise.

The following basis for renewal of the contract is accordingly submitted for consideration.

- (a) That the fixed mail subsidy be increased by 25% to £16,500 p.a.
- (b) That the Company be guaranteed an annual return from shipping of 6% on the written down value of R.M.S. "Darwin" at the beginning of each year.

The following table shows the effect of these proposals on past results:-

	(a) Actual Net Return on Shipping after Depreciation £	(b) Add-additional Fixed Subsidy (£16,500 - £13,200) £	(c) Total £	(d) 6% on written Down Value of "Darwin" and Equipment £	(e) Variable Subsidy (d - c) £
1958	22,697	3,300	25,997	19,116	Nil
1959	1,547	3,300	4,847	18,190	13,343
1960	14,273	3,300	17,573	17,181	Nil
1961	<u>10,427</u>	<u>3,300</u>	<u>13,727</u>	<u>16,167</u>	<u>2,440</u>
	<u>£48,944</u>	<u>£13,200</u>	<u>£62,144</u>	<u>£70,654</u>	<u>£15,783</u>

The Company would undertake to apply to the U.K. Treasury for permission to transfer ownership of R.M.S. "Darwin" to a Company registered and controlled in the Colony. The new Company would also be responsible for chartering operations and net profit on shipping would therefore become assessable to Colonial Tax.

If Treasury permission is withheld it is submitted that the proposed basis remains an equitable one for renewal of the Contract.

The Colony's finances would be affected in the following manner if permission is granted:-

	Fixed Subsidy Actual £	Fixed Subsidy Additional £	Variable Subsidy £	Total £	Revenue at 7/9d in the £ <u>assessable profit</u> (greater of C or D) £
1958	13,200	3,300	Nil	16,500	10,074
1959	13,200	3,300	13,343	29,843	7,049
1960	13,200	3,300	Nil	16,500	6,810
1961	<u>13,200</u>	<u>3,300</u>	<u>2,440</u>	<u>18,940</u>	<u>6,265</u>
	<u>£52,800</u>	<u>£13,200</u>	<u>£15,783</u>	<u>£81,783</u>	<u>£30,198</u>

The Company would, therefore, have increased its profit before taxation by £28,983 (£13,200 + £15,783) and the Colony would have saved £1,215 (£30,198 - £28,983). The poor results for 1959 are mainly attributable to one voyage of m.v. "A.E.S." on which a loss was sustained. In the past two years (1960 and 1961) the net gain to the Colony would have been £4,035 calculated as follows:-

	Increased Taxation	<u>1960</u>	£6,810
		<u>1961</u>	<u>6,265</u>
			13,075
		£	
<u>Less</u>	Increased fixed subsidy	<u>1960</u>	3,300
		<u>1961</u>	3,300
	Variable subsidy	<u>1961</u>	<u>2,440</u>
			<u>9,040</u>
			<u>£4,035</u>

The advantage to the Falkland Islands Government is therefore derived from bringing into assessment to Falkland Islands tax profits on shipping. Without this provision an increased fixed subsidy only, paid out of the Colony's revenue, would increase the assessment to United Kingdom taxation.

The maximum passenger fares and freight rates charged by the Company for inter-island trade and between the Colony and Montevideo or Punta Arenas and vice versa would continue to be at the rates detailed in the Second Schedule of the present Mail Contract. It is submitted for consideration, however, that the existing 25% rebate on government freight and passages be abolished.

The Company would undertake to operate the Colony's shipping services as economically as possible and would, indeed, have every incentive to do so in view of the retention of earnings in excess of 6%. From the Government's point of view it will benefit by some £1,000 per annum from the annual reduction in the book value of R.M.S. "Darwin" and her equipment although this may be offset by increased costs. If the annual reduction in the 6% return resulting from depreciation is outweighed by increased costs it will be open to Government to approve increased freight and passenger rates in order to contain the variable subsidy.

The rates of depreciation to be adopted should be the rates presently allowable for United Kingdom tax purposes. It is suggested that if these proposals are acceptable, the Company's Auditors issue annually a certificate binding on both parties declaring:--

- (a) the 6% return on capital employed
- (b) the actual return obtained
- (c) the variable subsidy, if any, payable by the Government.

Executive Director

The Falkland Islands Trading Co. Ltd.,

30th August 1962.

AEA.

7th December 1962.

Sir,

I am directed to refer to our meeting in the Governor's Office on the 22nd November and to set out, for your information, the points on which it is felt that some modification is desirable in the proposals put forward by the Company's Executive Director in his memorandum of the 30th August 1962, on the subject of the renewal of the ~~xxx~~ mail contract. Opportunity is also taken to suggest several conditions that could be introduced into an Agreement in addition to those that are standard features of the existing and previous contracts.

2. The existing contract expires on the 31st December, 1962. It is understood that your Company is prepared to continue the service for a period of twelve months, subject to an increase of 25 per cent in the existing subsidy and the cancellation of the clause under which a discount of 25 per cent is given to Government freight and passengers, and that in the meantime the two parties should consider and agree on the terms of the mail contract for the period beginning on the 1st January 1964.
3. It is understood that an application for the transfer of the ownership of the "Darwin" to a Company registered in the Falkland Islands has been forwarded to the appropriate authority in Britain, and it is on the assumption that this transfer will be effected that the matter is now being considered. Should the application be turned down, Government would wish to reconsider the proposal in the light of the changed circumstances.
4. I should make it clear that Government views the Company's proposal with considerable interest and is most appreciative of the attitude of the Company in the matter, but I am sure you will understand that Government has to consider all possible eventualities, and it does seem that without certain safeguards Government could be faced with a very heavy liability (perhaps some £50,000 or more) in a particularly bad year in which some unforeseen disaster occurred, and this bad year could follow a period when the Company had made profits in excess of six per cent. It is, of course, appreciated that in good years Government will also benefit from taxation if the local Company is formed.
5. Government feels that there should be some limit to the additional amount over the subsidy of £16,500 that Government could be called upon to pay. It is suggested, therefore, that a ceiling of £10,000 should be fixed, which would mean that in the worst possible circumstances Government would pay £26,500, i.e. approximately twice the present subsidy.
6. Consideration has also been given to whether a system of averaging profits over a period such as three years might be a better method of arriving at the variable subsidy, and Government would welcome any suggestions you might have of this.
7. Government appreciates that there are certain charges, such as port dues in Montevideo, over which no control can be exercised and which are unpredictable, and that the tendency of all charges is to increase rather than diminish. It is presumed, however, that one of the main charges that the Company would have to meet would be the charter of the "A.E.S." or any substitute, and Government would like an assurance that this charge would not be increased during the term of the contract. It would also be as well to state in the Agreement that wages of the officers and crew of the "Darwin" will be at National Maritime Board rates and that no special freight or passenger rates will be offered to any client, including the Company itself, without the concurrence of Government.

8. Finally, it is suggested that the profits from which it is to be determined whether or not an additional subsidy should be paid might be those on which the Company's Accountants and the Colonial Income Tax Representative in London have agreed for purposes of taxation. It is not thought that any great difference of opinion between these agencies is likely to arise and it is another way in which Government can give assurance that an element of control is within its power.

9. May I repeat that the Government views the Company's proposals with great interest and is most hopeful that an agreement acceptable to both parties can be arranged.

I am,
Sir,
Your obedient servant.

(sgd) R.H.D. Manders

COLONIAL SECRETARY

The Manager,
Falkland Islands Co. Ltd.,
Stanley.

ARA.

10th December 1962

Sir,

Mail Contract

Thank you for your letter of 7th December which we have copied to our London Office.

2. With regard to your second paragraph we have since spoken and it is agreed that you will draft an endorsement to the current Contract thereby prolonging its life for a further twelve months, increasing the subsidy by 25% and cancelling the freight and passage rebate (Clause 6(a)).
3. We shall ask our Head Office to examine closely the implications in paras 5 and 6 of your letter with particular reference to the United Kingdom tax situation which might arise if a system of averaging is adopted.
4. It would be impossible, we think, for the Company to give Government any assurance that the rate for chartering m.v. "A.E.S." or substitute will not be increased during the term of the Contract because the rate is mutually agreed every year, though in actual fact there has been no change for the last five years.
5. National Maritime Board rates for Officers and Crew have been in force for some years with the exception of the Master who is on Contract terms. In addition, crew members working as stevedores on coastwise voyages, receive a cargo bonus of 1/- per ton at Jetty Ports, 1/9d per ton at scow Ports, divided in equal proportions between them.

I am,
Sir
Your obedient servant

(sgd) A.G. Barton

Manager.

The Hon.
The Colonial Secretary.
Stanley.

ARA

A 6% return on shipping is uneconomical and would not provide funds for the replacement of the vessel in due course. R.M.S. Darwin, for example, was built from funds which had been taxed at over 60% and cost about £270,000 more than her predecessor. It is a fact that our sheep farms have subsidised a service which is provided for the Colony as a whole.

A ceiling of £10,000 is one that the Company cannot accept because in the unlikely event of the variable subsidy reaching that figure that would be a time when the Company would most need support from the Colony's revenue.

It should be pointed out here that whatever the subsidy, whether it be £5,000 or £50,000 the cost to Government will be reduced by 7s 9d in the £ either by assessment to tax on profit or by exhaustion or reduction of a loss claim. The Company cannot foresee a claim to variable subsidy being made in the near future but it does know that on present shipping results the revenue of the Colony will benefit even after payment of an increased subsidy.

Other matters raised in the Colonial Secretary's letter are as follows:-

CONTROL OF EXPENDITURE AND REVENUE

We agree that the tendency is for charges to increase rather than diminish but of course the 6% return falls by approximately £1,000 per annum and, assuming that revenue remains the same, costs would have to increase by more than that if increases are to be borne by Government.

