

MAI/GEN/7#2

6|53

CONFIDENTIAL

121

0327/II

SUBJECT: MAIL CONTRACT

Sec 20 quarterly payment 2/11
94

F A L K L A N D I S L A N D S.

THIS INDENTURE made this Twenty third day of January One thousand nine hundred and thirty seven B E T W E E N THE GOVERNMENT OF THE FALKLAND ISLANDS (hereinafter called "the Government") of the one part and THE FALKLAND ISLANDS COMPANY LIMITED whose Registered Office is situate at 61 Gracechurch Street in the City of London (hereinafter called "the Company") of the other part W H E R E A S the Government is desirous of providing for the transmission 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 upon the terms hereinafter appearing which terms are acceptable to the GOVERNMENT
N O W THESE PRESENTS WITNESS AND IT IS HEREBY AGREED AND DECLARED by and between the parties hereto as follows that is to say

1. IN this Agreement the following expressions shall have the following meanings:

"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.

2. THE Company shall provide a steamship short particulars of which are set out in the first schedule thereto and shall maintain it at Lloyds highest class, 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. Provided that should the steamship become a total wreck or be rendered wholly unseaworthy owing to circumstances not within the Company's control this Agreement shall forthwith be terminated.

3. THE Steamship shall be properly found in all respects and capable of carrying not less than twelve 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 having an effective range of not less than five hundred miles under normal working conditions.

4. THE passenger fares freight rates for inter-island trade and between Magallanes Montevideo and the Colony charged by the Company shall not exceed those set out in the second schedule thereto and no increase shall be made in any of them except with the approval of the Governor. All such fares and freight rates are more particularly set out in the second schedule hereto.

5. THE Company shall allow the Government a rebate of twenty five per centum of all cargo and passenger rates chargeable on all bona fide Government traffic carried by the vessel or any substitute or substitutes approved by the Governor. This rebate shall apply to inter-island voyages and voyages to and from the South American Continent but shall not apply to victualling charges incurred on voyages where victualling is not included in the quoted fare.

6. THE Company shall not charge the Government any Landing Charges at Port Stanley on the cargo referred to in the last preceding clause hereof.
7. THE Government agrees that no charge shall be made to the Company by way of any Port Tonnage, wharfage or light dues in respect of the Steamship for entering in or clearing from or for using or being in any Harbour within the Colony during the continuance of this Agreement.
8. THE Company shall further charge the Government the reduced rate of Twelve shillings and Sixpence per ton as Landing Charges on cargo received at Port Stanley ex any vessels belonging to The Pacific Steam Navigation Company and consigned to the Government instead of the current rate of Fifteen shillings per ton (or in proportion if the current rate is reduced, but in no case more than Twelve shillings and Sixpence per ton).
9. IN consideration of the payments hereinafter mentioned the Company shall convey free of any charge whatever to the Government on any voyage made for the Government under this Agreement from any Port and to any Port included in the Itinerary of such voyage all mails both letter mails and parcel mails which the Governor through the Postmaster may desire so to be conveyed.
10. THE Company shall as hereinafter mentioned provide at its own cost a convenient and proper place or places of deposit on board the Steamship 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 at a Port of call within the

Colony and by some officer duly authorised to such effect upon the arrival of the Steamship 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.

11. ALL mails carried under this Agreement are to be delivered on the quayside nearest adjacent to the Steamship 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 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 shall make such declaration as shall be required by the Postmaster or his officers or agents or by the proper Authority 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 at Montevideo or other foreign port and the Master shall on arrival at any of the said places of the Steamship 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. Should the Government complete the necessary arrangements with the Uruguayan Government for the direct transfer of letters and parcels mail from certain specified vessels

at Montevideo the Company shall receive such mail direct from the specified vessel and convey it to the Company's vessel at the Company's expense.

12. 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 King'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.

13. THE Company shall not nor shall the Master of the Steamship receive or permit to be received on board the Steamship any letters for conveyance other than those contained in His Majesty's mails.

14. THE Company and the Master of the Steamship 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 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.

15. 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.

16. THESE provisions shall become operative from 1st January, 1937 and shall remain in force during the currency of this Agreement.

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17. (i) THE Steamship shall make such voyages from Stanley to Montevideo and return as the Government may require not exceeding five voyages each way in any one year and shall call at Foxbay on the West Falkland on any voyage if so required by the Government. The dates of these voyages shall be fixed by the Government after consultation with the Company, except that between the Fifteenth of December and the Fifteenth of March in every year such dates shall not be fixed without the consent of the Company and shall not at any time be fixed so as to interfere with the inter-insular voyages for the collection of the wool clip.

(ii) 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 and in addition to the calls at Foxbay provided for in the preceding sub-clause. The term principal port shall be taken to mean any one of the following places, videlicet, Foxbay, Port Howard, Chartres and Hill Cove.

(iii) 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/ but the Company shall be at liberty to make such voyages on its own account and at its own expense.

18. (1) THE Company shall arrange for the transshipment at Montevideo of all cargo ex United Kingdom which is to be carried by the steamship to the Colony on Government account. Transshipment expenses on cargo shipped from United Kingdom by vessels specified by the Company shall be borne by the Company. Transshipment expenses on cargo shipped by unspecified vessels shall be limited to the actual cost incurred by the Company.

(ii) THE Company shall also give to the Government free of charge the benefit of its experience in purchasing supplies in South American markets.

19. THE Company shall if required by the Government carry a Government mail officer on both the outward and return voyages between Port Stanley and Montevideo free of charge.

20. 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 Two thousand five hundred pounds per annum in equal quarterly payments of Six hundred and twenty five pounds subject however to the following provisions namely:-

(A) where this Agreement has been in force for a portion only of the preceding quarter the sum paid shall be a corresponding proportion of six hundred and twenty five pounds and

(B) an abatement at the rate of Five hundred pounds

per return voyage or of Two hundred and fifty pounds per single voyage shall be made in respect of any of the five return voyages specified in clause 17 (i) hereof which the Company may be unable from any cause to perform or on which it may be unable from any cause to carry mails, passengers and cargo in accordance with the provisions of this Agreement.

21. THE Government shall have a prior claim to passenger accommodation or cargo space in the steamship when engaged in any voyage under this Agreement whether such passenger accommodation or cargo space is provided on payment or free of charge in accordance with the terms of this Agreement.

22. 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. 0. (Five pounds sterling) as the Governor shall determine and if such breach or failure shall continue to a further penalty of £5. 0. 0. (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 as 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 and for bringing an action for damages against the Company instead of recovering a penalty under this Clause.

23. NOTHING in this Agreement shall be deemed to or shall impose any personal liability on the Governor or on any member or officer of the Government.

24. 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 on any of the services contracted to be performed under this Agreement.

25. THIS Agreement shall continue in force for a period of five years from the date mentioned in clause 16 hereof and shall continue thereafter on the same terms until either party gives to the other six months written notice at any time to determine the same.

26. SHOULD the Company substitute a larger vessel (of not less than 1,400 g.r.t. with cabin accommodation for 36 passengers) for s.s. "Lafonia", during the currency of this Agreement the Government agrees to increase the total mail subsidy to a maximum of £5,200 (Five thousand two hundred pounds) per annum on condition that the vessel makes twelve round voyages to Montevideo and two round voyages to South Georgia per annum.

IN WITNESS whereof Montagu Cecil Craigie Halkett,
Colonial Secretary, for and on behalf of the Government
of the Falkland Islands has hereunto set his hand and
seal and Leonard William Hamilton Young on behalf of
The Falkland Islands Company Limited, has hereunto set
his hand and seal the day and year first above written

SIGNED SEALED AND DELIVERED)
By Montagu Cecil Craigie)
Halkett, Colonial Secretary,)
for and on behalf of the)
Government of the Falkland)
Islands in the presence of)

(Sgd) M.C. Craigie Halkett
Colonial Secretary.

(Sgd) A.I. Fleuret

Assistant Colonial Secretary.

SIGNED SEALED and DELIVERED)
by Leonard William Hamilton)
Young on behalf of The)
Falkland Islands Company)
Limited in the presence of)

(Sgd) L.W.H. Young
Colonial Manager.

(Sgd) A.I. Fleuret

Assistant Colonial Secretary.

THE FIRST SCHEDULE above referred to.

THE steamer shall comply with the requirements of Lloyds' highest class and have suitable accommodation for a minimum of sixteen first class passengers in six cabins dining and smoke room and eight third class passengers in open berths.

Dimensions 165.8' x 32.7' x 11.7'

Cubic capacity about 30,000 cu.ft.

Gross tonnage 768. Net tonnage 344. Speed 10 knots.

THE SECOND SCHEDULE above referred to.

Particulars of:-

Coasting service - ports of call.

Passage and freight rates.

Rates for through shipments of produce.

Conditions of carriage of cargo and passengers, etc.

THE FAULKLAND ISLANDS COMPANY LIMITED.

COASTING SERVICE.

1. THE Company carries His Majesty's mails between inter island ports, Montevideo, and Magallanes. The following are the ports of call:-

<u>East Falkland.</u>	<u>West Falkland</u>	<u>Overseas.</u>
Darwin	Hill Cove	Montevideo
Goose Green	Foxbay	Magallanes
North Arm	Roy Cove	
Walker Creek	Port Stephens	
San Carlos S.	Port Howard	
Port San Carlos	Pebble Island	
Lively Island	Saunders Island	
Bleaker Island	West Point Island	
Speedwell Island	Carcass Island	
Port Louis N & S	New Island	
Johnsons Harbour	Weddell Island	
Salvador	Beaver Island	
Teal Inlet	Chartres	
Rincon Grande	Spring Point	
Fitzroy N & S	Albemarle	
Douglas Station	Dunnose Head	
Bluff Cove	Shallow Bay (occasional)	
Egg Harbour	Port Edgar (do)	

BERTHING OF CHILDREN. Two children paying quarter fare each will occupy one berth.

ABATEMENTS. Family abatement. The term "Family" includes only husband, wife and their unmarried children and step children.

In the case of a family travelling at one time and paying at least the equivalent of three adult fares, 10% abatement on single tickets and 5% on return tickets (Montevideo only).

A family paying at least the equivalent of four adult fares 15% on single tickets or 10% on return tickets (Montevideo only).

3. CONDITIONS OF CARRIAGE OF PASSENGERS AND BAGGAGE.

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 Darwin by a vessel going North about East Falkland and calling at Fox Bay and then Darwin will pay the passage money equal to the fare to Foxbay.

Cabin passengers travelling between Stanley and ports named in Group 2 will be charged 5/- less than the fare shown if they do not occupy cabin berths.

Cabin passengers travelling between Stanley and ports in Groups 3 and 4 - 7/6d. less.

Baggage allowance - Cabin 36 cu.ft. Steerage 10 cu. ft. Excess baggage will be charged at freight rates.

4. MEALS. Breakfast, Dinner or Supper @ 2/6d. per meal. Early morning or afternoon tea 6d. (or 7/- per day).

5. CARGO RATES.

Montevideo and Magallanes.

General cargo 40/- per ton weight or measurement.
Kerosene & petrol 80/- " " " " " "
Minimum rates of freight as for half ton weight or measurement.
Parcel freight - minimum rate 5/-. For each additional 2 inches or part thereof 10d.

Local Rates.

Berkeley Sound Ports	20/- per ton
Lively Island and Darwin	26/8
Speedwell Island	36/8
Other East Falkland Ports	30/-
Foxbay and Port Howard	42/6
Great Island and Island Harbour	42/6
Many Branch Harbour	60/-
Other West Falkland Ports	48/4
Passage and Sea Lion Islands	60/- if over 10 tons. If under \$10 per call.

Small packages (cargo)	East Falkland	Min. 3/-	West Falkland	3/6 each.
Barrels	do	3/-	do.	3/6
Tanks	do	13/-	do.	24/-

Parcels - local.

No parcels weighing over 28 pounds will be accepted. The minimum charge per parcel is 2/6d. for the first 11 lb. and thereafter at 2d. per pound.

Parcels - C.O.D. ex Post Office.

The charge for C.O.D. Parcels handed over by the Post Office to the Company is as follows:-

Minimum charge 1/- for the first 2 pounds and 1d. per pound thereafter, to be collected from the consignee.

Animals.

To any port.	Cats	5/- each
	Dogs	7/6 "
	Poultry (in crates) at freight rates.	
	Pigs (in crates)	21 each
	Cows, bullock and bulls.	22 "
	Horses	22 "
	Horses (across Falkland Sound)	35/- "
	Sheep, in crates	21 "
	Sheep - shifting in numbers - by arrangement.	
	Sheep (carcasses) West Falkland	3/6 each.
	East Falkland	3/- " .

PRODUCE FOR TRANSHIPMENT TO LONDON.

Stations with wharf facilities:-

WOOL AND SHEEPSKINS.

	per 1,000 ks.	per 40 cu.ft.
Freight	3. 7. 6.	1. 2. 6.
Hulk hire &/or transhipment	1. 2. 6.	7. 6.
	<u>£4. 10. -.</u>	<u>1. 10. -.</u>

TALLOW AND HIDES.