We cannot assure the Government that the "A.E.S." charter hire will not increase during the term of a mail contract. Obviously the hire will be negotiated at the market rate which could feasibly be a reduction. However, we could most certainly inform Government of any increases.

We agree to a clause being inserted in the Mail Contract providing for wages for officers (other than the Master) and crew to be at National Maritime Board rates. There is not N.M.B. rate for Masters.

As a condition of qualification as an O.T.C. the Company is precluded from negotiating special terms with a subsidiary. We agree that no special ~~terms~~ passenger or freight rates will be offered to a client without concurrence of Government if the amount involved is material. There must inevitably be instances when a special rate is necessary e.g. deviation, towing etc. and it is considered that the Company should then be free to fix a rate at arms length on the basis of past experience without reference to Government.

CALCULATION OF PROFIT

We have no objection to profit being determined by the computation for Colonial Income Tax purposes before capital allowances, with the exception of our Underwriting Fund the net addition to which is now added back for tax purposes. Clearly, we should be permitted to continue this Fund and charge the premium rather than placing the insurance with third parties. We will agree not to alter premiums without concurrence of Government. The fund incurred a loss of £171 in 1961 which we would not deduct if our terms are agreed.

We cannot deduct annual allowances for Falkland Islands tax purposes in calculating the net returns on shipping as it would enable Government to regulate the return. What we propose is that the depreciation charged in the annual accounts be disregarded and replaced by a calculation based on 1961 U.K. tax allowances. The identical figure deducted from profit on shipping will be deducted from capital values to determine the amount on which the 6% is calculated.

We must emphasise that interest and income from investments is to be disregarded in calculating the return on shipping. The reason for this of course, is that surplus funds will have arisen from depreciation recovered and profit after taxation retained.

As our return on shipping calculated as a percentage of net capital invested falls so our income from investment of capital recovered will rise.

In conclusion, in view of the concern over ultimate liability we would suggest an initial contract of 2½ years subject to 6 months notice thereafter or, in other words, 3 years certain instead of 5 years.

Executive Director
The Falkland Islands Trading Co. Ltd.

16th August 1963.

MAIL CONTRACT

K

Darwin Shipping Ltd. was incorporated in the Falkland Islands on 30th July, 1963, and R.M.S. Darwin was transferred to the new Company on the 1st August, 1963. We understand that the Government welcomes the proposals embodied in our Memorandum of 30th August, 1962, and accepts them in principle but that concern has been expressed over the acceptance of unlimited liability.

The maximum liability of the Falkland Islands Treasury would be:-

- (a) 6% of written down value of shipping assets
- Plus
- (b) Loss on working of shipping assets.

The figure for (a) for 1964 will be approximately £13,450 and will fall by about £1,000 per annum thereafter.

With regard to (b) a loss on shipping operations cannot be envisaged at the present level of imports and exports and given that no more than modest increases occur in operating costs and charter hire. The Company had a margin of £3,644 over the 6% return for 1962 and would not have claimed variable subsidy. Nor, if the proposals were in force for 1963, would a claim be submitted for this year.

If the proposals had been in force for 1962 the Colony's revenue would have benefited by over £4,000 after paying an additional £3,300 fixed subsidy. In arriving at these figures no account has been taken of the withdrawal of the 25% rebate for Government but 7s. 9d in the £ of this would be automatically recovered and the overall effect would be to diminish still further the possibility of a claim for variable subsidy.

It has been stated that a heavy loss would be incurred in the event of either Darwin or A.E.S. meeting with an accident. If A.E.S. was withdrawn a replacement could be chartered on similar terms. If Darwin was withdrawn from service as the result of unseaworthiness the question of her replacement would have to be discussed with Government. Whatever decision was reached regarding a replacement the over-riding factors affecting the decision would be those touching upon the interests of the Colony and it is right therefore that financial consequences of the decision should fall upon the Colony and not the Company directly.

Two suggestions have been made:-

1. AVERAGING

It was clearly necessary that the Company should be given every incentive to operate shipping in the most economical and profitable manner. This incentive is provided from the outset by the retention of profits in excess of 6%. The level of profit is not something which can be predetermined by the Company and in actuality with repairs and docking expenses being incurred at the end of the year the Company will effectively be precluded from regulating profits. The case for averaging would be stronger if we had not adopted the continuous survey method for R.M.S. Darwin. A variable subsidy of say, £3,500 would remove much of the incentive in the two succeeding years of a 3 year averaging basis to control costs because the Company could be tempted to spend the variable subsidy rather than hand it back or to relax control over costs of operation.

2. CEILING OF £10,000

The Company is a public company quoted on the Stock Exchange and subject therefore to the scrutiny of the financial world in general and of its shareholders in particular. Its transactions should be entered into on a commercial basis.

20th December 1963

Sir,

MAIL CONTRACT

With reference to our letter dated 4th December 1963 and the subsequent meeting in His Excellency's Office on the 14th at which you were present, we have now to inform you that we are instructed to seek no immediate increase in Passage and Freight rates by the Company's vessels.

2. We are authorised to negotiate a new Mail Contract on the basis of the Executive Director's memorandum dated 30th August 1962 subject to further negotiations for increased Passage and Freight rates to become effective at 1st January, 1965.

3. We are further instructed to request that the life of the new contract is fixed for three and a half years certain from 1st January 1964. The Company's 1962 memorandum does not suggest any precise duration for the Contract and we assume that Executive Council memorandum No 50/63 is based on the Company's memorandum dated 16th August 1963 which envisaged a life of three years certain.

The extra six months duration which we now ask should not present any insuperable obstacle to the drawing up of a new Contract.

I am,
Sir
Your obedient servant

(sgd) A.G. Barton

Manager.

The Honourable,
The Colonial Secretary
Stanley.

M

29th January 1965

The Colonial Secretary,
Stanley.

Dear Sir,

MAIL CONTRACT - Schedule II

With regard to our proposed revision to Schedule II of the Mail Contract we must emphasize that our average return on shipping in the period 1958 to 1964 has been $7\frac{1}{2}$ per cent, which is completely inadequate if we are to cover the increased costs of replacing "Darwin" in due course.

During 1964 there was a substantial rise in Merchant Navy rates of pay which affected the cost of crewing "Darwin", and the full burden of these increases will be shown in the 1965 results. We were unable to resist the request for an increase in the hire of M.V. "AES" and finally negotiated an increase of 10 per cent. The new rate of hire only affected the last charter voyage in 1964, but will cost approximately £6,600 in 1965, provided that we can negotiate a further years chartering on the same terms. As the owner originally asked for an increase of 25 per cent, his own mounting costs may well force him to ask a higher rate which will affect the last charter voyage in 1965.

On the 1st October, 1964, an increase in Montevideo stevedoring rates was imposed amounting to approximately 45 per cent on the then existing rates, which averaged between January and September, 1964, 60s per ton on all cargo loaded by "Darwin" at Montevideo. The Montevideo wharfage charge imposed in December, 1964, of 25s. ~~sterling~~ per ton does not fully cover this increase. Following the interim Stanley wage award contract rates for discharging cargo at Stanley have been increased by 6d per ton, and it is reasonable to assume that further increases may be expected during 1965.

In general the trend over the past few years of ever increasing shipping costs is likely to be maintained, if not accelerated during the coming year. We feel that the small adjustments we are requesting in passage and freight rates are fully justified. On the current volume of traffic we anticipate that these increases will bring in approximately £2,000 during a full year, and a case could well be made out for considerably greater increases than those requested.

We trust that agreement to our proposals will be granted as soon as possible.

Yours faithfully,

(sgd.) W.E. Young

Director.

n

5th April 1966

The Colonial Secretary,
Stanley.

Dear Sir,

Mail Contract

We have been advised by London Office of the following percentage returns on the written down value of our Shipping assets:-

1958 - 5.85
1959 - 1.53
1960 - 5.39
1961 - 3.11
1962 - 5.70
1963 - 15.75

It would appear that these figures are at variance with the advised sums that might have been payable if guaranteed minimum of 6% return had been payable from 1958:-

We consider that on these figures the Colony of the Falkland Islands has been subsidised by the subsidiary companies of the Falkland Islands Company, insofar as shipping operations are concerned, to an extent that no other company would consider.

The Company believe that a 6% return cannot reasonably be expected the the year 1966.

This opinion is based on the following reasons:-

1. Charter voyage profits of "A.E.S." for 1965 will show a fall of over £21,000. It is the level of freights into the Colony which is the principle factor determining profitability and the shortfall arising from the shut-out cargo in December 1965 has adversely affected freight earnings.

2. The cost of "A.E.S." charter hire rose by 10% for all voyages in 1965.

3. The wage outlay of R.M.S. "DARWIN" during 1965 was anticipated to be £6,000 higher than for 1964.

4. It would appear that if cabin, deck, engineroom, and other stores in respect of R.M.S. "DARWIN" increased by approximately £2,500 in respect of 1965, then a payment under the guaranteed minimum of 6% return will be due.

In view of the foregoing we consider that an increase in freights and passages is justified, although we appreciate it may be considered that an increase in subsidy or a payment under the terms of the Mail Contract would be preferable.

We would point out that the entire profit of Darwin Shipping Limited is taxed in the Colony owing to the action taken by the Falkland Islands Trading Company Ltd in creating Darwin Shipping Limited registered in the Colony.

Although we adhere to the terms of the Mail Contract we must give notice that in our view the return of our investment in R.M.S. "DARWIN" amounting to well over £300,000 which was provided from taxed profit on sheep farming is not better than that obtainable on "no risk"

investment, and, unless we can foresee an improvement in our investment income from this source, we shall be forced to give notice of termination in accordance with the terms of the contract:-

Yours faithfully
DARWIN SHIPPING LIMITED

(sgd) W.H. Young

Chairman.

14th September 1967.

The Colonial Secretary
Stanley.