Freight	1. 17. 6.
Hulk hire &/or transhipment	12. 6.
	<u>£2. 10. -.</u>

Stations without wharf facilities:-

WOOL AND SHEEPSKINS.

Freight	4. 2. 6.	1. 7. 6.
Hulk hire &/or transhipment	1. 7. 6.	9. 2.
	<u>£5. 10. -.</u>	<u>£1. 16. 8.</u>

TALLOW AND HIDES.

Freight	2. 12. 6.
Hulk hire &/or transhipment	17. 6.
	<u>£3. 10. -.</u>

Produce with destination Stanley only.

A rate of three quarters of the above freight is charged.

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 60,000 cu. feet cargo diesel 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 present Government subsidizes the "Fitzroy" to the extent of £600 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 £6,000.

4. Again it is open to speculation whether the Falkland Islands Company, in the event of their purchasing a larger ship with increased passenger accommodation, 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 if £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.

Colonial Secretary's Office,
Stanley,
29th June, 1953.

H.C.S. It is unfortunate that the Government is not being afforded more time and information in which to arrive at a decision.

With regard to para 4, if we cannot afford both, then a faster and larger ship with increased accomodation will bring greater benefits to the community than an external air service which would almost certainly require a subsidy in excess of £4000 and still be beyond the pocket of the average wage earner.

On the assumption that the present mail subsidy paid to the Falkland Islands Co. is justified by facts and figures then I would be in favour of increasing it in return for better service.

M.L. 30.6.53.

H.C.S.

I should prefer to see a larger and faster ship rather than an external air service in return for our money. I do not think we can have both.

With regard to the request for a subsidy of £10,000 per annum - and I take it that that would be the sum whether the ship did more than ten trips to Montevideo in the year - I cannot express an opinion as to whether this large sum is excessive or fair, for I have no idea what it costs these days to keep a ship on the high seas.

My opinion, therefore, is that, if it is necessary to pay £10,000 p.a. for a bigger and faster ship, we should do so.

M.L. 30/6/53

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H.C.S.,

I consider a better shipping service should take precedence over an external air service.

2. The underlying reason for subsidies is the obtaining of an essential service for the community which would otherwise not be provided or could not be provided except at a far greater cost to the public purse. In this case if the provision of a larger ship than the firm requires for its own needs involves it in a loss then a subsidy is justified and the amount of subsidy should be related to that loss.

3. Government requires to be satisfied that the ship to be obtained provides the required essential service, and also that they are not paying for more than that service; in other words if the Company require for themselves a 600 ton ship carrying 4 passengers and the rest of the Colony require an additional 400 tons space and accommodation for 24 passengers then the subsidy must also relate to this additional space and accommodation, some reasonable variation on either side would be inevitable having regard to the ships available but quite obviously we should not relate a subsidy to the cost of running a ship of say 3 times the capacity of the joint requirements.

4. The sender of the telegram at (1) does not appear to appreciate Government's responsibility, and in the light of the meagre information given I consider we cannot at this stage do more than agree to the provision of the subsidy requested if its amount can be justified.

5. I also consider that in return for any subsidy paid the profit accruing to the Company as a result should be limited, or if the ship cannot be run at a profit we do not lose sight of the fact that this might also be the case if the Company operated a ship of sufficient size for their own business only. A much more sensible arrangement than that we have at present would be to agree to meet any loss shown on the venture (with an overriding maximum) after charging against earnings the full costs of operation plus say 5% interest on the capital cost of the ship and working capital involved; freight and passage charges being subject to our approval. This arrangement assumes that whatever ship the Company had would operate at a profit, if this in fact would not happen then the Company should meet some portion of the loss.

J.P.B.
1.7.53.

H.C.S.

*The suggested move appears progressive.
The information in this file to date & with no attachments
is insufficient for me to see further.*

John P. Collins.

*P.S. What is the laden draft of proposed vessel?
2/24/53.*

H.C.S.

In addition to the telegram quoted on P.1 the following should be recorded.

29.6.53 From Colonial Manager to F.I.Co.London Office

"Referring to your telegram of 26th. inst. Governor
"must discuss with Executive Council and Finance
"Committee. Presume your proposal is replacement
"for Fitzroy not additional. Telegraph whether or
"not voyages U.K. contemplated replacing charters
"number of voyages proposed annually to and from
"Montevideo.

30.6.53 From F.I.Co.London Office to Colonial Manager

"Proposals outlined in my airmail to Governor
"should arrive yours fifth but may have make
"decision before. Would probably replace charters
"if Fitzroy remained visualise 7/8 voyages new
"vessel 4/5 Fitzroy Montevideo one U.K.

MAIL CONTRACT

In 1937 the first contract was signed for five voyages per annum, and the subsidy fixed at £2500 per annum. It is now £3000 for 10 voyages, and the Company is asking for it to be raised to £1000 per voyage of a larger and faster vessel than "Fitzroy". I think it may be taken for granted that the maximum subsidy asked in any one year would not exceed £10,000.

That is essential & if it can be done from 8 voyages with the new vessel and 4 with the Fitzroy.

Considering present running costs and depreciation the increase in subsidy appears reasonable. For the benefit of the S.M.O. the "Merak N" ^{Charter} Type of Dutch Charter costs £150 per diem plus fuel, oil, water and Port Dues, Such vessels have approximately one third more cargo space, but negligible passenger accomodation.

Government Rebate Hon. Members may not all be aware that under the terms of the Mail Contract Government receives a discount of 25% on all freights and fares for account of Government, and pays no Landing Charges in Stanley. In 1952 these concessions amounted to £1418.

FUTURE OF s. s. "FITZROY"

The Company's telegram of 30th. June suggests that "Fitzroy" may remain in service even if the larger vessel is acquired and charters discontinued. With two ships in commission S. Georgia and Antarctic voyages might be contemplated, whereas now they are out of the question.

Not at £300 a day though as quoted to me by Mr. Young

EXTERNAL AIR SERVICE

Much though I would like to see this amenity come into operation, it can never alter the inward cargo situation, which, this year, is only under control by reason of 5 charter cargoes from U.K. & Montevideo and Punta Arenas. I am sure the taxpayer will feel that service by sea gives better value for his money than by air.

I agree.

(contd. over)

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I agree with other Hon. Members that the shortness of the time allowed for discussion of the proposal is unfortunate but it is evident that the possibility of acquiring a larger vessel suitable for the Colony's requirements is a matter which calls for a speedy decision, bearing in mind the fact that remarkably few vessels ever built, let alone offered for sale, could be regarded as suitable.

A. G. D. Dantley
2.7.53

J.F.

① et seq:

I am in agreement with the consensus of opinion that we should not turn down an ^{opportunity} ~~chance~~ of improving our shipping services on what amounts to an outside chance of an external mail service.

Very much an outside chance wh. may have been further affected by Aquella's recent misfortune.

2) If £6000 a year was necessary to subsidize the Fitzroy then it would appear reasonable to pay £10,000 a year for the larger ship, — & more so if Fitzroy is retained, — especially as we expect to get two additional trips to Montevideo.

3) I feel however with H.C.T. that our telegram (which has been despatched) must be regarded as conditional on facts & figures being produced in support and that ^{we} they also be asked to state what ^{increased} additional rates, if any, they are proposing for freight & passages.

I should want any increase.

4) I mentioned the matter of crew to C.M. & he agreed that it would be impossible to staff the new ship locally & hazardous a press at Dutch crews signed on ~~for~~ a year by year.

That must be a sensible arrangement so long as there is no dispute in locally-paid wages.

3/7

A.F.C. in next mail.

3/7

DECODE.

TELEGRAM SENT.

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0327/II

From GOVERNOR to SECRETARY OF STATE

Despatched: 2.7.53 Time: 1600 Received: Time:

IMMEDIATE.

No. 122. CONFIDENTIAL. Grateful pass following personal message from me to Young, Chairman, Falkland Islands Company, Whitehall 6077, begins:-

Your message re new vessel. You may assume that Government will increase annual subsidy to a maximum of £10,000 to cover all services, i.e. new vessel and FITZROY based on eight voyages former and four latter each year. Provision will, of course, have to be voted by Legislature, but I have no doubt that I shall be able secure their assent. No additional subsidy available for air service to Mainland, ends.

2. Above relates to contemplated purchase by Company of new vessel with increased passenger accommodation which is very badly needed.

GOVERNOR.

GTC/WH

0327.

MEMORANDUM.

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CONFIDENTIAL.

3rd July,

53.

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

From The Colonial Secretary

To The Colonial Manager,

Messrs. Falkland Is. Co., Ltd.

STANLEY.

Stanley, Falkland Islands.

Purchase of New Ship.

SUBJECT:-

The following telegram which has been sent by His Excellency to your Managing Director in London through the Secretary of State is forwarded for information :

"Your message re new vessel. You may assume that Government will increase annual subsidy to a maximum of £10,000 to cover all services, i.e. new vessel and FITZROY based on eight voyages former and four latter each year. Provision will, of course, have to be voted by Legislature, but I have no doubt that I shall be able to secure their assent. No additional subsidy available for air service to Mainland".

(sgd.) *E. Campbell*

COLONIAL SECRETARY.

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FIDS 66/64

6th August, 1953

Dear Young,

Please refer to your letter dated 24th June on the subject of your second ship and of the proposed strengthening of the "Fitzroy" for work in ice. I feel that your suggestions go a long way towards meeting our mutual requirements. One of the main considerations, however, with which the Survey would be naturally concerned is whether the "Fitzroy" can be adequately strengthened so as to make it reasonably safe for her to visit all bases under any but the most abnormal conditions, i.e. just as "John Biscoe" does.

FIDS 66/58

In addition, some modification to her water system will be required since it was due to a freeze-up of the water tanks and services that we were unable to reach Signy Island in her in 1946, which was a phenomenally ice-free season.

Again if you were to carry out these alterations, at some expense presumably, the Survey could only offer very intermittent charter work so long as the "John Biscoe" remained in commission, and, though "Fitzroy's" presence for use in a possible emergency would be of great benefit to us, you may consider it a doubtful investment.

As regards m.v. "Calabar" we could promise not more than 10,000 cubic feet of cargo space out and ten passenger berths out and back (if she makes an annual voyage to U.K.) so long as we still have the "John Biscoe".

The principal consideration would, therefore, seem to be (a) whether "Fitzroy" could be suitably modified at an economic figure and (b) what will be the life of the "John Biscoe";

/on this

Mr. L.W. Young,
The Falkland Islands Co.Ltd.,
LONDON, S.W.1.

on this latter point we will have a better idea after her refit this year and I will let you know what the score is.

As regards the strengthening and other modifications you may find it helpful to discuss the possibility with Elliott and Johnston while they are home and also let me know whether and to what extent you would look for Government participation in the cost?

Yours sincerely

(Sgd.) MURK CHIFFORD.

"Beebe" are purchased by F.I.C.

Feb. 21/8

Mc

0327/II

222

22nd August, 53.

CONFIDENTIAL

Sir,

126
156
I am directed to refer to your letter of the 18th of April, 1951, and my letter No. 0327 of the 10th of July, 1951, and to ask whether, in view of the more favourable rate of exchange now obtaining in Uruguay, your Company contemplates a corresponding reduction in its passage and freight rates.

I am,

Sir,

Your obedient servant,

(Sgd) C. Campbell

COLONIAL SECRETARY.

The Manager,
Falkland Islands Company, Limited,
STANLEY.

Reply at 213.

Bu. 31/8

The Falkland Islands Company, Limited.

223

(INCORPORATED BY ROYAL CHARTER 1851.)

REGISTERED 1902.

AGENTS FOR LLOYDS.

TELEGRAMS "FLEETWING PORTSTANLEY" VIA RADIO.



Stanley,

24th August

19 53.

The Honourable the Colonial Secretary,
STANLEY.

A

Sir,

We have for acknowledgment your letter No. 0327/11 of 22nd August.

We regret to say that expenses in the port of Montevideo have kept pace with the improvement in the Uruguayan dollar exchange.

Writing on the 24th July Mr. Young informed us that the price of Bunker Oil was shortly to be increased, also Maclean & Stapledon had advised that further wage increases to Port Workers were imminent. Mr. Young ended by saying "these factors make an early reduction in freights unlikely".

Regarding passages, we have recently been notified of a 10% increase in Royal Mail Line's fares and cannot contemplate for the time being any reduction in fares by Company's vessels.

I am, Sir,
Your obedient servant,

A. G. Davison

MANAGER.

B.

Acg B.O.F. I hear that perhaps rate between U.K. + Montevideo is down - is this so?

CH. / Have we anything on B.?

25/8

P.T.O.

224

A.C.S.

213c. I can't trace anything about
one decreased rates. For previous case
pl. see 133 in 0327 att.

SS.
25/8

BU. 22/9.

See.

B on reverse.

I have recently had access to some private
freight accounts & there is no variation in
Royal Mail rates from Dec. of last year
to the present day - or at least the latest
account to hand.

S.
28/10.

BU 25/11.

P/A.
30/11

4th December, 53.

Sir,

203 m 0327
210 m 0327

With reference to my letter No. 0327 of the 31st of March, 1953, and your reply thereto dated the 9th of May, 1953, I am directed by the Governor to suggest a renewal of the Mail Contract, on the existing terms for a further period of one year with effect from the 1st of January, 1954.

I am,

Sir,

Your obedient servant,

(Sgd) C. Campbell

COLONIAL SECRETARY.

B.M. 12/12/53 JLB

The Manager,
Falkland Islands Company, Limited,
STANLEY.

Reply at 226

226

The Falkland Islands Company, Limited.

(INCORPORATED BY ROYAL CHARTER 1851.)

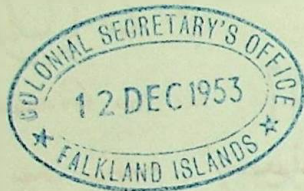
REGISTERED 1902.

AGENTS FOR LLOYDS.

TELEGRAMS "FLEETWING PORTSTANLEY" VIA RADIO.

Stanley,

11th December, 19 53.



Sir,

225.

With reference to your letter No. 0327 dated 4th December, 1953 we agree to a renewal of the Mail Contract on the existing terms for a further period of one year with effect from 1st January, 1954.

I am,

Sir,

your obedient servant,

A. G. D. Davison

Manager.

MA

The Honourable
The Colonial Secretary,
Stanley.

*See
~~Ref~~ at 260*

227

Note

Discussion with Mr. Yang

FIC are contemplating the time chartering of a large vessel (Davit's) with passenger accommodations of up to 60; when not used by FIC, owners would employ her in Greenland trade. They had intended to dispose of 'Fitzroy' before her next "Hays Survey" but the present intention is to keep her.

Sense of 223 confirmed; and I have little doubt that it is so.

no. 20
1-54

27.

RE

S. Georgia Mail Run.

Chairman is to take up with
Salomon the possibility of getting
Fitzroy dry docked at Shannon,
to be paid for with mutton!

He has taken note of the
Whalers' Stations' desire for a
visit in August which might
suit the Company as well. I have
told BO that there can be no
guarantee on the ^{MC}
August trip.

20
1-24

ppa

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

17th June, 19 54.

To: Superintendent,.....

Posts & Telegraphs Department,

STANLEY,.....

FROM: The Colonial Secretary.

Stanley, Falkland Islands.

SUBJECT :-

Mail Service.

I am directed to refer to the meeting held in the Colonial Secretary's Office on Thursday 10th June, attended by yourself, Honourable Mr. K. E. Luxton and the Harbour Master and to confirm the following agreement reached to ensure that the best possible mail service to the West Falkland Island is maintained:-

- (a) You will study the Falkland Islands Company Fitaroy itinerary when issued and advise Government what calls she should be required to make at Fox Bay under the terms of the contract.
- (b) You will at the same time liaise with the Harbour Master with a view to augmenting the Fitaroy service where practicable by aircraft and S.V. Philonel.
- (c) You will instruct the sub-Postmaster Fox Bay to acquaint himself with the itineraries of the Fitaroy, small coastal craft and the air service and make advance recommendations for mail delivery and collection.
- (d) Fox Bay will remain the central collecting and delivery point on the West Falkland and any Port Manager who gambles on a quicker and easier service from the aircraft does so at his own risk.
- (e) That the letter mail drop to the West Falkland will continue to be listed as a priority flight.

2. I am to request that you will advise this Office at half yearly intervals of the advance arrangements which have been made.

(Sgd) C. Campbell
Colonial Secretary.

Copies to: Honourable Mr. K. E. Luxton,
Harbour Master,
K. E. Clement, Esq. (Chairman West Falkland Managers).

S. P/T.,

I propose sending you above draft - have you any comments before issue? (Ttd) C.C. 14/6. *In fact 0604/III*

Hon. C. S.

I think you have included everything. I have no comments. *pc*

Copy filed in FIDS. 47/Vol. III/364.

0327/II

Confidential.

2nd July, 54.

Sir,

I am directed to state that under Section 5 of the Mail Contract made between Government and the Falkland Islands Company in 1937, the Company allows Government a rebate of 25% on all cargo and passenger fares chargeable on all bona fide Government traffic carried by them.

2. The Falkland Islands Company have now refused to extend this concession to officers of the Falkland Islands Dependencies Survey on the ground that the mail contract was made with the Government of the Falkland Islands only. Curiously enough they permit the concession on Falkland Islands Dependencies Survey freight but the two would appear to be indivisible.

3. A copy of the mail contract (which it is requested should be returned in due course) is enclosed and I am to seek your advice as to whether or not the Falkland Islands Dependencies Survey are entitled to the concession.

4. For your information I am to append the following observations:-

- (a) The Agreement was entered into in 1937 when there was one Government for the Colony and Dependencies i.e. the Governor had the same powers of Government and legislation over and in the Dependencies as he had over and in the Colony, but the Dependencies have always budgeted separately and paid a contribution to what was described as "Central Government" for services and facilities in Stanley.
- (b) Since the Constitutional change in 1948, the Legislature have had no control over the Dependencies which are however governed by the Executive Council.

See 235

Reply at 232.

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

- (c) The Falkland Islands Dependencies Survey is financed by revenue obtained in the Dependencies but the United Kingdom contribute a grant of up to £100,000 when the estimated expenditure exceeds £88,000.
- (d) When the contract was signed the only Dependency under occupation was South Georgia though prior to that date a Magistrate had been stationed at Deception Island to control the actions of the shore whaling station there.

5. In the event of your advising that the Falkland Islands Dependencies Survey are not entitled to this concession I am to enquire whether under the Agreement the Falkland Islands Company can refuse to carry mails destined for the Dependencies.

I am,
Sir,
Your obedient servant,

(Sgd) C. Campbell

COLONIAL SECRETARY.

W.M.

229 Adv. arrangements -
ph. ark S.P.T. 29/5/54

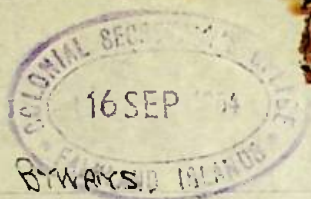
Memo coming in from S.P.T.

Mr Morrison.

memo from S.P.T. filed in

0604/III ^{msg} 2/5/54

BU repl 15/8
No mail to date
BU 13/9 → 232



Confidential.

GRAVEL PATH.

BERKHAMSTED.

BVP

2 August 1954.

230 S/S

No 0327/11 of 2.7.1954.

1. It would have been interesting, and possibly helpful, to have been furnished with copies of the correspondence which, I presume, has passed between the Falkland Islands Company and the Government, as also to have been informed what has hitherto been the practice as regards the carriage of mails for South Georgia - whether the Company's steamer has made regular voyages, as if in compliance with clause 17(c) of the contract, or has gone there at such times as suited the company, taking whatever mails were then ready.

Pg 6 of 211.

2. From the recitals in the Letters Patent of 1948 it appears that long before 1937 the Dependencies were regarded as distinct from the Colony of the Falkland Islands, therefore the expression "the colony of the Falkland Islands" in the contract would prima facie refer to the Colony and not to the Dependencies also.

Pg 1 & 2 of 211. The recital to the contract and clauses 2, 4 and 5 speak of "transit within the colony", or "between the several parts of the Colony", or of "inter-island voyages".

Reply at 235

Pg. 7 of 211

but, by contrast, clause 17 (iii) provides that "... voyages to other places on the South American continent, or to the Dependencies, shall be the subject of special arrangement ..."

4. As the detailed schedule of fares and freights referred to in clause 4 says nothing about fares or freights to the Dependencies it is impossible to suppose that the expression "inter-island trade" in this clause can have been intended to include trade between the Colony and the Dependencies or between one Dependency and another.

5. Clause 26 provides that if the Company substitute a larger ship the Government will increase the mail subsidy on condition that the ship makes twelve round voyages to Montevideo and two round voyages to South Georgia per annum.

6. For the foregoing reasons I am of opinion that the contract of 1937 does not apply to the carriage of passengers, freight, or mails between the Colony and South Georgia or any of the Dependencies.

I am, Sir,

Your obedient servant,

Henry Meade

The Colonial Secretary.
Falkland Islands.

Pg 2 of 211

211.

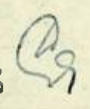
434

SF

P2e see (232)

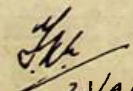
I am not sure that Sir Henry has not missed the point and the traffic we are interested in is between Norfolk & Stanley.

It is probably my fault for not making this clear. What do you think?

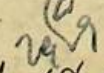
23 

H.C.S.

Your minute above. I agree that Sir Henry seems to have missed the point. Paragraph 2 of your letter of the 22nd July is clear enough to us but apparently not clear enough to an outsider. We should write again explaining that it is only concerned with the carriage of Falkland Islands Dependencies Survey freight and personnel between the South American coast and Stanley. Our query is whether or not F.I.D.S. personnel are bona fide 'Government traffic'.


23/9/54.

MS P2e with File 47/12

H.C.S.
P108/47/12 h/c p. 1230/9 

2nd October, 54.

CONFIDENTIAL

Sir,

232

I am directed to refer to your letter No. 0327/II of the 2nd of August, 1954, and to thank you for the information contained therein.

230

2. I fear, however, that I did not make it sufficiently clear in my letter No. 0327/II of the 2nd of July, 1954, that Government is mainly concerned with the carriage by s.s. "Fitzroy" of Falkland Islands Dependencies Survey personnel and stores between Montevideo and Stanley, since onward transport to the Dependencies from the latter port is now undertaken exclusively by the R.R.S. "John Biscoe".

211

236

237

3. The copy of the mail contract is therefore returned to you temporarily and enclosed are copies of Secretary, Falkland Islands Dependencies Survey's letter PIDS P/1/780 of the 2nd of March, 1954, and the Falkland Islands Company's letter of the 5th of April, 1954, which gave rise to the dispute.

I am,

Sir,

Your obedient servant,

(Sgd) C. Campbell

COLONIAL SECRETARY.

Reply at 238

Sir H. Webb, Kt.,
c/o The Crown Agents for Oversea
Governments & Administrations,
1, Millbank, LONDON, S W 1

COPY

236

FIDS P/1/780

FALKLAND ISLANDS DEPENDENCIES SURVEY
PORT STANLEY,
FALKLAND ISLANDS.

2nd March, 1954.

Gentlemen,

Please refer to P.V. No. 74 (Passage account No. 2688) paid on the 21st December 1953. This charge is for passages between Montevideo and Port Stanley for myself, wife and child in s.s. "Fitzroy".

Under Clause 5 of the Mail Agreement with the Government, the Falkland Islands Company have agreed to allow "a rebate of 25 per centum on all bona fide Government traffic chargeable on the vessel or any substitute or substitutes approved by the Governor." This rebate applies to "inter-island voyages and voyages to and from the South American continent".

This rebate is made automatically by the Company for Government passengers from Port Stanley to Montevideo but seems to be overlooked by their London Office for the reverse journey. I would be grateful if you would take up this point with them requesting them to make the 25% reduction at source and so saving the necessity for making claims here.

I remain, Gentlemen,
Your obedient servant,

(Sgd) F.K. Elliott

SECRETARY.

The Crown Agents for the Colonies,
4, Millbank,
LONDON, S.W.1.

Original at 231 in FIDS/47.

COPY

237

THE FALKLAND ISLANDS COMPANY, LIMITED,

120, Pall Mall,
LONDON, S.W.1.

The Crown Agents for the Colonies,
4, Millbank,
LONDON, S.W.1.

5th April, 1954.

Dear Sirs,

With reference to your letter, MSA 1081/2 dated 31st ult., we cannot agree that officers employed by the Falkland Islands Dependencies Survey and their families are eligible for the 25% rebate of passage money under clause 5 of the Mail Agreement between the Government of the Falkland Islands and ourselves and we are writing to Port Stanley to find out if they have been granting this rebate and if so, why our instructions have been ignored.

Yours faithfully,
For the FALKLAND ISLANDS COMPANY LIMITED

(Sgd) L.W.H. Young

Managing Director.

Original at ^{361.} ~~361~~ in FIDS/47.

235 mail

BU 29/10

BU 6/12

Confidential.

BYWAYS.

GRAVEL PATH.

BERKHAMSTED.

9. 10. 1954.

Your 0327/11 of 2.10.1954. **235**



Sir,

235 On receipt of your letter of above reference I wrote to the Falkland Islands Co. asking upon what grounds they had refused the rebate to which the Secretary of the Survey, as holder of a pensionable office under the Government of the Falkland Islands and its Dependencies, appeared to be entitled. After ten days **240** I received a reply that they are consulting their solicitor and will write again in due course.

I expect the point will be that the personnel of the F.I. Dependencies Survey are not officers of "the Government of the Falkland Islands". If so there are some further facts that I should like to know.

Low copy
1/11/54

1. You say "the survey is financed by revenue obtained in the Dependencies but the U.K. contributes a grant up to £100,000 when the estimated expenditure exceeds £80,000." What is the revenue of the Dependencies, and how is it derived? I can't find any "Budget" for the Dependencies in the Gazettes.
2. What is the cost of the Survey - or what was it for each of the last 3 years?
3. Are the personnel of the Survey paid exclusively

CT?