Dear Sir,

DARWIN SHIPPING LTD - MAIL CONTRACT

We are now in a position to advise you of this Company's suggestions on the question of a revised Mail Contract. These are as follows:-

- a. Clause 4 of the Contract provides that Government will not be charged with any landing or wharfage charges at Stanley on bona fide Government cargo, carried on inter-island voyages and voyages to and from the South American continent. We would like to have this clause deleted.
- b. Clause 13, provides for a payment of £16,500 per annum, in consideration of the carriage of mails. We wish to have this sum increased to £24,000 per annum.
- c. Clause 14 In the first paragraph of Clause 14 Government guarantees the Company a return from its shipping operations of 6% of the written down value of the ship and her equipment. The final paragraph of Clause 14 refers to the Company's right to ask for an increase in passenger and/or freight rates, should basic operating expenses increase to such an extent that a profit of 6% per annum of the current written down value of the ship and her equipment could not be achieved. We do not at this time wish to alter the figure of 6% in the first paragraph of this Clause, but we feel that any future application for an increase in freight and/or passenger rates, should be measurable by reference to a figure of 12½% for the figure of 6 in the last paragraph of Clause 14 only. We make this request because of the effect of inflation on replacement costs. A figure of 6% is no longer realistic, and the minimum commercial return would be not less than 12½%.
- d. General We believe that Government apply Second Schedule freight rates to cargo shipped on the "Philomel" and assume that they will continue to do so when the M.V. "Forrest" is in operation. We would like to have a further clause inserted in the Contract, giving a warranty by Government that no vessel will carry cargo other than at the scheduled rates.
- e. The second schedule Rather than attempt to explain the Company's wishes in respect of increases in the second schedule we have re-typed the second schedule in its entirety, with the proposed new rates in the ~~existing and existing~~ brackets beside the existing rates. A copy of this is enclosed.

We trust that there will be an early opportunity to discuss the foregoing proposals. Should you require any additional information, we will endeavour to provide this as quickly as possible.

Yours faithfully

A. Sloggie

Secretary
Darwin Shipping Ltd.

20th October 1969

The Colonial Secretary
Stanley

Dear Sir,

R.M.S. "DARWIN" - SUBSIDY

With reference to your letter dated 9.10.69 we would advise you that the two main proposals are that the subsidy should be fixed at £24,000 per annum and that Government should guarantee a return of 12 $\frac{1}{2}$ % per annum on the written down value of fixed assets. The term of the renewed contract would be two years. A few minor increases in the charges for meals and passages are also proposed, and a summary of the proposals as they will affect the existing agreement is attached hereto.

Yours faithfully,

A Sloggie

Chairman

1st November 1969

Dear Sir,

R.M.S. DARWIN SUBSIDY

With reference to your letter of the 20th October having had the advantage of seeing your initial proposals of discussing them with you and obtaining clarification of them from you we should prefer for reasons of public accounting and similar considerations to adhere to the formula contained in Clause 11 of the current Agreement. Meanwhile the principle contained in Clause 12 which has been termed a "blank cheque" is not, it is considered, acceptable on grounds of public policy. We propose the following.

- Clause 11(a) Substitute the figure of £24,000 for the present figure of £16,500;
- Clause 11(b) Substitute the figure of £5,000 for the present figure of £3,750;
- Clause 11(c) Substitute the figure of £5,000 for the present figure of £3,750.

Yours faithfully,

COLONIAL SECRETARY

The Chairman,
Darwin Shipping Limited,
Stanley.

R

2nd November 1969.

The Colonial Secretary,
Port Stanley.

Dear Sir,

R.M.S. "Darwin" : Subsidy

Thank you for your letter of 1st November 1969.

Whereas we welcome your agreement to the substitution of £24,000 p.a. for £16,500 p.a. in clause 11(a) of the current agreement, we must reject your counter proposals regarding clauses 11(b) and 11(c). As we have already advised you verbally we are prepared to concede a reasonable limitation of Government's liability under clause 12 of the agreement should the figure of 6% in that clause be increased to 12 $\frac{1}{2}$ %.

We cannot concede a continuation of the formula for a variable subsidy coupled with provision for a refund in the event of our return on investment exceeding 12 $\frac{1}{2}$ %, and we wonder if, perhaps, you are giving undue weight to "reasons of public accounting and similar considerations".

Should you wish to discuss this matter further we are entirely at your disposal.

Yours faithfully,

A. Sloggie

Chairman.

S

5 November 1969

The Colonial Secretary,
Stanley.

Dear Sir,

R.M.S. "DARWIN" - SUBSIDY

Arising from this morning's discussion, it appears that Council were under the impression that this Company was no longer prepared to underwrite, to any degree, the loss incurred by R.M.S. "Darwin". You will understand that by asking Government to guarantee to Darwin Shipping Limited (which includes m.v. "A.E.S.") a return of 12 $\frac{1}{2}$ % on the written down value of R.M.S. "Darwin", then this Company is still accepting a large proportion of the loss incurred by R.M.S. "Darwin". To clarify the position further, such an arrangement must obviously result in profits made by the Company on the running of the m.v. "A.E.S." being offset against any losses made by R.M.S. "Darwin". This is the position which has prevailed for many years past, and the Company is prepared to continue to bear a portion of the loss on R.M.S. "Darwin", but not such a large proportion as in past years. The Company's good faith in this respect is further shown by their preparedness to accept a limitation of Government's liability under clause 12 of the Agreement.

Yours faithfully

A Sloggie

Chairman.

3rd December 1969. t

Dear Sir,

R.M.S. "Darwin" - Subsidy

With reference to your letter of the 2nd November and previous correspondence I have to inform you that this Government is prepared,

- (i) to agree to increasing the amount under clause 11(a) of the Agreement to £24,000;
- (ii) to accept the increases in catering charges and passages, together with the offseason discount and return bookings proposals set out in the attachment to your letter of the 20th October 1969.

in both instances with effect from the 1st of January 1970.

2. As you know, this government has established a special committee to examine the Colony's current transport communications facilities and to evaluate future trends. You are also aware that the British and Argentine Governments have agreed to hold special talks on communications between the South American mainland and the Colony. In view of the impossibility of anticipating the outcome of these exercises it is considered inadvisable to attempt to reach a conclusion at present on your proposals connected with what could be a major area of government financial commitment under the Darwin Shipping Subsidy Agreement (to the amount of which there would in any case have to be a definite limit). Clause 12 of the current Agreement embodies, as stated in my letter of the 1st November, a principle which is considered unacceptable on grounds of public policy. Since in any case payments which theoretically fall to be made under a new guarantee clause would not become payable until the second half of 1971 there would appear to be no undue urgency over this aspect of the negotiations, while the impending visit to the Colony early next year of the Chairman of your parent company will provide opportunity for further discussion.

3. In the attachment to your letter of the 20th October you propose the exclusion from any future Agreement of airline agency commissions. Government would welcome information regarding the reasons for this particular proposal

Yours faithfully

J.A. JONES

COLONIAL SECRETARY

Mr A Sloggio
Darwin Shipping Limited
Stanley.

5th December 1969

The Colonial Secretary, Stanley

Dear Sir,

R.M.S. "DARWIN" - SUBSIDY

Thank you for your letter of 3rd December 1969. We welcome your agreement to the fixed subsidy of £24,000 and to the various minor increases in catering charges, passages, etc.

As regards the exclusion of the airline agency commissions we made this request because we did not feel that profits earned in this way should subsidise the working of R.M.S. "Darwin" directly.

With reference to the second paragraph of your letter on the subject of the guaranteed return to Darwin Shipping Limited, we cannot see that talks which might be held sometime next year could have any effect whatsoever on the principles embodied in our suggestions to you. Should the talks referred to result in R.M.S. "Darwin" making less of a loss than you and we will benefit. Should the talks result in "Darwin" making a greater loss, then, provided that an upper limit to Government's financial responsibility is agreed Government cannot be adversely affected. We are not prepared to delay a new contract beyond the expiry of the existing contract and our feelings in this respect were made clear to you in October this year. We would also like to point out that as far as we are concerned, the Chairman of the parent Company has always been fully aware of these negotiations and we have acted through-out with his full knowledge and approval.

Yours faithfully,

A SLOGGIE

MANAGER.

12th January 1970.



Dear Sir,

Darwin Shipping: Subsidy Agreement

I have to refer to your letter of the 23rd December, 1969 and to say that government accepts the proposals therein contained: that is to say that the following amendments to the existing agreement will be incorporated in a new agreement effective from the 1st of January 1970:

- Para 11 (a) Increase to £24,000
- Para 11(b) Delete
- Para 11(c) Delete
- Para 12 Figure of 6% in this paragraph to be increased to 9%. Included in this paragraph will be a clause which would limit Government's liability under ~~the~~ paragraph 12 to a figure of £24,000 in any one year.
- Para 12(iv) exclude airline agency commissions.

Catering - Inter-island voyages

Breakfast	6/-
Lunch	8/6
Dinner	8/6
Early morning or afternoon tea	1/-
contract rate	23/-
Rate per day as hotel	67/6

Passages

	<u>Basic</u>	<u>Premium</u>
Montevideo	£28	£34
Punta Arenas	£22	£26
Off season discount	5%	
Return bookings commencing in F.Is.	5%	

The term of the new agreement will be two years.

2. Acceptance of the proposal for the exclusion for the agreement of Airline Agency Commissions has been made on the understanding that during the term of the new agreement the element of Darwin Shipping's costs attributable to staff salaries, currently at the rate of £1,000 per annum, will not be increased. Your written confirmation of this understanding will be appreciated

3. A new agreement embodying the foregoing decisions will be drawn up for signature as soon as possible.

Yours faithfully

J.A. JONES

COLONIAL SECRETARY

† Gloggie
Manager Falkland Isl Co. Ltd.
Stanley

7th July 1970.