Reply at 245.

Yes Dependencies revenue plus the U.K. grant?

4. Are the pensions of the officers of the Survey charged on the revenues of the Colony & paid out of those revenues? (See Pensions Ordinance 8.4). Perhaps no such pension has yet become payable.

No.
paid from
Dependencies

5. How are the officers of the Survey appointed? By the Crown Agents? or through the Director of Recruiting at the C.O.?

C.O. or
Crown Agents

↳ through the Crown Agents perhaps the instructions to them, or their advertisement of ~~the~~ ^a vacancy, would give some indication of the body regarded as being the employer. Perhaps Mr. Elliott could give us some information about this: has he given the impression that he was taking employment under the Govt. of the Falkland Islands, or under some other, and what, body? and has he anything in writing in this connexion?

Chief Clerk

Mr. Elliott

I am, Sir,

Your obedient servant.

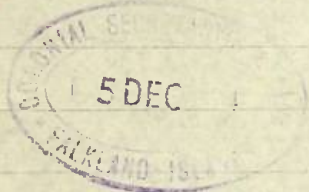
Henry Webb

Chief Hon. Colonial Secretary
Falkland Islands.

BRAY'S. GRAVEL PATH. BERNHAMSTED.

Your 0327/11 of 2.10.1954. 235

14. 11. 1954.



Sir,

241-242

1. I send herewith a copy of the letter which the Falkland Islands Co. have received from their solicitors, and shall be obliged if you will let me know if the statements that I have underlined + numbered 1-4 are correct.
2. The Colonial Office list shows, under the heading "Dependencies", an Administrative Office, South Georgia. Is he paid entirely out of Dependencies revenue? And is he, or may he be, transferred from that post to some post in the Colony proper, just as, for example, a District Commissioner in Kenya may be transferred to the Secretariat?
3. As at present advised I am inclined to think that the Company are wrong, but, if it ever becomes a question of bringing, or not bringing, the dispute to a head, would the amount involved - for passages, mails and cargo - be considerable?
4. As regards mails - Are mails for, say, South Georgia separately packed and labelled when they arrive in Monte Video or are all mails, whether for the Colony proper or the Dependencies, packed together and consigned to Stanley, and sorted on arrival there?

Appreciable

yes

The Hon. Colonial Secretary
Stanley.

I am, Sir, Your obedient servant.

Reply at 245.

Gleave/Neale.

Now from 238

Copy of letter from Solicitors to F.I. Co. to the Company.

We understand that Mr. Elliot, though normally resident in Stanley, is exclusively concerned with administrative matters for the Falkland Islands Dependencies

Mr. Elliot, we are informed, is paid by and may be entitled to a pension from the funds of the Dependencies Estimate. This estimate is not the subject of control or approval by the Legislative Council of the Colony. Thus it would seem that Mr. Elliot receives no orders from the Legislative Council, nor is he answerable to that body for his actions, nor can his employment be terminated by them. As the agreement was entered into by the Government of "the Colony", and as the Colony is defined by the Agreement as being "the Colony of the Falkland Islands", it is difficult to see how it can be said that Mr. Elliot is an officer of that Government. We should have thought that in the circumstances and as he was travelling in the course of leave, it could hardly be said that he came within the ambit of clause 5 of the Agreement.

But the fees from F.I. Co.
for ex-ly Co
Winnipeg &
Colonial Office

We understand that the Falkland Islands Dependencies Survey did not come into existence until about 1944. Thus it is clear that at the time when the Agreement was entered into it was never in the contemplation of the parties to it that its members should come within

(2)
True but of course
+ Dependent Islands
Administration for
penns.

- the scope of clause 5. We understand that the Agreement has been extended from time to time since the Survey came into existence and members of the Survey have previously travelled and no rebate has been allowed in respect of such passages. Nor has this been previously questioned.
- ③ Yes
- ④ ? sf

Act
 Sir lobby will have
 an next contract save
 in a spare copy?
 10/12

Act
 Last spare copy at b.c. pl.
 WJ 13/12

SF

(238) - (242)

be seem to be getting very involved. Can you please
 give me a note on Li Henry's prices as far
 as they are applicable to Dependencies. Can
 important cars for us to hold is whether they have
 have given these concessions to R.D.S. ~~personnel~~
 on S. Georgia personnel or goods in the past.

16/12

N.B. Clause 26 indicates that reports to S.G. were not completed. Also Clause 17(1) mentions
 the Dependencies. 6

B

HCS

238 - 242

Page 239 (4) The widow of the late S. Domes, who
 died while serving at Despatch Island, is
 paid a pension from Dependencies funds
 (Class 1).

(5) Agreements are made between the person
 engaged and the C.A., "acting on behalf
 of the Government of the colony and Dependencies
 of the Falkland Islands"

Other appointments are made by the Governor
 with the approval of the S. of S.

Page 240 (2) I am also shown on C.D. but under
 Dependencies

(4) Meals for Basin are included in colony
 bags and are sorted in Stanley

Page 241 (1) I cannot see how "travelling in the
 course of leave" comes into it - in any case
 on night bag
 I travel on duties as in the case of S & W.

Page 242 (3) + (4) Question was first taken up on file

see to make a report on passage money paid
 in FIDS between Stanley and Whitehead or vice-
 versa, I forget which (FIDS 47 pages 240 + 241)
 Relate is normally allowed in passage
 fees between Stanley and Whitehead but not
 in the reverse direction, although I feel
 that it must have been allowed in the
 early days of FIDS. The relate is
 allowed in freight. A/c. under possibly turn
 up some old vouchers.

[Signature]

17/12/54.

AGS This dispute started on ... I think, FIDS/47
 C/S you see above + below.
 20/12

FIDS/47
att.

C.T. (235 - 242)

Have you any points to add. We may be making
 much ado about nothing as the court etc probably
 enforce a change during the annual review of
 the contract. As I said before I think in
 equity they have some grounds for complaint.
 Against that if the unforeseen increase
 argument is admitted, this could be applied
 to the roadway which we intend to import.

20/12/54

D.B.P. I do not think the Company have any grounds
 for complaint - The unforeseen increased traffic
 brings more revenue to the Company.

2. Dependence traffic between M/V & Stanley
 is in the course of the dependence
 administration being carried out by the
 Colony Govt. and is therefore bona fide Govt. traffic

[Signature]
 22/12/54

0327/II

7th January, 55.

Sir,

238
240

I am directed to refer to your letter of the 9th of October, 1954, and your letter of the 14th of November, 1954, on the subject of the Mail Contract dispute with the Falkland Islands Company and to furnish the following replies to your queries.

238

Your letter of 9. 10. 54.

1. The revenue of the Dependencies is derived principally from export and other duties paid by the whaling companies at South Georgia. A copy of the current Dependencies Estimates are enclosed.
2. The cost of the Survey will be found from the Estimates.
3. Personnel of the Survey are paid exclusively from Dependencies revenue (which includes a grant from the United Kingdom if the expenditure exceeds a given figure).
4. Pensions of Survey Officers are charged against the Dependencies revenues.
5. Officers of the Survey are normally recruited through the Crown Agents but certain senior appointments are subject to the Secretary of State's approval.
Agreements are made between officers and the Crown Agents "acting on behalf of the Government of the Colony and Dependencies of the Falkland Islands".

240

Your letter of 14. 11. 54.

1. The Administrative Officer, South Georgia, is appointed by the Governor with the Secretary of State's approval and is paid out of Dependencies revenue. He is not at present liable to be transferred to some post in the Colony against his wishes.
2. South Georgia mails are packed separately and usually are despatched direct from the United Kingdom and Norway by ship. When they are routed via Montevideo and Stanley they are packed separately.

/Mails

Reply at 252

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

CC/VP

Mails for the Falkland Islands Dependencies Survey Headquarters in Stanley or for personnel on the Falkland Islands Dependencies Survey bases are intermixed with Colony mail and sorted on arrival.

South Georgia mail would be similarly treated were it not normally more convenient to despatch it direct by whaling vessel.

The Falkland Islands Company's Solicitors letter.

1. Mr. Elliott is paid and will receive a pension from Dependencies funds. The Dependencies Estimates are not subject to the control or approval of the Legislative Council nor does that Council legislate for the Dependencies. The Government of the Dependencies is under the direction of the Governor and his Executive Council (vide Colony Letters Patent 1948 and Dependencies Letters Patent 1908).

It is further pointed out that the Legislature cannot terminate the employment of a Colony officer. This is the prerogative of Executive Council and all that the Legislature can do is to refuse to vote his salary!

2. The solicitors maintain that the Falkland Islands Dependencies Survey did not come into existence until 1944. This is in some respects true, but in reality a fallacy.

The administration of the Dependencies for many years consisted of a Magistrate and other staff at South Georgia and a Magistrate at Deception Island (who controlled the whaling station there and who was withdrawn in 1931).

In 1944 a Service operation "Tabarin" was carried out to occupy strategic bases in the Dependencies but these bases were taken over by Government and have been financed from the Dependencies revenue since 1948.

The term Falkland Islands Dependencies Survey has continued to be used as a convenience but does not signify some special organisation.

The Administrative Officer, South Georgia is the departmental head (or District Commissioner) of South Georgia and Mr. Elliott is the departmental head (or District Commissioner) of the rest of the British sector.

3. The mail contract is extended annually by mutual agreement.

4. Rebate has always been paid on the Falkland Islands Dependencies Survey passenger fares between Stanley and Montevideo.

In general support of the Government's contention it is pointed out that clause 26 indicates that voyages to South Georgia are contemplated under the contract and further mention of the Dependencies is made in Clause 17 (iii).

but subject to special arrangement

81.

/As

As it is thought that you would be better able to obtain a clear picture of the ^{organization} ~~problem~~ by a discussion or telephone conversation with a knowledgeable officer I am to suggest that you should refer to Mr. J.E. Briscoe, Colonial Treasurer, who will be arriving in the United Kingdom on leave on the 17th of February, 1955, and whose address is

1 Rydal Avenue,
Birkenhead,
Cheshire.

I am,
Sir,
Your obedient servant,

(Sgd) C. Campbell

COLONIAL SECRETARY.

S/f.

To see 245-247 & to retain
you file F108/47/III att.
10/1

ACS
See thank you. File
return.

10/1/55. 2817
by/c

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

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

10. Mail contract. Mr. Young stated that he would recommend to his Board that the Company should purchase a replacement for the "Fitzroy" provided that Government was prepared to enter into a mail contract for a term of years and to increase the subsidy to 212,000 per annum. This increase was based on post war prices and the fact that the Company would offer a slightly larger and faster vessel with improved passenger accommodation and a regular monthly service.

His Excellency stated that he would refer this matter to the Executive Council.

X

See 249

A.C.S.

early Items marked X to be B.U'd. on file

(Incl) C.C. 31/1/55.

Note for R.E.

The opportunity of having all Camp members in for help Co. was taken to discuss this matter in Select C'ttee and the for in general members agreed that the increase was reasonable in view of increased costs for improved services. This cannot however be considered anything more than an informal expression of opinion.

D
2/3

MEMORANDUM

CONFIDENTIAL

5th February, 1955.

From: The Colonial Secretary,

To: All Members of Executive Council.

Subject: 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.

Campbell

COLONIAL SECRETARY.

CC/VP

See 250, 259

527/4

200

Port San Carlos,
Falkland Islands, S.A.

TELEGRAPHIC ADDRESS:
"CARLOS, PORTSTANLEY"

February 16 1955

The Hon. The Colonial Secretary,
STANLEY.

Sir,

MAIL CONTRACT.

There would seem to be a case for some increase in the mail contract if a more frequent and more comfortable service became available, but £1000 per voyage to Montevideo seems excessive when—as must be assumed—the shipping activities of the Falkland Islands Co. are in any case highly profitable. Perhaps too some assurance should be sought relative to the cost of freights and passages in the new vessel.

I am,

Sir,

Your obedient servant,

N. K. Little (Cm. Secy.)

*Memo from Sims re.
1/3*

But

H.C.S.

With reference to Ex.Co. Circular 9327/11

249

- (a) High post-war costs - I agree.
- (b) I do not consider that a larger and faster vessel warrants such an increase in the subsidy.
- (c) Increased passenger accommodation would certainly be a very good thing but, again, would that justify such an increase in public expenditure?
- (d) The service at present is not nearly as bad as (d) indicates; I do not consider that the slight improvement offered is worth the extra £6000.

Unless there are more and better reasons for increasing the Mail Contract, I do not agree to the proposed increase.

PA 28/2/55

Bob
Lump
3/3

CONFIDENTIAL SECRETARIAT
11 MAR 1955

Confidential

BYWAYS.

GRAVEL PATH.

BERKHAMSTED.

13. 2. 1955.

O 327 / II of 2.7.1954, 2.10.1954, and 7.1.1955. 245.
230 235

Sir,

253-257 Here with my opinion on this matter. When writing to the Company I suggest that you may give them the substance of paragraphs 1, 2, 6 and 7. You may add that their lawyers are under a misapprehension in thinking that any argument can be based on the fact that Mr. Elliott is not answerable to the Legislative Council and that his employment cannot be terminated by them, pointing out that (as I think is the case) in all Colonies the Legislative Councils neither appoint nor dismiss Government officials, who are appointed and dismissed either by Her Majesty ~~Directly~~ (Governors and Judges) or by the Secretary of State.

I am, Sir,

Your obedient servant,

Henry Webb

The Colonial Secretary

Falkland Islands.

1. 253



230

235

245

Re 0327/II of 2.7.1954, 2.10.1954, and 7.1.1955

237

Pg 2 of 211

1. The Company's letter of 5.4.1954 raises the question whether the transport between Monte Video and Stanley of officers and goods of the F.I.D.S. comes within the meaning of the expression "bona fide Government traffic" so as to attract the rebate provided for by Cl. 5 of the Agreement of 1937, made between the Government of the Falkland Islands and the Company for "the transmission of mails, passengers and freight within the home trade limits of the Colony and the transit of mails, passengers and freight between the Colony and the mainland of South America."

2. It is not clear when the F.I.D.S., under that name, came into existence, but, as I understand it, the expression now includes not only the numerous persons engaged in topographical or scientific work, but also the officials who constitute the administration of the Dependencies. I also understand that until 1954 the rebate on their fares between Monte Video and Stanley has always been allowed, as also that on the freight of goods for the F.I.D.S.

3. The matter is not free from doubt. The Agreement defines "the Government" as "the Government of the Falkland Islands" and "the Colony" as "the Colony of

no.

X /

the Falkland Islands", and there is a good deal to suggest that, if these terms are to be strictly construed, they do not include the Dependencies (1) the Letters Patent of 1948 (Article 1 (1)) distinguish between "the Colony" and "the Dependencies"; (2) the Dependencies have a separate revenue out of which the salaries and pensions of the officers of the F.I.D.S. and the general expenditure of the Dependencies are paid; (3) legislation for the Dependencies is, since 1948, by the Governor alone, and is not submitted to the Legislative Council of the Colony; (4) officials of the Dependencies are not transferable to the Colony in the same way that in other Territories an official may be transferred, without his consent, from one district to another; (5) the Dependencies issue distinctive postage stamps.

4. Further, it might be said that when the Government of the Falkland Islands entered into an agreement which purports to concern "the Colony of the Falkland Islands", not "the Colony of the Falkland Islands and its Dependencies", which is the proper designation of the Colony (see the Letters Patent of 1948), it must have recognized that the contract was intended to apply over some area other than that connoted by the correct designation.

5. Certain passages of the agreement seem to be consistent with this view. The expressions "transit within the home trade limits of the Colony" (preamble), "between the several parts of the Colony" (Cl.2), "inter-island trade" (Cl.4) taken with the Schedule of fares and ports of call clearly refer only to East and West Falkland and the adjacent islands.

211
Pg 2 of 211

6. But the provisions of two clauses of the Agreement lead me to think that the parties to it did not use the expressions "the Government of the Falkland Islands" and "the Colony of the Falkland Islands" in any such strict and exact sense. Clause 17 (iii) says that "...voyages to the Dependencies shall be the subject of special arrangement between the Government" (i.e. what the Agreement calls "the Government of the Falkland Islands") "and the Company", and Clause 26 says that if the Company provides a larger vessel "the Government" agrees to increase the mail subsidy "on condition that the vessel makes and two round voyages to South Georgia per annum." If the contract applied, and was intended to apply only to the Colony in the strictest sense - East and West Falkland and the adjacent islands - and if "the Government" meant the Government of the Colony so construed, there

Pg 7 of 211

Pg 9 of 211

was no reason for the inclusion of these two clauses; indeed they would be irrelevant. Unless the contract includes the Dependencies in the expression "the Colony of the Falkland Islands" it would have been meaningless to say that "the Government of the Falkland Islands" will make an arrangement for voyages to the Dependencies, or impose a condition calling for voyages to South Georgia, for these would have been matters within the sole competence of the Government of the Dependencies.

7. It is significant, too, that apparently it is only now that this claim is made, after the lapse of at least ten years during which the transport between Stanley and Monte Video of officials and goods of the F.I.D.S. has been treated as "bona fide Government traffic" and the rebate allowed in respect of it.

8. I am, therefore, of opinion that the expression "Government traffic" should be construed to include the transport of officers and goods of the F.I.D.S. between Stanley and Monte Video, and that the Company should allow the rebate in respect of such traffic. I am also of opinion that Clause 9 of the Agreement covers the carriage of mails for the

*Rebate still
applies this
way.*

Dependencies between the same points.

9. If the Company do not agree, and it is decided to have the point judicially decided, it would, I suggest, be undesirable to have it litigated in the Colony, but proceedings could be taken in the appropriate Court in London to recover whatever sum has been overpaid. Any payment made in respect of the amount of the rebate should be made under protest and without prejudice to the right of the Government to sue for its recovery.

258

c.t.
—

Plz see from (230). Could you
please take this over & handle vic. direct,
provided you agree that we have a case
X1 on (253) requires careful checking with sf.

18 P
B

HCS.

Yours Corp. Ex. Co. Circular 0327/11.



With 12 trips a year the new subsidy would be at the rate of £1,000 a voyage as compared with the present subsidy of £600 for 10 trips - an increase of £400 or $66\frac{2}{3}\%$ per round trip.

2. With the increased passenger capacity the new vessel's earnings will be enhanced if she travels fully booked. Assuming she carries an average of 25 passengers each way, receipts at £40 for the round trip would amount to £12,000 a year (excluding Govt. rebate which applies as present.) Receipts of the 'Itzroy' band on the average of 18 passengers (average for last 8 trips) amount to £7,200 a year for ten trips. The new vessel would therefore earn an additional £4,800 a year from passenger receipts. (I am not familiar with the demand for passages but on past performance doubt whether the average would be greater than 25 per voyage).

3. I agree that higher post war costs warrant some increase in the subsidy but an extra £6,000 seems a bit steep. I would not favour this increase unless it can be proved that the Company is operating at present at a margin which does not cover a reasonable profit plus depreciation.

J.A. 2/3

Bof

23rd March, 55.

Sir,

226. I am directed to refer to your letter of the 11th of December, 1953, in which you agreed to the renewal until the 31st of December, 1954, of the Mail Contract. It is regretted that, owing to an oversight, representations have not been made for a further renewal of the Contract.

2. I should be grateful to learn, therefore, whether you are prepared to renew the Mail Contract retrospectively, on the previous terms, for a further period of one year with effect from the 1st of January, 1955.

I am,

Sir,

Your obedient servant,

(Sgd) C. Campbell

COLONIAL SECRETARY.

Reply at 261.

Bu 31/3
Q
2

The Manager,
Falkland Islands Company, Limited,
STANLEY.

261

The Falkland Islands Company, Limited.

(INCORPORATED BY ROYAL CHARTER 1851.)

REGISTERED 1902.

AGENTS FOR LLOYDS.

TELEGRAMS "FLEETWING PORTSTANLEY" VIA RADIO.

Stanley,

24th. March, 1955.



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

260. Sir,

We beg to refer to your letter No.0327/II dated 23rd.inst. regarding the renewal of the Mail Contract.

We are agreeable to the renewal of the Mail Contract retrospectively, as per previous terms and conditions, for a further period of one year as from 1st. January, 1955.

I am,

Sir,

Your obedient Servant,

The Falkland Islands Company Ltd.

A.G. Davison

MANAGER.

C.T. 6 20.
29/3

H.C.P.
Perm. try
29/3

H.S.

258.

There is considerable doubt in my mind whether we have a sufficiently strong case to approach FIC for the 25% rebate for FIDS Personnel.

2. At 253 Sir Henry Debb admits the matter is not free from doubt (para 3) although at 256 (para 8) he goes on to say that Government traffic should be customed to include the transport of officers of FIDS between Stanley and Montevideo. This is not the point at issue. We do get the rebate between Stanley + Monte. but not in the reverse direction.

3. If this matter goes to litigation in the U.K. there is a possibility of our losing the action with costs. I consider it safer to continue with the present arrangement under which FIDS get the 25% rebate to Montevideo but pay full fare from Monte. to Stanley.

4. Should our subsidy be increased in the event of a new vessel being purchased we should then, of course, press for FIDS to be included in whatever rebate is decided upon. In the meantime I suggest we let sleeping dogs lie.

ES

Montevideo

29/3

S.F. I too am inclined to let sleeping dogs lie unless you have strong views we will do that. At present FIDS get their mails carried + some freight rebate. In addition even if our claim was strong, (I think it isn't) FIC

263.

would have, as case in equity for negotiating an increase in the subsidy owing to the expansion of F.O.S.

2) There are two further points. P.C. are building a new ship & are to ask for an increase in subsidy - this will be a good opportunity to straighten the matter out. Secondly we hope that most of F.O.S. stores & personnel will in future be carried in their own ships.

30/3

Y.H. Page 262 - 3 Agree.

31/3/55.

A

C.I. we will load but K.V. to slip in when new contract negotiated. I think F.O.S. should make a contribution of, say, £1,000.

31/3

X/ D.W. 20/4. H.

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

0327.

22. MAIL CONTRACT.

Council considered a request from the Falkland Islands Company for an increase in the mail subsidy if they replaced the Fitzroy with a slightly larger and faster vessel. Council agreed to the approval of the Legislature being sought for the provision of an annual mail subsidy of £12,000 on the understanding:-

- (a) That the new vessel would be larger and faster than the Fitzroy
- (b) Twelve regular voyages would be made annually
- (c) Suitable accommodation for 36 passengers should be available
- (d) The provision of the present contract should in most respects hold good - in particular the rebate on Government freight and passengers (including F.I.D.S.) and the clauses governing freight and fare increases.

Clerk of the Executive Council.

C.I.
File to you as a x affairs

[Signature]
26/4.

A.S.
we must K.I.V. → N.A. 7 (263) for
and contract i.d.u.

[Signature]
21. 22/4

[Signature]
30/6 (K.K.V.)
22/4

CONFIDENTIAL

EXTRACT FROM LETTER FROM THE MANAGER, FALKLAND ISLANDS COMPANY LIMITED, TO HON. COL. SEC. OF 28. 4. 55.

(Original filed in 0825/J - Importation of German Labour).

.....

New vessel.

A telegram in code from our Head Office has one group mutilated and we have asked for a repeat. Meanwhile we quote as we have received:-

See 212-220,
248-251, &
para. 5 of 2 page
2 of 1.

"Proposed replacement "Fitzroy" 36 passengers 37,000 cubic (mutilation) gas oil tanks 11 knots trials cost about £300,000 delivery December, 1956, before we can negotiate further essential Government undertakes enter 10 years Falkland Islands Mail contract £12,000 per annum and no rebates for 12 voyages Montevideo per annum with the option of two voyages to be made by new 12 passenger charter. Must have definite reply 7th May as building berth reserved until then".

We trust it will be possible for Government to give us the required guarantee by the date mentioned.

I am,
Sir,
Your obedient servant,
(Sgd) A. G. Barton,
MANAGER.

Reply at 272.

266

The Falkland Islands Company, Limited.

(INCORPORATED BY ROYAL CHARTER 1851.)

REGISTERED 1902.

AGENTS FOR LLOYDS.

Stanley,

TELEGRAMS "FLEETWING PORTSTANLEY" VIA RADIO.

29th April, 1955.

Sir,

In reply to your enquiry the following amounts have been received from the Colonial Government in settlement of freights, passages and victualling by our vessels -

1950.	£ 3,223.	15.	2.
1951.	4,121.	1.	1.
1952.	5,477.	-.	4.
1953.	3,203.	6.	3.
1954.	<u>3,339.</u>	<u>3.</u>	<u>6.</u>

£ 19,364. 6. 4.

=====

This does not include freights by charter vessels United Kingdom/Falkland Islands prepaid by the Crown Agents in London.

I am,
Sir,
your obedient servant,

A. P. Davlin

Manager.

The Honourable
The Colonial Secretary,
Stanley.

Notes.

One or two points are not clear in ^{the} extract of the letter from the Manager F.I.Co., which might affect the set up of the figures I have submitted.

265

(1) Does the option of two voyages by new charter vessel carrying 12 passengers mean Stanley/United Kingdom or Stanley Montevideo ?

(2) After twelve voyages per annum can Government assume that in the event of additional voyages that they would be entitled to the usual rebates on passages and freight.

(3) No mention is made of the tariff - can it be therefore assumed that the present prevailing rates will remain in force. Should there be any increase, this would have marked effect on the estimated increase in expenditure by Government.

CONFIDENTIAL

0527/11 -

MAIL CONTRACT

A b s t r a c t,

From 1950 (and probably before that year) the rate paid to F.I.Co for Mail Contract was £600 per round voyage Stanley Montevideo; this worked out at £6000 per annum.

Passages and freight were subject to 25% rebate; the following figures are submitted over the five year period 1950/54 and are tabulated under the following subheads Passages, Freight and Mail Contract, the former two being subject to the rebate mentioned previously.