The Acting Colonial Secretary
Stanley

Dear Sir,

In accordance with the Subsidy agreement between Darwin Shipping Limited and the Colony Government, we wish to advise you that a new Charter Party has been entered into between this Company and the owners of the m.v. "A.E.S." This new Charter Party calls for the payment of an additional £1,475 per month to the owners of the vessel.

As you may know "A.E.S." freights which should have remained in line with the River Plate Conference rates have, in fact, been pegged at the Conference rate prevailing on 4th July 1966 plus a devaluation surcharge of 2%. It is now our intention to bring our freight charges up to the Conference rates with effect from the next voyage of the "A.E.S." from London. This represents an increase of approximately 15% on general cargo grades. As regards produce, it is our intention to increase freights by only 5%.

In accordance with paragraph 4(d) of the second schedule of the subsidy agreement we would be grateful if you would obtain the approval of Government to these increases as expeditiously as possible so that the maximum notice can be given to the public.

Yours faithfully

A SIOGGIE

CHAIRMAN

20th July 1970

The Colonial Treasurer
Stanley

Dear sir,

Further to our letter of 7th July and your reply No 0327/V dated 14th July we regret that we cannot very well give you a copy of the River Plate Conference rates and would suggest that you call at this office to have a look at this Tariff at any time convenient to yourself. You will appreciate that the Tariff is a fairly thick volume, we only have one copy of this, and we would not like to part with it for any length of time.

As regards the effective date of the new Agreement, this is 7th September 1970. The result of the increase in the charter costs is that this Company will have to pay approximately £17,000 a year more to the vessel's owner. As you will recall, "AES" is normally off charter only two or at the most three weeks per year and this year is rather an exception. The increased revenue which we anticipate from the new freight rates totals £17,000 as near as we can judge i.e. £13,000 from the 15% increase on the general cargo rate and £4,000 from the increase on the produce rate.

The position regarding this charter is that the Company will be paying £8,700 per month for the vessel. You will appreciate that our estimates, of increased revenue are just that - estimates, and are based on heading even on the increased charter rate.

We must reiterate our request that the matter be dealt with as quickly as possible. The new agreement has already been entered into and had this not been the case, we might well have had no vessel at all. It is essential that we advise prospective shippers as soon as possible of the increased rates as already cargo space is being booked through our London Office for the forthcoming voyage of the "AES".

Yours faithfully

A. SLOGGIE

CHAIRMAN

1968

4

FALKLAND ISLANDS

THIS INDENTURE made this
between THE GOVERNMENT OF THE FALKLAND ISLANDS (hereinafter
called "the Government") of the one part and DARWIN SHIPPING
LIMITED, STANLEY, FALKLAND ISLANDS, whose Registered Office
is situate at Stanley, Falkland Islands (hereinafter called
"the Company") of the other part.

WHEREAS the Government is desirous of providing for the trans-
mission of mails, passengers and freight within the home trade
limits of the Colony, the collection of produce and the transit
of mails, passengers and freight within and between the Colony
and the mainland of South America and between the Colony and
the United Kingdom upon the terms hereinafter appearing.

NOW THESE PRESENTS WITNESS AND IT IS HEREBY AGREED AND DECLARED
by and between the parties hereto as follows that is to say:

a. These provisions shall be regarded as having become
operative from the first day of January 1968 and shall remain
in force during the currency of this Agreement.

b. In this Agreement the following expressions shall
have the following meaning:-

"THE COLONY" means the Colony of the Falkland
Islands.

"THE GOVERNOR" means the Officer Administering the
Government of the Colony or the Colonial Secretary
acting on his behalf.

"THE POSTMASTER" means the Officer for the time
being exercising the function of that office.

"VARIABLE SUBSIDY" means any payment made by
Government which is calculated in accordance with
clause 12 of this Agreement.

1. The Company shall provide R.M.S. Darwin (hereinafter called "the steamship") short particulars of which are set out in the First Schedule hereto and shall use their best endeavours to maintain it in Lloyd's highest class for the carriage of mails, passengers and freight between the Colony and Montevideo, Uruguay, and between the several ports of the Colony and generally to provide transport facilities for farm settlements in the Colony. Provided that should the steamship become a total loss or be rendered wholly unseaworthy owing to circumstances not within the Company's control this Agreement shall forthwith be terminated. Provided that the Company may charter a cargo carrying vessel for the purpose of carrying mails, freight and passengers as may be necessary.

2. The steamship shall be properly found in all respects and capable of carrying not less than thirty-six saloon passengers with reasonable comfort and shall at all times be supplied and furnished with whatever may be requisite and necessary for rendering the steamship having regard to the nature thereof constantly efficient for the services hereby contracted to be performed and shall also be manned with a proper and efficient crew of officers, engineers and seamen. The steamship shall be fitted with wireless telegraphy apparatus as required by the Ministry of Transport and Civil Aviation for a vessel of this class.

3. The maximum passenger fares and freight rates charged by the Company where detailed in the Second Schedule hereto attached shall not be altered or amended except by and with the consent of Government.

4. In consideration of the payments hereinafter mentioned the Company shall convey free of any charge whatever to the Government on any voyage all mails which the Governor through the Postmaster may desire so to be conveyed.

5. The Company shall as hereinafter mentioned provide at its own cost a convenient and proper place or places of deposit on board the steamship and cargo vessel for the safe keeping of the aforesaid mails and in particular the letter mails shall be placed under secure lock and key and shall be cleared by an officer of the Post Office or other person authorised to such effect by the Governor upon the arrival of the steamship or cargo vessel at a port of call within the Colony and by some officer duly authorised to such effect upon the arrival of the steamship or cargo vessel in the dock at Montevideo or other foreign port of call and the Company shall also provide a suitable boat properly manned and equipped and whatever else may be necessary for the safe embarkation and disembarkation of the same mails and shall defray all charges for the immediate taking on board and landing of the same mails.

6. All mails carried under this Agreement are to be delivered on the quayside nearest adjacent to the steamship or cargo vessel by the Postmaster or other official appointed for the purpose and shall be delivered in like manner from the vessel to the Postmaster or other official appointed by him for the purpose and the Master of the steamship or cargo vessel shall without any charge to the Government other than that otherwise provided in this Agreement to be paid to the Company take due care of and the Company shall be responsible for the receipt, safe custody and delivery of the mails as aforesaid and the Master of the steamship or cargo vessel shall make such Declaration as shall be required by the Postmaster or his officers or agents or by the proper Authority in the United Kingdom, at Montevideo or other foreign ports and shall furnish such journals, returns and information and perform such services as may be required by the Postmaster or his officers or agents or by the proper authority in the United Kingdom, at Montevideo or other foreign port and the Master shall on arrival at any of the said places of the steamship or cargo vessel either himself or by some

competent person deliver all mails for such place into the hands of the Postmaster or other person authorised to receive them and shall receive in like manner all the return or other mails to be forwarded in due course.

7. The Company shall be responsible for the loss or damage of any parcel or of any registered postal packet of any kind conveyed or tendered for conveyance under this Agreement (unless such loss or damage be caused or occasioned by Act of God, the Queen's enemies, pirates, restraints of Princes, rulers, or people, jettison, barratry, fire, collision, or perils or accidents of the seas, rivers and steam navigation) and in the event of any such loss or damage (except as aforesaid) the Company shall be liable to pay to the Postmaster in respect of each parcel or registered postal packet so lost or damaged (subject to the proviso hereinafter contained) such sum of money as shall be equal to the amount which may have been awarded and paid by the Postmaster at his sole option and discretion (and although not under legal obligation) to the sender or addressee of such parcel or registered postal packet as compensation for the loss or damage thereof provided that such sum shall not in any one case exceed One pound per parcel or Two pounds per registered postal packet.

8. The Company and the Master of the steamship or cargo vessel and all agents, seamen and servants of the Company shall at all times punctually attend to the orders and directions of the Postmaster, his officers or agents or the proper authority in the United Kingdom, at Montevideo or other foreign port as to the mode, time and place of landing, delivering and receiving mails provided always that such orders and directions shall be in conformity with the provisions of this Agreement.

9. The Company shall not carry nor permit to be carried in the steamship any nitro-glycerine or any other substance or articles which in the opinion of the Government shall be dangerous except with the permission of the Governor.

10. (a) The steamship shall make such voyages from Stanley to Montevideo and return as the Government may require not exceeding twelve voyages each way in any one year. The dates of these voyages shall be fixed by the Company in consultation with the Government.

(b) The steamship shall make not less than twelve calls in every year at a principal port on the main West Falkland Island in the course of separate voyages. The term principal port shall be taken to mean any one of the following places, videlicet, Fox Bay, Port Howard, Port Stephens and Hill Cove.

(c) Additional voyages to Montevideo or voyages to other places on the South American continent or to the Dependencies shall be the subject of special arrangement between the Government and the Company.

Provided the cargo vessel has adequate accommodation for twelve persons single voyages (not exceeding two in each direction during the months of January and February; June and July) Stanley to Montevideo or vice versa may be made in any year during the currency of this contract and shall be regarded as adequate substitutes for the voyages required by the steamship under Clause 10 (a). In such cases it shall be permissible to carry mails suitably stowed in holds.

11. (a) So long as this Agreement is in force the Government shall pay to the Company in Stanley, or by mutual agreement in London by the Crown Agents on behalf of the Government, the sum of Sixteen thousand five hundred pounds per annum in equal quarterly payments of Four thousand one hundred and twenty-five pounds or in such other manner as may be agreed between the Government and the Company; provided that an abatement at the rate of One thousand two hundred and fifty pounds per return voyage or of Six hundred and twenty five pounds per single voyage shall be made in respect of any of the twelve return voyages specified in Clause 10 (a) hereof which the Company may be unable from any cause to perform.