1950

Passages at nett rate (ie less 25%)	£ 666. -- --.
Freight "	2557. -- --.
Mail Contract	6000. -- --.
	<hr/>
	£9223. -- --.
	=====

1951

Passages (as above)	809. -- --.
Freight (as above)	3312. -- --.
Mail Contract	6000. -- --.
	<hr/>
	£10121. -- --.
	=====

1952

Passages	659. -- --.
Freight	4818. -- --.
Mail Contract	6000. -- --.
	<hr/>
	£11477. -- --.
	=====

1953

Passages	727. -- --.
Freight	2476. -- --.
Mail Contract	6000. -- --.
	<hr/>
	£9203. -- --.
	=====

1954

Passages	958. -- --.
Freight	2381. -- --.
Mail Contract	6000. -- --.
	<hr/>
	9339. -- --.
	=====

Note : All items shewn under Passages and Freight are nett (ie less 25% rebate).

MAIL CONTRACT, FREIGHTS ETC., :-

PART I

Mail Contract @ 3600 per return voyage 1950/54	330000. -- --
Passages based on 1950/54 (without rebate)	3819. -- --
Freight based on 1950/54 (with rebate)	15545. -- --
	<hr/>
Cost over Five years - 1950/54	349364. -- --
Cost for 1 year (1/5th) say	69873. -- --

PART II

MAIL CONTRACT, FREIGHTS ETC., AS PER 265 - CS0327/II

Note - Mail Contract @ £12000 per annum for 10 years = £120000
 so for 5 years = 60000

Comparison with Part I :-

Say Mail Contract for 5 years on basis set out in 0327/II - page 265	60000. -- --
Passages based on 1950/54 (without rebate)	5093. -- --
Freight based on 1950/54 (without rebate)	20724. -- --
	<hr/>
Cost over five years (Estimated)	85816. -- --
Cost for one year (Estimated)	17163. -- --
Estimated increase over a year based on foregoing figures i.e.	
Less	Part II 17163. -- -- Part I 9873. -- --
	<hr/>
Nett increase	7290. -- --

J. E.

271

J. 265. *refus.*

Finance Committee this morning approved in principle the proposals and conditions set out in the En Co. minutes at J. 264.

I have drafted a reply for your consideration and this is at centre. One point does, however, occur to me - The record at J. 248 makes no specific reference to 36 passengers. On the other hand J. 249 - the memo circulated to En Co. does specify 36 passengers on the cabots. Can you recall whether Young did in fact mention that figure (I know Campbell was firmly under the impression that 36 was what Young had in mind at the time of the discussions)? If he did - well and good. If he did not then the Company could come back on us and say that they did not specify 36 - only "increased passenger accommodation" over and above 12 on the Fitzroy and that the increased charges and new conditions relate to putting the passenger accommodation as high as 36. It's perhaps a small point - but the point a commercial concern is apt to make.

A. G. T.
3/5.

0327/II

CONFIDENTIAL

4th May, 55.

Sir,

265

I am directed to refer to your letter of the 28th April, 1955, on the subject of the proposed replacement of the "Fitzroy" by a new vessel. In that letter Government was advised, on instructions from your Head Office, that before the Falkland Islands Company would be in a position to enter into further negotiations for the construction of the new vessel, it was essential that Government should undertake to enter into a 10 year Falkland Islands Mail Contract at the rate of £12,000 per annum and, in addition, accept a revision of the present arrangements as a result of which Government would not receive rebates on freight and passages.

See 248

2. During the course of a meeting between the Chairman of the Falkland Islands Company and His Excellency the Governor which was held in January of this year, the Chairman stated that he would recommend to his Board that the Company should purchase a replacement for the "Fitzroy" provided that Government was prepared to increase the mail subsidy to £12,000 per annum, an increase necessitated by post war prices and the fact that the company would be in a position to offer a slightly larger and faster vessel with improved passenger accommodation (approximately 36 passengers) and a regular monthly service. The Chairman made no mention of any conditions other than these.

See 264

3. His Excellency told the Chairman that he would refer the matter to Executive Council and in accordance with this undertaking the question was considered by Executive Council on the following terms:-

- (a) the new vessel would be larger and faster than the "Fitzroy".
- (b) 12 regular voyages would be made annually.
- (c) Suitable accommodation for 36 passengers would be provided.

4. The Executive Council decided that the approval of the Legislature should be sought for the

The Manager,
Falkland Islands Company, Limited,
STANLEY.

/provision

provision of an annual mail subsidy of £12,000 on these terms. These proposals have now also received the approval in principle of the Finance Committee of Legislative Council and I am directed to inform you that they are acceptable to this Government. A period of ten years for the contract would also be acceptable.

5. It is noted that the proposals now put forward by your Head Office differ from those put forward by the Chairman in that it is now proposed that Government rebates on freight and passages should be abolished. No reasons are given for this variation although it is considerable. It is not possible to approach Executive Council and the Legislature again without giving good reasons for altering the proposals already made to and accepted by them, and in any case such an approach could not be made within the time limit laid down in your letter. This additional commitment cannot therefore be accepted by Government in the absence of any information as to the economic reasons for its addition to the proposals put forward by your Chairman and now accepted by this Government.

I am,

Sir,
Your obedient servant,

(Sgd) A. C. Denton-Thompson

COLONIAL SECRETARY.

G.E.

I suggest that it would be advisable to take this question to Gels in memo. form and I attach one for your consideration (Draft B at cover). It is on the long side - but we have three new members at this meeting and it might be as well to tell the whole story.

A.G.F.
9/5.

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

11th May, 1955.

To: All Members of Executive Council.

From: The Colonial Secretary,

Stanley, Falkland Islands.

SUBJECT:- Mail Contract.

During the course of a meeting between His Excellency the Governor and the Chairman of the Falkland Islands Company that was held in January of this year, the Chairman stated that he would recommend to his Board that the Company should purchase a replacement for the "Fitzroy" provided that Government was prepared to increase the mail subsidy from £6,000 to £12,000 p.a., an increase necessitated by post war prices and the fact that the Company would be in a position to offer a slightly larger and faster vessel with improved passenger accommodation (approximately 36 passengers) and a regular monthly service.

2. His Excellency informed the Chairman that he would refer the matter to Executive Council and, in accordance with this undertaking, the question was considered by Executive Council on the 7th of April. Council agreed to the approval of the Legislature being sought for the provision of an annual mail subsidy of £12,000 on the understanding:-

- (a) That the new vessel would be larger and faster than the "Fitzroy".
- (b) Twelve regular voyages would be made annually.
- (c) Suitable accommodation for 36 passengers should be available.
- (d) The provisions of the present contract should in most respects hold good - in particular the rebate of 25% on Government freight and passengers (including F.I.D.S.) and the clauses governing freight and fare increases.

3. These proposals have received the approval in principle of the Finance Committee of Legislative Council.

4. On the 28th of April, 1955, the Falkland Islands Company notified Government that before the Company would be in a position to enter into further negotiations for the construction of a new vessel, it was essential that Government should undertake to enter into a ten year Falkland Islands Mail Contract at the rate of £12,000 p.a., and, in addition, accept a revision of the existing arrangements as a result of which Government would no longer receive rebates on freight and passages. Government was asked to give a reply by the 7th of May, 1955, as a building berth had been reserved until that date.

5. In reply Government noted that this new approach by the Falkland Islands Company differed from that of the Chairman in that it was now proposed that Government rebates on freight and passages (25%) should be abolished. Attention was drawn to the fact that no reasons had been given for this variation, although it was considerable, and the Company was advised that it would not be possible to approach Executive Council and the Legislature again in the absence of satisfactory economic reasons for the new terms now proposed by the Company.

6. The Chairman of the Falkland Islands Company has since advised His Excellency that the variation in conditions was due to the fact that at the time of his discussions with the Governor he had been considering the purchase of a new vessel at an estimated cost of approximately £200,000. In fact the cost of the new vessel would now amount to approximately £300,000.

7. The financial implications, calculated on the basis of figures compiled over a five year period and insofar as they affect Government, are as follows:-

Cost of Government passages over 5 years (rebate 25% deducted)	£3,819
Freight charges (rebate of 25% deducted)	<u>15,545</u>
Total	<u>£19,364</u>
Value of rebate over 5 years	£6,454
Value of rebate for 1 year (average)	1,291

Assuming that Government passage and freight requirements remain constant when the new vessel is in operation and that there is no upward revision of freight charges negotiated under the provisions of clause 4 of the Mail Contract, the total annual cost to Government will be increased by £1,291 in addition to the increase from £6,000 per annum to £12,000 per annum already agreed in respect of the mail subsidy.

8. Although no detailed information has been supplied by the Company the following calculations indicate what, in Government's view, would be the purely financial aspects of the construction of the new vessel at a total cost of £300,000 amortised over a period of years, in relation to the Government subsidy:-

<u>Rate of Interest</u> <u>Current Bank</u> <u>Rate.</u>	<u>Estimated</u>	<u>Amortisation</u>	<u>Percentage met by Govt. subsidy</u>	
			<u>Subsidy</u> £12,000 p. a.	<u>Subsidy & abolition</u> <u>of Freight &</u> <u>passage rebates.</u>
4 1/2%	15 years	£27,930 p. a.	43%	48%
4 1/2%	20 years	£25,070 p. a.	52%	53%
4 1/2%	25 years	£20,220 p. a.	59%	66%
4 1/2%	30 years	£18,420 p. a.	65%	72%

Note: Value of rebate estimated at £1,291 and assuming cost of Government passages and freight remains constant.

9. A further factor for consideration of Council is that the Finance Committee of the Legislature, in approving the increase in the rate of mail subsidy, suggested that if the decision to build the ship is taken by the Falkland Islands Company, the Company should be asked to consider whether or not it would be feasible to provide a proportion of cheaper rate accommodation so as to enable some of the lower paid and salaried people to take holidays in Uruguay. It is emphasised that this was not a condition attached to Finance Committee's approval of the increase in the subsidy, but merely a suggestion and Council may wish to consider whether it endorses the proposal.

10. In the light of the case put forward by the Falkland Islands Company and the information contained in this Memorandum, Honourable Members are asked to advise whether or not Government should now agree to forego the 25% rebate on passages and freight in addition to agreeing to an increase of £6,000 in the mail subsidy for a period of 10 years.

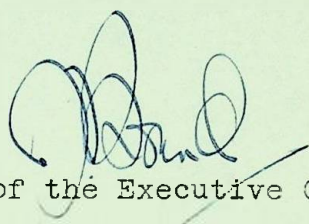
A. G. Newton Thompson
Colonial Secretary.

Extract from the Minutes of a Meeting of Executive Council
held 12th May, 1955.

0327/II.

3. MAIL CONTRACT.

After discussion it was decided that the Falkland Islands Company's request to abandon Government's concessions in respect of passages and freight rebates was unacceptable in the absence of full information to support the request.



Clerk of the Executive Council.

The Falkland Islands Company, Limited.

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(INCORPORATED BY ROYAL CHARTER 1851.)

REGISTERED 1902.

AGENTS FOR LLOYDS.

Stanley.

TELEGRAMS "FLEETWING PORTSTANLEY" VIA RADIO.

18th May 1955.

Your Excellency,

The following telegram from our Head Office arrived too late to be produced at today's meeting of Executive Council.

Text Yours 10th, proposed vessel improvement on that visualised

xxx Shipbuilding market strong also recent increase in shipbuilding wages

One hold adaptable carriage frozen produce

* Minimum sixteen berths 320 supplement for 2-berth cabin
Rise or fall fares freight must depend on wages port charges fuel etc.

xxx In reply to mine asking if there were any special reasons for the jump from 2200,000 to 2300,000

* The sense of this is not clear, there may be a mutilation in the code.

I doubt whether this information is sufficient by itself to alter the decision of Council conveyed to me today, and I shall be grateful if you will confirm that I may telegraph accordingly.

I am, Sir,

Your obedient servant,

A. G. Darwin.
Manager

See 279.

~~280~~
280

0327

13th May, 55.

Sir,

I am directed to inform you that the question of terminating Government concessions in respect of freight and passages on the mail steamer in addition to increasing the subsidy to £12,000 a year was considered at a meeting of Executive Council held on the 12th of May, 1955. It was decided that the suggestion that Government concessions in respect of freight and passages should cease was not acceptable in the absence of full information to support the request.

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2. I am further directed to refer to your letter of the 12th of May, 1955, which was handed to His Excellency on the evening of that day. This letter has been discussed with members of Executive Council but it is regretted that it is not considered that the information given therein is sufficient to justify immediate reconsideration of the matter by Executive Council. I am directed to point out that in putting forward the original request for an increase of the subsidy to £12,000, Mr. Young supported his proposals by strong arguments in the light of which the proposals were accepted. If it is now desired to vary those proposals it is considered that the fullest information supported by figures should be given.

I am,
Sir,
Your obedient servant,

(Sgd) A.G. Denton-Thompson

COLONIAL SECRETARY.

The Manager,
Falkland Islands Company, Limited,
STANLEY.

*For Mr. Young's letter
after 277*
14/5
Bel. 15/57
15/6

Minutes of a Meeting of Standing Finance Committee
held in the Office of the Colonial Secretary on
Monday the 16th MAY, 1955.