(b) The Government shall further pay to the Company in Stanley, or by mutual agreement in London by the Crown Agents on behalf of the Government, the sum of three thousand seven hundred and fifty pounds in equal quarterly payments of nine-hundred and thirty seven pounds and ten shillings or in such other manner as may be agreed between the Government and the Company; provided that should the profits of the Company then exceed $12\frac{1}{2}\%$ of the written down value of the steamship this sum shall be abated by such amount as the profit shall exceed $12\frac{1}{2}\%$. The Company shall pay to the Government in respect of any refund of abatement interest at Bank Rate, current on the 31st December in the year of payment, less one half of one per centum.

(c) Should the profits of the Company in respect of the written down value of the steamship still not reach $12\frac{1}{2}\%$ the Government shall further pay to the Company in a manner to be agreed and upon production of the annual account a further sum of three thousand seven hundred and fifty pounds; provided that this sum shall be abated by such amount as the profit shall then exceed $12\frac{1}{2}\%$.

12. The Government shall further guarantee the Company a return from its shipping operations in each year during the continuance of this contract equal to 6% of the written down value of the steamship and her ancillary equipment at the commencement of the year and on the 1st January 1968 this value was £164,670. The profits (or losses) from which this variable subsidy shall be calculated shall be those accepted for income tax purposes before capital allowances by the Official Income Tax Representative in London, except that

- i. there shall be permitted a deduction in respect of depreciation at the rates detailed in the Third Schedule hereto attached.
- ii. Interest and income from investments shall be disregarded in calculating the return on shipping.
- iii. There shall be permitted a deduction of the premium transferred by the Company to the internal fund created by the Company to provide for the first £300 of each and every loss relating to the steamship and the first £10 of each and every loss relating to medical expenses of the crew.

The rates of depreciation detailed in the Third Schedule attached shall be the rates allowable for Colonial Income Tax purposes and shall be the rates adopted in calculating the written down value of the steamship and her ancillary equipment.

13. In the event of any breach of this Agreement by the Company or failure on the part of the Company fully to carry out the terms, stipulations or provisions hereof (unless the Company shall prove to the satisfaction of the Governor that such breach or failure arose solely from a cause or causes beyond the control of the Company and the servants of the Company) the Company shall be liable by way of penalty and not as liquidated damages for any

such breach or failure to pay to the Government such a sum not exceeding £5. 0. 0d. (five pounds sterling) as the Governor shall determine and if such breach or failure shall continue to a further penalty of £5. 0. 0d. (five pounds sterling) for every day during which such breach or failure may continue and should there be any repetition of such breaches or failures or any breach or failure on the part of the Company which is in the opinion of the Governor to render such a course desirable the Government may by giving to the Company notice in writing forthwith determine this Agreement but without prejudice to the rights or remedies of the Government in respect of any antecedent breach of this Agreement by the Company and nothing herein contained shall prevent the Government in the event of such breach or failure from making such other arrangements as shall seem to the Government fit for the despatch and carriage of the aforesaid mails and passengers by some other vessel or vessels from bringing an action for damage against the Company instead of recovering a penalty under this clause.

14. Nothing in this Agreement shall be deemed to or shall impose any personal liability on the Governor or on any other member or Officer of the Government.

15. The Government shall not be liable for any loss or damage whatever which may be sustained by the Company in consequence of the employment of the steamship or cargo vessel on any of the services contracted to be performed under this Agreement.

16. This Agreement shall continue in force for a period of two years from the 1st January 1968.

IN WITNESS whereof Willoughby Harry Thompson, Colonial Secretary, for and on behalf of the Government of the Falkland Islands has hereunto set his hand and seal and William Hamilton Young on behalf of Darwin Shipping Limited, has hereunto set his hand and seal the day and year first above written.

SIGNED SEALED AND DELIVERED
by WILLOUGHBY HARRY THOMPSON,
Colonial Secretary, for and on
behalf of the Government of the
Falkland Islands in the presence
of

Colonial Secretary

Assistant : Colonial Secretary

SIGNED SEALED AND DELIVERED
by WILLIAM HAMILTON YOUNG, on
behalf of Darwin Shipping
Limited in the presence of

Colonial Manager

Assistant Colonial Secretary.

THE FIRST SCHEDULE ABOVE REFERRED TO

The Steamer shall have suitable accommodation for a minimum of thirty-six saloon passengers in fourteen cabins, dining and smoke rooms. Dimensions 220 feet between perpendiculars, 40 feet moulded beam and 17 feet 6 inches moulded depth. Cubic capacity about 40,000 cubic feet. Gross tonnage 1792.86. Net tonnage 738.55. Speed 12 knots.

THE SECOND SCHEDULE ABOVE REFERRED TO

Particulars of :-

Service - ports of call
 Passage and freight rates
 Conditions of carriage of cargo and passengers, etc.

DARWIN SHIPPING LIMITED

SERVICE

1. The Company carries Her Majesty's mails between Island Ports, the United Kingdom, Montevideo, and Punta Arenas. The following are the ports of call :-

<u>East Falkland</u>	<u>West Falkland</u>	<u>Overseas</u>
Bluff Cove	Fox Bay	Montevideo
Fitzroy	Port Stephens	Punta Arenas
Darwin	Weddell Island	London, or such
Goose Green	Beaver Island	other United
Walker Creek	New Island	Kingdom Port to
Lively Island	Dunnose Head	which cargo is
North Arm	Chartres	carried for
Bleaker Island	Roy Cove	discharge.
Speedwell Island Group	West Point Island	
San Carlos	Carcass Island	
Port San Carlos	Hill Cove	
Rincon Grande	Saunders Island	
Teal Inlet	Pebble Island Group	
Moro	Port Howard	
Salvador		
Johnson's Harbour		
Port Louis		
Green Patch		

2. PASSAGE RATES. From Stanley to following ports and vice versa; (exclusive of catering for groups 1 - 5) :-

	<u>Basic</u>	<u>Premium</u>
Group 1. Berkeley Sound Ports) Fitzroy Bluff Cove	26/-	31/-
Group 2. Goose Green Lively Island Salvador Water Ports	57/6	69/-
Group 3. All other ports	96/-	115/-
Group 4. Inter-Port Passages: Up to 30 miles 31 to 65 miles Over 65 miles.	26/- 57/6 96/-	31/- 69/- 115/-

Group 5. Round voyage Stanley - Stanley. Double the appropriate fare to the furthest port visited less 20%.

Return Passages

Return Passages from Ports within the same Group, with six months validity, payable in advance, may be obtained at a discount of 25% (20%) of the return fare.

Catering Inter-Island Voyages

Breakfast	6/-
Lunch	7/6
Dinner	7/6
Early morning or afternoon tea	1/-
or Contract rate per day	21/-

	<u>Basic</u>	<u>Premium</u>
Group 6. Montevideo	£26	£32
Punta Arenas	£20	£24

(Overseas Government taxes not included)

Catering Overseas Voyages

- (a) Included in fare for period of voyage.
- (b) Passengers using the ship as an hotel in Stanley or Overseas Port. £3 per day each.

Off-season Rates (Montevideo only)

An off-season discount of 25% (10%) of the normal return fare will be applicable to the following voyages :-

- Between the second half November and the end of February
- Round trip voyages commencing in the Falkland Islands during July/August.

Round trip passengers from Montevideo wishing to remain aboard the vessel while in Falkland Islands waters will pay a daily rate of (£3). This rate includes full victualling and no additional fares in respect of coastwise voyages will be charged.

Classification of Accommodation

Basic:	4 x 4-berth cabins 2 x 2/3-berth cabins	} Main Deck
Premium:	8 x 2-berth cabins		Upper Deck

Sole occupancy of cabin by special arrangement.

Children's Fares

10 years and over	Full adult fare
5 years and under 10 years	Half adult fare
1 year and under 5 years	Quarter adult fare
Under 1 year	Free

Two children paying quarter fare each will occupy one berth. Cots will be provided for infants when possible, free of charge.

3. CONDITIONS OF CARRIAGE OF PASSENGERS AND BAGGAGE

1. Passengers are carried on the terms and conditions printed on the Company's passenger tickets.

2. The Company reserves the right to charge the fare applicable to the most distant port when passengers are bound for a port called at after the most distant port, e.g. a passenger booked for Goose Green by a vessel going North-about from Stanley, calling at Fox Bay before Goose Green will pay the passenger money equal to a fare to Fox Bay.

3. Baggage Allowance - 36 cubic feet.

4. Excess Baggage - At freight rate.

4. CARGO RATES. Cargo is accepted on the terms and conditions printed on the Company's Bills of Lading.

(a) MONTEVIDEO, PUNTA ARENAS AND SOUTH GEORGIA.

General Cargo	100/- per ton w/m	} These freights are exclusive of wharfage and/or transhipment charges wherever incurred.
Special Stowage and Petrol	200/- per ton w/m	
Minimum Bill of Lading	as for ½ ton w/m	
Light oils in bulk	by special arrangement	
Parcel freight	3/- per cubic ft. minimum 10/-	

(b) INTER-PORT FREIGHT RATES

Between Stanley and vice versa.

CLASSIFICATION

- A. Ports with jetties at which "Darwin" can always berth.
- B. Ports with jetties at which "Darwin" can usually berth, tide permitting, and where scows can always work afloat.
- C. Ports with jetties where "Darwin" cannot berth, but scows can always work afloat.
- D. Ports with jetties where "Darwin" cannot berth and scows cannot work at low tide.
- E. Ports without jetties, scows work off open beaches.