Present:- The Honourable the Colonial Secretary (Chairman)
The Honourable Mr. S.C. Luxton
The Honourable Rev. W.F. McWhan, M.B.E.

~~A.I.S.E's. The Committee considered and approved Applications to incur Supplementary Expenditure during the current year of accounting and also for the year 1954/55 as detailed on the attached schedule.~~

~~Reversing Gear m.v. "Philomel" Reversing gear for the m.v. "Philomel" at an estimated cost of £300 was discussed and Committee approved this additional provision as a charge to Head VI Subhead 12 Repairs and Engine Spares. The Chairman informed members that copies of the Surveyor's Reports would be circulated for their information and comment.~~

~~Course in U.K. for F.I.D.F. Officer The Committee recommended for approval the payment under Head IX Subhead N.I. Training Expenses in U.K. of an account amounting to £30. 12s. -d. submitted by the War Office in respect of costs of a training course undertaken by Lt. Jones of the F.I.D.F. The Committee expressed the view, however, that if supplementary provision was required in the case of such courses, an estimate should be submitted for the Committee's consideration before the course was undertaken and expenditure incurred.~~

~~Light & Fuel Govt. House The Committee requested that they might have details of how the original estimate was arrived at in view of the fact that the vote was overspent by £215. The original estimate was £420 and was based on the previous years expenditure.
(The reason for additional expenditure was due to extra power consumed as the result of the installation of an electric cooker)~~

~~Base Plate for Crane Govt. Jetty The Committee questioned the purchase of this item and the Chairman directed that a report should be obtained from the Harbourmaster for Committee's perusal. Committee approved expenditure amounting to £150 under Head VI Harbour & Aviation New Subhead Base Plate for Crane. The Crane was originally purchased from the Admiralty at a cost of £25.~~

~~Confidential Minute of 3/5/55 The Chairman advised members that he would keep them informed.~~

~~Cook/ See 271 Housekeeper Govt. House The Committee were asked to consider an increase in the emoluments of the Cook/Housekeeper which would amount to £75 per annum with effect from April 1955. The additional expenditure would be charged to Head I Governor Subhead 6 Domestic Servants. Members agreed.~~

~~Harness Agric. Dept. The Chairman informed members that the harness held by Government was in very poor condition and sought their approval for increased expenditure amounting to £10 over and above the vote to meet replacements which it was intended to order from the U.K. The effect on the vote i.e. Head II Subhead 2 Harness would be an increase from £30 - £40. Members approved of the additional expenditure.~~

Original in 0762/II.

282

FROM. S.O.F.S. TO GOVERNOR.

TELEGRAM

17.8.55

1000

17.8.55

1200

No. 90 Confidential. Following from Arthur begins:-

Other matters. Have informed you separately about
Freaser. Have good hope of selling Air Ministry idea
that they should take over Stanley Meteorological Office.
Have been so far unsuccessful over administrator for West
Boarding School have now approached S.F.O.. Coles has
got other job. Believe Air Survey of Colony free is in
bag. Believe Company is justified in seeking increased
subsidies for new "Vitaroy" but will discuss on return.
Salvoen not interested in sealing rights next few years.
Have told Coles that if they want exclusive rights they
must make offer of money. Here offer to pay duties which
must be done in any case is not good enough. Lady Gibbs
is worrying over guides. Have suggested Jean Oiruth
should run tours and an awaiting consequences. Have
persuaded Company to squeeze me into "Vitaroy" October 18th
but if "Protecter" sails only a few days later shall
wait for her. Ends.

SECRETARY OF STATE

Bu 3/12
22/18

CAT
R

283

The Falkland Islands Company, Limited.

(INCORPORATED BY ROYAL CHARTER 1851.)
REGISTERED 1902.

Stanley

AGENT FOR LLOYDS
AGENTS FOR
THE PACIFIC STEAM NAVIGATION COMPANY.
TELEGRAMS "FLEETWING PORTSTANLEY" RADIO.

2nd December 19 55

The Honourable the Colonial Secretary,
STANLEY.



Sir,

Mail Contract.

Under separate cover we have sent you a letter requesting an increase in freight, Montevideo/Stanley and vice-versa and given detailed reasons in support of our claim.

295

284-94

2. Mr. W.H.Young brought out with him the Draft Agreement which generally follows the one dated 23rd January 1937 and we understand has been discussed with His Excellency the Governor by Mr. Young Senr.

We attach a copy for your consideration but we must ask you to note that it was prepared hurriedly before Mr. Young Jnr. left United Kingdom by air and in the Second Schedule attached thereto there are sundry discrepancies in Passenger Fares and we have pencilled in the current fare.

211

3. The chief alterations to the 1937 Contract are as follows:-

Clause 4: Escalator Clause based on rise or fall in operating expenses 1937-1954 et seq

Clauses 16, 17: New items.

Wharfage: We now consider that "Freight" must cover just what it does in general practice elsewhere i.e. ship's tackle to ship's tackle, therefore all cargo handled at Stanley must be charged wharfage. 7/6d per ton w/m is proposed for cargo arriving from Overseas and includes 7 days free storage. Clients outside Stanley are at present charged 15/- per ton w/m which covers landing, storing and re-shipping, no change is contemplated in this respect.

Results on this issue.

No

Wharfage is not actually mentioned in the Contract but it may be deemed necessary to include it.

4. The writer will meet you at any time to discuss the Contract, or receive your written comments, but the final details should be left until our Chairman's visit in January.

I am, Sir,
Your obedient servant,

A. G. Danton

MANAGER.

Reply at 303

C.S.

F A L K L A N D I S L A N D S.

284

THIS INDENTURE made this _____ day of _____

One thousand nine hundred and _____ B E T W E E N

THE GOVERNMENT OF THE FALKLAND ISLANDS (hereinafter called "the Government") of the one part and THE FALKLAND ISLANDS COMPANY LIMITED whose Registered Office is situate at 120 Pall Mall in the City of Westminster (hereinafter called "the Company") of the other part W H E R E A S the Government is desirous of providing for the transmission 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 upon the terms hereinafter appearing which terms are acceptable to the Government N O W THESE PRESENTS WITNESS AND IT IS HEREBY AGREED AND DECLARED by and between the parties hereto as follows that is to say

1. IN this Agreement the following expressions shall have the following meanings:

"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.

2. THE COMPANY shall provide a steamship short particulars of which are set out in the first schedule thereto and shall 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 parts of the Colony and generally to provide transport facilities for farm settlements in the Colony and to enable shipment of produce to home markets to be effected. 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.

3. THE Steamship shall be properly found in all respects and capable of carrying not less than thirtysix 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 having an effective range of not less than five hundred miles under normal working conditions.

4. THE maximum passenger fares and freight rates for inter-island trade and between Punta Arenas Montevideo and the Colony charged by the Company shall be based on those in force in the Mail Contract dated the twentythird day of January One thousand nine hundred and thirtyseven plus a percentage to cover the increase in working costs of the vessel employed in this trade in 1936 and in 1954. Should the Company consider that basic operating expenses have increased to such an extent that increases in passenger fares and freights are justified it shall be incumbent on them to produce a statement certified by the Company's Auditors in support of their request for increases permission for which shall not be unreasonably withheld by Government. The Company state that the increase in working costs 1954 as compared with 1936 is 457 per cent and could therefore claim such an increase. Subject to slight modification and while reserving their rights within this limit they do however propose to adhere to the passage and freight rates in force at the date of signing this Contract subject to the rise and fall Clause referred to above. See Schedule 2 attached.

5. THE Government agrees that no charge shall be made to the Company by way of any Port Tonnage, wharfage or light dues in respect of the Steamship for entering in or clearing from or for using or being in any Harbour within the Colony during the continuance of this Agreement.

6. IN consideration of the payments hereinafter mentioned the Company shall convey free of ^{any}/charge whatever to the Government on any voyage made for the Government under this Agreement from any Port and to any Port included in the Itinerary of such voyage all mails both letter mails and parcel mails which the Governor through the Postmaster may desire so to be conveyed.

7. THE Company shall as hereinafter mentioned provide at its own cost a convenient and proper place or places of deposit on board the Steamship 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 at a port of call within the Colony and by some officer duly authorised to such effect upon the arrival of the Steamship 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.

8. ALL mails carried under this Agreement are to be delivered on the quayside nearest adjacent to the Steamship 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 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 shall make such Declaration as shall be required by the Postmaster or his officers or agents or by the proper Authority 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 at Montevideo or other foreign port and the Master shall on arrival at any of the said places of the Steamship 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.

Should the Government complete the necessary arrangements with the Uruguayan Government for the direct transfer of letters and parcels mail from certain specified vessels at Montevideo the Company shall receive such mail direct from the specified vessel and convey it to the Company's vessel at the Company's expense.

9. 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 King'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.

10. THE Company shall not nor shall the Master of the Steamship receive or permit to be received on board the

Steamship any letters for conveyance other than those contained in Her Majesty's mails.

11. THE Company and the Master of the Steamship 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 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.

12. 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.

13. THESE provisions shall become operative from
and shall remain in force during the currency of this Agreement.

14. (i) 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 Government after consultation with the Company, except that between the Fifteenth of December and the Fifteenth of March in every year such dates shall not be fixed without the consent of the Company and shall not at any time be fixed so as to interfere with the inter-insular voyages for the collection of the wool clip.

(ii) 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, Chartres and Hill Cove.

(iii) 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 but the Company shall be at liberty to make such voyages on its own account and at its own expense.

15. 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 Twelve thousand pounds per annum in equal quarterly payments of Three thousand pounds subject however to the following provisions namely :-

(a) where this Agreement has been in force for a portion only of the preceding quarter the sum paid shall be a corresponding proportion of Three thousand pounds and (b) an abatement at the rate of One thousand pounds per return voyage or of Five hundred pounds per single voyage shall be made in respect of any of the twelve return voyages specified in clause

hereof which the Company may be unable from any cause to perform or on which it may be unable from any cause to carry mails, passengers and cargo in accordance with the provisions of this Agreement.

16. SHOULD the Company charter vessels with adequate passenger accommodation for twelve persons; single voyages Port Stanley to Montevideo or vice versa shall be an adequate substitute for a single mail voyage under this contract up to a total of two voyages Montevideo to Port Stanley two voyages Port Stanley to Montevideo. In such cases it shall be permissible to carry mails suitably stowed in holds.

17. SHOULD the Company decide to provide 8000 to 9000 cubic feet refrigerated space for the carriage of meat the Government agrees to make an annual payment of Ten percent of the additional cost incurred by the Company whether the space is availed of for the carriage of frozen meat or not. Should the vessel carry frozen meat the freight earned thereon (less handling charges) shall be offset up to the amount of each payment in each year.

18. IN the event of any breach of this Agreement by the Company or failure on the part of the Company fully to carry

No.
Page 11

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. 0. (Five pounds sterling) as the Governor shall determine and if such breach or failure shall continue to a further penalty of £5. 0. 0. (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 as 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 and from bringing an action for damages against the Company instead of recovering a penalty under this Clause.

19. NOTHING in this Agreement shall be deemed to or shall impose any personal liability on the Governor or on any member or officer of the Government.

20. 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 on any of the services contracted to be performed under this Agreement.

21. THIS Agreement shall continue in force for a period of five years from the date mentioned in Clause 13 hereof and shall continue thereafter on the same terms until either party gives to the other six months written notice at any time to determine same.

THE FIRST SCHEDULE above referred to.

THE steamer shall comply with the requirements of Lloyd's highest class and have suitable accommodation for a minimum of thirtysix saloon passengers in fourteen cabins, dining and smoke room.

Dimensions

Cubic capacity about cu.ft.

Gross tonnage Net tonnage Speed knots.

THE SECOND SCHEDULE above referred to.

Particulars of :-

Coasting Service - ports of call.

Passage and freight rates.

Rates for through shipments of produce.

Conditions of carriage of cargo and passengers, etc.

THE FALKLAND ISLANDS COMPANY, LIMITED.

COASTING SERVICE.

1. THE Company carries Her Majesty's mails between inter island ports, Montevideo and Punta Arenas. The following are the ports of call :-

<u>East Falkland.</u>	<u>West Falkland.</u>	<u>Overseas.</u>
Darwin	Hill Cove	Montevideo
Goose Green	Foxbay	Punta Arenas
North Arm	Roy Cove	
Walker Creek	Port Stephens	
San Carlos S.	Port Howard	
Port San Carlos	Pebble Island	
Lively Island	Saunders Island	
Bleaker Island	West Point Island	
Speedwell Island	Carcass Island	
Port Louis N & S	New Island	
Johnsons Harbour	Weddell Island	
Salvador	Beaver Island	
Teal Inlet	Chartres	
Rincon Grande	Dunnose Head	
Fitzroy N & S		
Douglas Station		
Bluff Cove		
<i>Ajax Bay</i>		

2. PASSAGE RATES.

Saloon.

Group 1. Berkeley Sound)	
Fitzroy N & S.)	
Bluff Cove)	
San Carlos or) to Port)	15/- 19/6.
Brenton Loch) Howard)	

PASSAGE RATES (Continued).

Saloon.