PORTS	BASIC RATE PER TON	CLASSIFICATION AND SURCHARGE					TOTAL
		A.	B.	C.	D.	E.	
Bluff Cove	60/-					30/-	90/-
Fitzroy	60/-			15/-			75/-
Lively Island	60/-			15/-			75/-
Walker Creek	60/-					30/-	90/-
Goose Green	60/-	NIL					60/-
Salvador	60/-			15/-			75/-
Rincon Grande	60/-				25/-		85/-
Teal Inlet	60/-		10/-				70/-
Moro	60/-	NIL					60/-
Green Patch	60/-				25/-		85/-
Johnson's Harbour	60/-				25/-		85/-
Port Louis	60/-			15/-			75/-
Bleaker Island	80/-				25/-		105/-
North Arm	80/-			15/-			95/-
Speedwell Island	80/-			15/-			95/-
Barren Island	80/-			15/-			95/-
George Island	80/-				25/-		105/-
Swan Island	80/-				25/-		105/-
San Carlos	80/-		10/-				90/-
Port San Carlos	80/-	NIL					80/-
Fox Bay West	100/-			15/-			115/-
Fox Bay East	100/-			15/-			115/-
Port Stephens	100/-		10/-				110/-
Weddell Island	100/-			15/-			115/-
Beaver Island	100/-			15/-			115/-
New Island	100/-				25/-		125/-

PORTS	BASIC RATE PER TON	CLASSIFICATION AND SURCHARGE					TOTAL
		A.	B.	C.	D.	E.	
Dunnose Head	100/-				25/-		125/-
Chartres	100/-		10/-				110/-
Roy Cove	100/-	NIL					100/-
West Point Is.	100/-				25/-		125/-
Carcass Island	100/-			15/-			115/-
Hill Cove	100/-		10/-				110/-
Saunders Island	100/-					30/-	130/-
Pebble Island	100/-			15/-			115/-
Golding Island	100/-					30/-	130/-
Keppell Island	100/-					30/-	130/-
Port Howard JLW	100/-	NIL					100/-
Port Howard Packe	100/-				25/-		125/-
Many Branch Hbr.	140/-					30/-	170/-
Passage Islands	140/-					30/-	170/-
Sealion Island	140/-					30/-	170/-
Sedge Island	140					30/-	170/-

Ports with seagoing craft automatically become "A" ports if their vessel receives from or discharges into "Darwin" at anchor.

Any port that improves its facilities will be reclassified if the improvements are of such a nature to warrant reclassification.

(c) INTER-PORT RATES. Not specified in 4 (b)

Up to 30 miles	40/-	per ton w/m	} plus appropriate surcharges applicable to the loading and discharging ports.
31 to 50 "	52/6	" " "	
51 to 100 "	58/4	" " "	
101 to 120 "	84/2	" " "	
121 and above"	95/-	" " "	

The above should now read:-

Up to 50 miles	60/-	per ton w/m	} plus appropriate surcharges applicable to the loading and discharging ports.
51 to 100 "	80/-	" " "	
101 and above	100/-	" " "	

Special calls can usually be arranged provided there is sufficient inducement.

(d) OVERSEAS, OTHER THAN MONTEVIDEO AND PUNTA ARENAS.

The proper Conference Rate from the Overseas Port to Montevideo plus the rates quoted in sub-paragraphs (a) and (b) above from Montevideo to the Falkland Islands' destination; unless otherwise agreed with the Government. Provided that any future alteration in the Conference Rates shall be ratified by the Government.

(e) PARCELS - LOCAL. No parcels weighing over 28 lb will be accepted. The minimum charge per parcel is 5/- for the first 11 lb and thereafter 6d. per lb.

(f) ANIMALS. To any Island port:-

Cats	7/6 each
Dogs	10/- each
Poultry (in crates)	2/- each
Pigs (in crates)	freight rates
Cattle	£3 each
Horses	£5 each

Horses (across Falkland Sound)	£2 each
Sheep (in crates)	£2 each
Sheep (shifting in numbers)	by arrangement
Sheep (carcasses) East Falkland	} 10/- each
West Falkland	
Beef Quarters	15/-
Overseas - by arrangement	

5. WAREHOUSING. Any cargo delivered into the Company's Warehouse or other storage place is given free storage for seven days, after which the Company reserves the right to charge at the rate of 13/4, per ton weight or measurement per month or part of a month.

All Storage at Owner's risk

6. PRODUCE. For shipment overseas. By arrangement at rates which include lighterage where required, shipment, storage, transhipment, Bill of Lading and Agency, i.e. all charges from point of shipment to final discharge.

7. DEVIATION AND DEMURRAGE. By arrangement.

THE THIRD SCHEDULE ABOVE REFERRED TO

ANNUAL ALLOWANCES

R.M.S. DARWIN 1/18th x 5/4ths - FLAT RATE.

EQUIPMENT 12 $\frac{1}{2}$ % x 5/4ths ON WRITTEN DOWN VALUE

SCOWS

Over 5 and Under 6 Years Old	1/19th	x	5/4ths	} FLAT RATE
" 4 " " 5 " "	1/20th	x	5/4ths	
" 3 " " 4 " "	1/21st	x	5/4ths	
" 2 " " 3 " "	1/22nd	x	5/4ths	
NEW	3%	x	5/4ths.	

THIS INDENTURE made this 1970
between THE GOVERNMENT OF THE FALKLAND ISLANDS (hereinafter
called "the Government") of the one part and DARWIN SHIPPING
LIMITED, STANLEY, FALKLAND ISLANDS, whose Registered Office
is situate at Stanley, Falkland Islands (hereinafter called
"the Company") of the other part.

WHEREAS the Government is desirous of providing for the trans-
mission of mails, passengers and freight within the home trade
limits of the Colony, the collection of produce and the transit
of mails, passengers and freight within and between the Colony
and the mainland of South America and between the Colony and
the United Kingdom upon the terms hereinafter appearing.

NOW THESE PRESENTS WITNESS AND IT IS HEREBY AGREED AND DECLARED
by and between the parties hereto as follows that is to say:

a. These provisions shall be regarded as having become
operative from the first day of January 1968 and shall remain
in force during the currency of this Agreement.

b. In this Agreement the following expressions shall
have the following meaning:-

"THE COLONY" means the Colony of the Falkland
Islands.

"THE GOVERNOR" means the Officer Administering the
Government of the Colony or the Colonial Secretary
acting on his behalf.

"THE POSTMASTER" means the Officer for the time
being exercising the function of that office.

"VARIABLE SUBSIDY" means any payment made by
Government which is calculated in accordance with
clause 12 of this Agreement.

1. The Company shall provide R.M.S. Darwin (hereinafter called "the steamship") short particulars of which are set out in the First Schedule hereto and shall use their best endeavours to maintain it in Lloyd's highest class for the carriage of mails, passengers and freight between the Colony and Montevideo, Uruguay, and between the several ports of the Colony and generally to provide transport facilities for farm settlements in the Colony. Provided that should the steamship become a total loss or be rendered wholly unseaworthy owing to circumstances not within the Company's control this Agreement shall forthwith be terminated. Provided that the Company may charter a cargo carrying vessel for the purpose of carrying mails, freight and passengers as may be necessary.

2. The steamship shall be properly found in all respects and capable of carrying not less than thirty-six saloon passengers with reasonable comfort and shall at all times be supplied and furnished with whatever may be requisite and necessary for rendering the steamship having regard to the nature thereof constantly efficient for the services hereby contracted to be performed and shall also be manned with a proper and efficient crew of officers, engineers and seamen. The steamship shall be fitted with wireless telegraphy apparatus as required by the Ministry of Transport and Civil Aviation for a vessel of this class.

3. The maximum passenger fares and freight rates charged by the Company where detailed in the Second Schedule hereto attached shall not be altered or amended except by and with the consent of Government.

4. In consideration of the payments hereinafter mentioned the Company shall convey free of any charge whatever to the Government on any voyage all mails which the Governor through the Postmaster may desire so to be conveyed.

5. The Company shall as hereinafter mentioned provide at its own cost a convenient and proper place or places of deposit on board the steamship and cargo vessel for the safe keeping of the aforesaid mails and in particular the letter mails shall be placed under secure lock and key and shall be cleared by an officer of the Post Office or other person authorised to such effect by the Governor upon the arrival of the steamship or cargo vessel at a port of call within the Colony and by some officer duly authorised to such effect upon the arrival of the steamship or cargo vessel in the dock at Montevideo or other foreign port of call and the Company shall also provide a suitable boat properly manned and equipped and whatever else may be necessary for the safe embarkation and disembarkation of the same mails and shall defray all charges for the immediate taking on board and landing of the same mails.

6. All mails carried under this Agreement are to be delivered on the quayside nearest adjacent to the steamship or cargo vessel by the Postmaster or other official appointed for the purpose and shall be delivered in like manner from the vessel to the Postmaster or other official appointed by him for the purpose and the Master of the steamship or cargo vessel shall without any charge to the Government other than that otherwise provided in this Agreement to be paid to the Company take due care of and the Company shall be responsible for the receipt, safe custody and delivery of the mails as aforesaid and the Master of the steamship or cargo vessel shall make such Declaration as shall be required by the Postmaster or his officers or agents or by the proper Authority in the United Kingdom, at Montevideo or other foreign ports and shall furnish such journals, returns and information and perform such services as may be required by the Postmaster or his officers or agents or by the proper authority in the United Kingdom, at Montevideo or other foreign port and the master shall on arrival at any of the said places of the steamship or cargo vessel either himself or by some

competent person deliver all mails for such place into the hands of the Postmaster or other person authorised to receive them and shall receive in like manner all the return or other mails to be forwarded in due course.

7. The Company shall be responsible for the loss or damage of any parcel or of any registered postal packet of any kind conveyed or tendered for conveyance under this Agreement (unless such loss or damage be caused or occasioned by Act of God, the Queen's enemies, pirates, restraints of Princess, rulers, or people, jettison, barratry, fire, collision, or perils or accidents of the seas, rivers and steam navigation) and in the event of any such loss or damage (except as aforesaid) the Company shall be liable to pay to the Postmaster in respect of each parcel or registered postal packet so lost or damaged (subject to the proviso hereinafter contained) such sum of money as shall be equal to the amount which may have been awarded and paid by the Postmaster at his sole option and discretion (and although not under legal obligation) to the sender or addressee of such parcel or registered postal packet as compensation for the loss or damage thereof provided that such sum shall not in any one case exceed One Pound per parcel or Two pounds per registered postal packet.

8. The Company and the Master of the steamship or cargo vessel and all agents, seamen and servants of the Company shall at all times punctually attend to the orders and directions of the Postmaster, his officers or agents or the proper authority in the United Kingdom, at Montevideo or other foreign port as to the mode, time and place of landing, delivering and receiving mails provided always that such orders and directions shall be in conformity with the provisions of this Agreement.

9. The Company shall not carry nor permit to be carried in the steanship any nitro-glycerine or any other substance or articles which in the opinion of the Government shall be dangerous except with the permission of the Governor.

10. (a) The steanship shall make such voyages from Stanley to Montevideo and return as the Government may require not exceeding twelve voyages each way in any one year. The dates of these voyages shall be fixed by the Company in consultation with the Government.

(b) The steanship shall make not less than twelve calls in every year at a principal port on the main West Falkland Island in the course of separate voyages. The term principal port shall be taken to mean any one of the following places, videlicet, Fox Bay, Port Howard, Port Stephens and Hill Cove.

(c) Additional voyages to Montevideo or voyages to other places on the South American continent or to the Dependencies shall be the subject of special arrangement between the Government and the Company.

Provided the cargo vessel has adequate accommodation for twelve persons single voyages (not exceeding two in each direction during the months of January and February; June and July) Stanley to Montevideo or vice versa may be made in any year during the currency of this contract and shall be regarded as adequate substitutes for the voyages required by the steanship under Clause 10 (a). In such cases it shall be permissible to carry mails suitably stowed in holds.

11. So long as this Agreement is in force the Government shall pay to the Company in Stanley, or by mutual agreement in London by the Crown Agents on behalf of the Government, the sum of Twenty-four thousand pounds per annum in equal quarterly payments of Six thousand pounds or in such manner as may be agreed between the Government and the Company; provided that an abatement at the rate of Two thousand pounds per return voyage or of One thousand pounds per single voyage shall be made in respect of any of the twelve return voyages specified in Clause 10(a) hereof which the Company may be unable from any cause to perform.

12. The Government shall further guarantee the Company a return from its shipping operations in each year during the continuance of this contract equal to 9% of the written down value of the steanship and her ancillary equipment at the commencement of the year and on the 1st January 1970 this value was £136,015 . The profits (or losses) from which this variable subsidy shall be calculated shall be those accepted for income tax purposes before capital allowances by the Official Income Tax Representative in London, except that

- i. there shall be permitted a deduction in respect of depreciation at the rates detailed in the Third Schedule hereto attached.
- ii. Interest and income from investments shall be disregarded in calculating the return on shipping.
- iii. There shall be permitted a deduction of the premium transferred by the Company to the internal fund created by the Company to provide for the first £300 of each and every loss relating to the steanship and the first £10 of each and every loss relating to medical expenses of the crew.

- iv. Air Line Agency Commissions shall be disregarded in calculating the return on shipping; provided that the element of the Company's costs attributable to staff salaries, currently at the rate of £1,000 per annum shall not be increased.

The rates of depreciation detailed in the Third Schedule attached shall be the rates allowable for Colonial Income Tax purposes and shall be the rates adopted in calculating the written down value of the steamship and her ancillary equipment:

Provided that the liability of the Government under this Clause shall not exceed £24,000 in respect of any one year.

13. In the event of any breach of this Agreement by the Company or failure on the part of the Company fully to carry out the terms, stipulations or provisions hereof (unless the Company shall prove to the satisfaction of the Governor that such breach or failure arose solely from a cause or causes beyond the control of the Company and the servants of the Company) the Company shall be liable by way of penalty and not as liquidated damages for any such breach or failure to pay to the Government such a sum not exceeding £5. 0. Od. (five pounds sterling) as the Governor shall determine and if such breach or failure shall continue to a further penalty of £5. 0. Od. (five pounds sterling) for every day during which such breach or failure may continue and should there be any repetition of such breaches or failures or any breach or failure on the part of the Company which is in the opinion of the Governor to render such a course desirable the Government may by giving to the Company notice in writing forthwith determine this Agreement but without prejudice to the rights or remedies of the Government in respect of any antecedent breach of this Agreement by the

Company and nothing herein contained shall prevent the Government in the event of such breach or failure from making such other arrangements as shall seem to the Government fit for the despatch and carriage of the aforesaid mails and passengers by some other vessel or vessels from bringing an action for damage against the Company instead of recovering a penalty under this clause.

14. Nothing in this Agreement shall be deemed to or shall impose any personal liability on the Governor or on any other member or Officer of the Government.

15. The Government shall not be liable for any loss or damage whatever which may be sustained by the Company in consequence of the employment of the steanship or cargo vessel on any of the services contracted to be performed under this Agreement.

16. This Agreement shall continue in force for a period of two years from the 1st January 1970.

IN WITNESS whereof John Ashley Jones, Colonial Secretary, for and on behalf of the Government of the Falkland Islands has hereunto set his hand and seal and Alexander Sloggie on behalf of Darwin Shipping Limited, has hereunto set his hand and seal the day and year first above written.

SIGNED SEALED AND DELIVERED

by JOHN ASHLEY JONES,

Colonial Secretary, for and

on behalf of the Government of

the Falkland Islands in the

presence of

Colonial Secretary

Assistant Colonial Secretary

SIGNED SEALED AND DELIVERED

by ALEXANDER SLOGGIE, on

behalf of Darwin Shipping

Limited in the presence of

Colonial Manager

Assistant Colonial Secretary.

THE FIRST SCHEDULE ABOVE REFERRED TO

The Steamer shall have suitable accommodation for a minimum of thirty-six saloon passengers in fourteen cabins, dining and smoke rooms. Dimensions 220 feet between perpendiculars, 40 feet moulded beam and 17 feet 6 inches moulded depth. Cubic capacity about 40,000 cubic feet. Gross tonnage 1792.86. Net tonnage 738.55. Speed 12 knots.

THE SECOND SCHEDULE ABOVE REFERRED TO

Particulars of:-

Service - ports of call
 Passage and freight rates
 Conditions of carriage of cargo and passengers, etc.

DARWIN SHIPPING LIMITED
 SERVICE

1. The Company carries Her Majesty's mails between Island Ports, the United Kingdom, Montevideo, and Punta Arenas. The following are the ports of call:-

<u>East Falkland</u>	<u>West Falkland</u>	<u>Overseas</u>
Bluff Cove	Fox Bay	Montevideo
Fitzroy	Port Stephens	Punta Arenas
Darwin	Weddell Island	London, or such
Goose Green	Beaver Island	other United
Walker Creek	New Island	Kingdom Port to
Lively Island	Dunnose Head	which cargo is
North Arn	Chartres	carried for
Bleaker Island	Roy Cove	discharge.
Speedwell Island Group	West Point Island	
San Carlos	Carcass Island	
Port San Carlos	Hill Cove	
Rincon Grande	Saunders Island	
Teal Inlet	Pebble Island Group	
Moro	Port Howard	
Salvador		
Johnson's Harbour		
Port Louis		
Green Patch		

2. PASSAGE RATES. From Stanley to following ports and vice versa; (exclusive of catering for groups 1 - 5) :-

	<u>Basic</u>	<u>Premium</u>
Group 1. Berkeley Sound Ports } Fitzroy } Bluff Cove }	26/-	31/-
Group 2. Goose Green } Lively Island } Salvador Water } Ports }	57/6	69/-
Group 3. All other ports	96/-	115/-
Group 4. Inter-Port Passages: Up to 30 miles	26/-	31/-
31 to 65 miles	57/6	69/-
Over 65 miles.	96/-	115/-

Group 5. Round voyages Stanley - Stanley. Double the appropriate fare to the furthest port visited less 20%.

Return Passages

Return Passages from Ports within the same Group, with six months validity, payable in advance, may be obtained at a discount of 20% of the return fare.

<u>Catering</u>	<u>Inter-Island Voyages</u>	
	Breakfast	6/-
	Lunch	8/6
	Dinner	8/6
	Early morning or afternoon tea	1/-
✓	Contract rate	23/-
	{Rate per day as hotel	67/6 }

Catering Overseas Voyages

- (a) Included in fare for period of voyage.
- (b) At rate per day as hotel above.

Passages

	<u>Basic</u>	<u>Premium</u>
Montevideo	£28	£34.
Punta Arenas	£22	£26
Off-season discount		5%
Return bookings commencing in Falkland Islands		5%

Classification of Accommodation

Basic:	4 x 4-berth cabins	} Main Deck
	2 x 2/3-berth cabins	
Premium:	3 x 2-berth cabins	Upper Deck

Sole occupancy of cabin by special arrangement.

Children's Fares

10 years and over	Full adult fare
5 years and under 10 years	Half adult fare
1 year and under 5 years	Quarter adult fare
Under 1 year	Free

Two children paying quarter fare each will occupy one berth. Cots will be provided for infants when possible, free of charge.

← 3. CONDITIONS OF CARRIAGE OF PASSENGERS AND BAGGAGE

1. Passengers are carried on the terms and conditions printed on the Company's passenger tickets.

2. The Company reserves the right to charge the fare applicable to the most distant port when passengers are bound for a port called at after the most distant port, e.g. a passenger booked for Goose Green by a vessel going North-about from Stanley, calling at Fox Bay before Goose Green will pay the passenger money equal to a fare to Fox Bay.

— 3. Baggage Allowance - 36 cubic feet.

— 4. Excess Baggage - At freight rate.

— 4. CARGO RATES. Cargo is accepted on the terms and conditions printed on the Company's Bills of Lading.

(a) MONTEVIDEO, PUNTA ARENAS AND SOUTH GEORGIA.

General Cargo 100/- per ton W/n	}	These freights are exclusive of wharfage and/or transhipment charges wherever incurred.
Special Stowage and Petrol 200/- per ton w/n		
Minimum Bill of Lading as for ½ ton w/n		
Light oils in bulk by special arrangement		
Parcel freight 3/- per cubic ft. minimum 10/-		

(b) INTER-PORT FREIGHT RATES

Between Stanley and vice versa.

CLASSIFICATION

- A. Ports with jetties at which "Darwin" can always berth.
- B. Ports with jetties at which "Darwin" can usually berth, tide permitting, and where scows can always work afloat.
- C. Ports with jetties where "Darwin" cannot berth, but scows cannot work at low tide.
- E. Ports without jetties, scows work off open beaches.

PORTS	BASIC RATE PER TON	CLASSIFICATION AND SURCHARGE					TOTAL
		A.	B.	C.	D.	E.	
Bluff Cove	60/-					30/-	90/-
Fitzroy	60/-			15/-			75/-
Lively Island	60/-			15/-			75/-
Walker Creek	60/-					30/-	90/-
Goose Green	60/-	NIL					60/-
Salvador	60/-			15/-			75/-
Rincon Grande	60/-				25/-		85/-
Teal Inlet	60/-		10/-				70/-
Moro	60/-	NIL					60/-
Green Patch	60/-				25/-		85/-
Johnson's Harbour	60/-				25/-		85/-
Port Louis	60/-			15/-			75/-
Bleaker Island	80/-				25/-		105/-
North Arn	80/-			15/-			95/-
Speedwell Island	80/-			15/-			95/-
Barren Island	80/-			15/-			95/-
George Island	80/-				25/-		105/-
Swan Island	80/-				25/-		105/-
San Carlos	80/-		10/-				90/-
Port San Carlos	80/-	NIL					80/-
Fox Bay West	100/-			15/-			115/-
Fox Bay East	100/-			15/-			115/-
Port Stephens	100/-		10/-				110/-
Weddell Island	100/-			15/-			115/-
Beaver Island	100/-			15/-			115/-
New Island	100/-				25/-		125/-

PORTS	BASIC RATE PER TON	CLASSIFICATION AND SURCHARGE					TOTAL
		A.	B.	C.	D.	E.	
Dunnose Head	100/-				25/-		125/-
Chartres	100/-		10/-				110/-
Roy Cove	100/-	NIL					100/-
West Point Island	100/-				25/-		125/-
Carcass Island	100/-			15/-			115/-
Hill Cove	100/-		10/-				110/-
Saunders Island	100/-					30/-	130/-
Pebble Island	100/-			15/-			115/-
Golding Island	100/-					30/-	130/-
Keppell Island	100/-					30/-	130/-
Port Howard JLW	100/-	NIL					100/-
Port Howard Packe	100/-				25/-		125/-
Many Branch Hbr.	140/-					30/-	170/-
Passage Islands	140/-	Minimum				30/-	170/-
Sea Lion Island	140/-	£75				30/-	170/-
Sedge Island	140/-	per call				30/-	170/-

Ports with seagoing craft automatically become "A" ports if their vessel receives from or discharges into "Darwin" at anchor.

Any port that improves its facilities will be reclassified if the improvements are of such a nature to warrant reclassification.

(c) INTER - PORT RATES. Not specified in 4 (b)

Up to 30 miles	40/-	per ton w/n	)	Plus appropriate
31 to 50 "	52/6	" " "	)	surcharges applicable
51 to 100 "	58/4	" " "	)	to the loading and
101 to 120 "	84/2	" " "	)	discharging ports.
121 and above	95/-	" " ")	

The above should now read:-

Up to 50 miles	60/-	per ton W/n	)	Plus appropriate
51 to 100 "	80/-	" " "	)	surchage applicable
101 and above	100/-	" " "	)	to the loading and
			)	discharging ports.

Special calls can usually be arranged provided there is sufficient inducement.

(d) OVERSEAS, OTHER THAN MONTEVIDEO AND PUNTA ARENAS.

The proper Conference Rate from the Overseas Port to Montevideo plus the rates quoted in sub-paragraphs (a) and (b) above from Montevideo to the Falkland Islands' destination; unless otherwise agreed with the Government. Provided that any future alteration in the Conference Rates shall be ratified by the Government.

(e) PARCELS - LOCAL. No parcels weighing over 28 lb will be accepted. The minimum charge per parcel is 5/- for the first 11 lb and thereafter 6d per lb.

(f) ANIMALS. To any Island port:-

Cats	7/6 each
Dogs	10/- each
Poultry (in crates)	2/- each
Pigs (in crates)	freight rates
Cattle	£3 each
Horses	£5 each

Contract dated 23rd January 1937

Principal details involving the service to be provided
and the fee to be paid

The Falkland Islands Company Ltd.

Company to provide a steamship for the carriage of mails passengers and freight between the Colony and Montevideo, Uruguay, and between the several parts of the Colony and generally to provide transport facilities for farm settlements in the Colony to enable shipment of produce to home markets to be effected.

The company shall carry mails free of charge.

Provision for not less than twelve saloon passengers.

Fares and freight rates may be increased only with the approval of the Governor.

Government allowed rebate of 25% in the rates on all bona fide Government cargo and passengers.

Government shall not be charged landing charges at Stanley.

Government shall not charge Port Tonnage, wharfage or light dues in respect of the steamship. All mails to be carried free of charge.

The steamship shall make not less than five round voyages to Montevideo per year, and not less than twelve calls in every year at a principal port on the main West Falkland. Additional voyages shall be subject of special arrangement between Government and Company but the Company shall be at liberty to make such voyages on its own account and at its own expense.

The Falkland Islands Trading Co. Ltd.
(1958 Agreement)

36 passengers - 1958 Agreement.

Should the Government or the Company consider that basic operating expenses have increased or decreased to such an extent that increases or decreases in passenger fares and freights set out in the Second Schedule attached hereto are justified, a statement shall be prepared and certified by the Company's Auditors in support of the claim for an increase or decrease, agreement to which shall not be unreasonably withheld by Government or the Company as the case may be.

The company sought to remove this in 1956. As a compromise the subsidy was increased by £1200 - the estimated annual value to Government of the concession. The clause was removed from the agreement in 1963.

This is now an unwritten condition of the agreement, following advice from Ministry of Transport and Civil Aviation (in 1956) that it might be regarded as a form of flag discrimination.

Ten voyages to Montevideo as from 1 January 1950. Twelve voyages to Montevideo - 1958 agreement.

Darwin Shipping Ltd. (1964 Agreement)

Provided that the Company may charter a cargo carrying vessel for the purpose of carrying mails, freight and passengers as may be necessary.

Restricted to inter-island and cargo on voyages to and from South American mainland (1964 Agreement)

This clause was dropped in the 1968 Agreement.

Provided the cargo vessel has adequate accommodation for twelve persons single voyages (not exceeding two in each direction during the months of January and February; June and July) Stanley to Montevideo or vice versa may be made in any year during the currency of this contract and shall be regarded as adequate substitutes for the voyages required by the Steamship under Clause 12(a).

The Company shall arrange for the transshipment at Montevideo of all cargo in UK which is to be carried by the steamship to the Colony on Government account. Transshipment expenses on cargo shipped from the UK by vessels specified by the Company shall be borne by the Company.

This clause has been dropped.

The Company shall if required by the Government carry a Government mail officer on both outward and return voyages between Stanley and Montevideo free of charge.

This clause has been dropped.

The Government shall pay the Company -

£2500 p.a. in equal quarterly instalments subject to pro-rata reductions where part of a quarter is involved or where a voyage is not undertaken, or where a voyage is undertaken but for any reason the steamship is unable to carry mails passengers and cargo in accordance with the term of the agreement.

Increased to £6000 for ten voyages with effect from 1st January 1950. Reduction of £600 for each voyage less than ten. New Contract, ready about July 1957, not signed because of implications of 1957 Finance Bill. Service to continue on month to month basis @ £1,100 per round voyage to Montevideo. Increased to £15,200 for twelve voyages - 1958 Agreement - with reduction of £1,100 for each voyage less than twelve.

Increased to £16,500 with effect from January 1963, with abatement of £1250 for each return voyage or £625 for each single voyage not performed.

In addition the Government guaranteed (under the 1964 contract) the company a return from its shipping operations of 6% of the written down value of the steamship.

Under the 1968 Agreement the Government undertook to pay two additional subsidies totalling £75,000 but if this sum brought the profit from shipping to an amount exceeding 12% of the written down value of the steamship the sum payable would be reduced by the amount of the excess over 12%. Interest and income from investments are not taken into account in calculating the return on shipping.

The latest agreement, effective 1st January 1970, provides that Government will pay the Company £24,000 per annum and guarantee a return from shipping of 9% of the written down value of the steamship subject to a maximum liability of a further £24,000.

Income from air line agency fees is added to the items not included in calculating the return from shipping.

The Government shall have prior claim to passenger accommodation and cargo space.

This clause has been dropped.

In the event of any breach of the Agreement by the Company or failure to carry out terms (unless the company can satisfy the Governor that the breach etc arose from causes beyond their control) the company shall pay penalty (not liquidated damages) of £5 per day for every day during which breach or failure continues: and in the event of repetition of breach or failure the Governor may determine the agreement without prejudice to the right or remedies of Government in respect of any antecedent breach.

The Government shall not be liable for any loss or damage sustained by the Company in consequence of the employment of the steamship on the services to be performed under the agreement.

.... of this Agreement by the Company and nothing herein contained shall prevent the Government in the event of such breach or failure from making such other arrangements as shall seem to the Government fit for the despatch and carriage of the aforesaid mails and passengers by some other vessel or vessels from bringing an action for damage against the Company instead of recovering a penalty under this Clause. (1958 Agreement).