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Group 2. Darwin)
Walker Creek)
Salvador)
Rincon Grande)
Teal Inlet)
Douglas Station)
Lively Island)
))
Darwin to North Arm)
and vice versa.)

30/- 45/-

Group 3. North Arm)
Speedwell Island)
Bleaker Island)
Brenton Loch)
San Carlos S.)
Port San Carlos)
Port Howard)
Foxbay)
Port Stephens)
Chartres)
Dunnose Head)
Roy Cove)
Hill Cove)

£2. 10. -. 73/6

Group 4. New Island)
Beaver Island)
Weddell Island)
Passage Islands)
Pebble Island)
Carcass Island)
Saunders Island)
West Point Island)

£3.15. -. 73/6

Group 5. Montevideo Single, Saloon £20. Return £40. Min.rate
Punta Arenas Single, Saloon £15. Return £30. " "

CHILDREN. 12 years or over . . . Full adult fare.
6 years & under 12 years . Half fare.
2 years & under 6 years . Quarter fare.
1 child under 2 years . Free.
Each additional child under 2 years . Quarter fare.

BERTHING OF CHILDREN. Two children paying quarter fare each will occupy one berth.

The fares quoted are minimum rates and are applicable to

4 x 4 berth cabins)
2 x 2/3 " ") Main Deck.

~~10~~ X 2 Bedstead Cabins on Upper Deck will be subject to a supplement of 25% on the minimum rate per bed.

Special Cabin and Bath Room on Bridge Deck, when available, supplement 100% on the minimum rate.

Sole occupancy of cabin by special arrangement.

Meals included in Overseas fares.

XXX

XXX

Berths are not guaranteed on Inter-island voyages. Berths are not available for passengers making a voyage within the hours of 6 a.m. and 9 p.m; if required, and if available, an additional charge of 10/- per berth will be made.

Passengers are carried on the terms and conditions printed on the Company's passenger tickets.

3. CONDITIONS OF CARRIAGE OF PASSENGERS AND BAGGAGE.

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 Darwin by a vessel going North about East Falkland and calling at Foxbay and then Darwin will pay the passage money equal to the fare to Foxbay.

Baggage allowance - 36 cubic feet.

Excess baggage will be charged at freight rates.

- 4. CATERING. Breakfast, Dinner or Supper @ 5/- per meal.
Early morning or afternoon tea 1/-.
Or contract rate per day 15/-.

5. CARGO RATES.

Cargo is accepted on the terms and conditions printed on the Company's Bill of Lading.

Montevideo and Punta Arenas.

General cargo	72/-	per ton weight or measurement
Special stowage } & Petrol }	144/-	" " " " "

Minimum rates of freight as for half ton weight or measurement.
Parcel freight - 2/6d. per cubic ft. minimum 10/-.

Local rates.

Between Port Stanley and :-

Berkeley Sound Ports and Fitzroy	... 36/-	per ton Wt. or meast.
Lively Island and Darwin (Goose Green	... 48/-	" " " " "
Speedwell Island	... 66/-	" " " " "
Other East Falkland Ports	... 54/-	" " " " "
Foxbay and Port Howard)	... 76/6	" " " " "
Great Island & Island Harbour)	...	87/-
Other West Falkland Ports	...	87/-
Passage and Sea Lion Islands	111 108/-	" " " " ")

if over 10 tons, if
under £54 per call.)

Parcels - local.

No parcels weighing over 28 pounds will be accepted. The minimum charge per parcel is 5/- for the first 11 pounds and thereafter 6d. per pound.

Animals.

To any port.	Cats	7/6	each
	Dogs	10/-	"
	Poultry (in crates))		at freight
	Pigs (in crates))		rates.
	Cows, bullock and bulls	£3.	"
	Horses	£3.	"
	Horses (across Falkland Sound)	£2.	"
	Sheep (in crates)	£2.	"
	Sheep - shifting in numbers - by arrangement.		
	Sheep (carcasses) East Falkland)	5/-	"
	West Falkland)		

} +£1 if
lifted in horse
box.

PRODUCE FOR SHIPMENT TO LONDON.

By arrangement. -

The rates charged include lighterage, where required, shipment storage, transshipment, Bill of Lading and Agency, i.e. all charges from point of shipment to final discharge.

Permit, New Stan 295

The Falkland Islands Company, Limited.

(INCORPORATED BY ROYAL CHARTER 1851)

REGISTERED 1902.

Stanley

AGENTS FOR LLOYDS.

TELEGRAMS "FLEETWING PORTSTANLEY" VIA RADIO.

2nd December

19 55

CONFIDENTIAL



The Honourable the Colonial Secretary,
STANLEY.

*North Light
1st a gallon
petrol*

Sir,

Freights

See 126 in Vol. I

I am requested by my Head Office to seek permission for an increase in freight on Ordinary Cargo Montevideo/Stanley and vice-versa of 8/- per ton w/m, and 16/- per ton w/m for Dangerous Cargo, bringing the total to 80/- and 160/- respectively. at 1.1.56.

2. No increase in inter-insular rates is sought for the time being.

*(126-138
= 149-157)
in Vol. I
11%*

3. Freight rates on general cargo to and from Montevideo, also inter-insular have remained unchanged since April 1951 when rates were increased by 50% from 48/- to 72/- per ton. Previous to that date there was an increase of 20% in July 1942 from 40/- to 48/-.

4. By comparison with April 1951 the following increases in running costs of s.s. "FITZROY" are submitted in support of our request for an increase in freight amounting to slightly over 11%. The principal increases are of course in Montevideo where, as the exchange moves in our favour it appears that expenses increase which nullify the improvement so far as our trading is concerned --

	<u>% of increase</u>
(a) <u>Montevideo</u>	
Labour	52%
Taxes	12
Ship's Stores	85
Repairs	110 (1954 Repair a/c £27895)
Bunkers	Fluctuating monthly.
(b) <u>Stanley</u>	
Bunkers	10% (ex Admiralty Stocks)
Labour - hourly	33
" contract	38
Stores	27
(c) <u>Crew</u>	
Approximately 5% increase including Long Service Bonus introduced 31st March 1954. If the same number of Able Seamen and Firemen of 2 years service or more were employed as in 1951 the increase would be higher.	
(d) <u>Old Age Pension:</u>	
New item of expense since 1951.	

Reply at 302.

Freights (contd)

296

2.

5. Another source of increased running costs is the slowing up of the rate of work in Montevideo.

Whereas in 1951 it took Montevideo stevedores 14 hours to discharge 461 bales of wool, the time taken to discharge 112 bales in August 1955 was 16 hours, the comparative figures being as follows:-

	<u>Stevedoring</u>	<u>Uruguayan</u>	£	s	d	<u>Rate</u>
		<u>Rate of</u>				<u>per</u>
		<u>exchange</u>				<u>bale</u>
						£. s. d
1951	£ 2119.68	6.417	330.	6.	4	14. 4
1955	£ 2277.83	9.73	234.	2.	1	2. 1. 9

Labour disputes in Uruguay, Argentina, and to a lesser extent the United Kingdom disrupt our itinerary and cause losses. Pre-war "FITZROY" regularly turned round in Montevideo in 3 days, we now have to allow 5.

6. Comparing River Plate Conference Rates and our own, 1936 to 1954, the following figures are of interest:-

Percentage of increase

	<u>Pass-ages</u>	<u>Wool</u>	<u>Flour</u>	<u>Sugar</u>	<u>Cement</u>	<u>Wire</u>	<u>Galvd. Sheets</u>
<u>Conference</u>	43-60	550	300	625	800	400	275
<u>F.I. Co.</u>	111-170	392	80	80	80	80	80

7. Economically the cost of a new ship should be provided for out of the profits made by her predecessor. s.s. "FITZROY" cost approximately £26,000 to build, her replacement will cost at least £300,000.

The increase we are asking in freight will reduce the annual loss in working by approximately £1000.

This amount leaves no relation to the present cost of the ship.

I am, Sir,
Your obedient servant,

A. G. P. Parker

MANAGER.

4/2

Y.E.

297

283-214

I think you will probably wish to see these
rather important letters before they are dealt with
on file.

C. G. T.

3/11

Thank you. Please speak

when you can

YEA

3

I regret the delay in dealing with these papers.

There are two matters to be dealt with here and I should like to take the question of freights (folio 295) first.

Under clause 4 of the Mail Contract (of which there is a copy at folio 211) the F.I.C. are committed to making no increases in freight or passenger fares without the approval of the Governor. They are now asking for the following increases - Montevideo/Stanley:-

- (i) Ordinary cargo from 72/- per ton to 80/- per ton - an increase of 8/-.
- (ii) Dangerous cargo from 144/- to 160/- per ton - an increase of 16/-.

This sort of problem is always a particularly difficult one for a Government to reach any conclusions on since the books are not available. Consequently the case has to be decided on its merits and my own feeling is that the case as presented by the F.I.C. for an increase in freight charges on the Montevideo/Stanley run is on the whole reasonable. I cannot, of course, either prove or disprove the figures they quote. There are one or two points to which I should like to refer:-

- (i) With regard to the increase in freight charges for dangerous cargo, it is the normal and recognised practice that freight for dangerous cargo is double the freight for ordinary cargo. An additional factor here is that the Company are no longer allowed to take on petrol from a lighter in Montevideo while berthed alongside the dock. The "Fitzroy" has to move out into the basin for the purpose and consequently this all adds to the time factor.
- (ii) The argument is weakened by the second sentence in paragraph 4. As the exchange moves in the Companies favour and expenses increase they are probably not any better off but equally they are probably not any worse off. The percentage increases quoted in paragraph 4 do not include 1955 but are up to and including the 1954 trading year. The approximate position as I see it today, taking into account the exchange movements, is that 10% can be deducted from each of the percentage increases shown. I have ascertained that the 100% increase quoted in the case of repairs is in fact made up by a breakdown of labour charge increases and increased costs of spares. It is not just a flat increase over repair costs in 1951 necessitated by the fact that the ship is now old and uneconomical and requires much more attention.
- (iii) With regard to paragraph 5 I have had an undertaking from Barton that the Company has not just quoted "a worst possible case" and taken a cargo which was discharged in adverse and bad handling conditions (e.g. rain or sulky labour). Barton assures me that in fact ~~the~~ ^{is that} the Montevideo stevedores are now taking very much longer to discharge cargo.
- (iv) I really regard paragraph 7 as neither here nor there and nothing to do with this particular argument at all. I am, however, informed by Barton that there is a sinking fund and consequently, ~~it~~ depending on the size of that

299
sinking fund, whether this Government may well be paying a higher percentage than the 52% of a ship costing £300,000 lasting 20 years and financed by a loan at $4\frac{1}{2}$ per centum which we originally calculated (see folio 276).

To sum up I consider that the Company's case is reasonable. I do not consider, however, that it is reasonable to bring it into effect as from 1st January. We cannot bounce the public to that extent and they must have reasonable notice. My recommendation is that this should be discussed with Young at the same time as the draft mail contract is discussed with him and that he should make a case to you in Council. It is very difficult to calculate at the present stage what the additional freight charges will cost Government. This year we have a very large amount of capital equipment coming out and it must be regarded as an abnormal year. As regards much of this equipment, however, we have a certain amount of leeway in our estimates. In a normal year I doubt whether it would come to much more than £200.

I would, however, like to suggest that very serious consideration should be given to making a flat increase in the present basic subsidy of £6,000 a year as opposed to increasing freight rates. We have stabilised (temporarily at any rate) the cost of living and although the proposed increase would not materially effect c.o.l. it would to some extent (e.g. the proposed increase on dangerous cargo would amount to approximately a 1d. a gallon on petrol). As we have stabilised the cost of living I feel there are arguments for avoiding any factors that might upset, however slightly, the present equilibrium and there appears to be a case for an increased subsidy rather than passing the increased costs on to the consumer.

Mail Contract.

This document is in some respects pernicious and I think it will have to be looked at very carefully indeed. I suggest that it should be discussed by Executive Council when Young is here and that he should be required to make a very sound case indeed for some of the clauses to which I refer below:-

In my opinion he is at his old game of raising the ante and it is about time he understood that Government will meet him on a fair and reasonable basis provided he does not behave as if he were playing poker. The details of this proposed contract should be considered by Sir Henry Webb and I can take a copy home with me to go through the details. As regards the major issues my views are as follows:-

- (i) Clause 4 - I do not like this a bit and much of it has no place in a contract of this nature at all. Barton agrees with this view (but I don't think we should quote his agreement to Young). I can see no point whatsoever in going back to 1936. It may well be that the increase in working costs compares of those prevailing in 1936 as 457% but I don't see what this has got to do with it. I would much prefer to see substituted for this clause a sliding escalator clause drafted on the following principles:-

- (a) The prevailing rates for passengers and freight will be those set out in an annexure to the agreement (these rates will be negotiated and in the first instance at any rate will presumably be on those/which we might now be prepared to agree)

(b) Fares and freight rates will be reviewed annually and may be revised in an upward or downward direction according to costs of running the new ship.

(c) Any application by the Company for an increase in freight or passenger rates to be supported by signed auditor's statements.

(ii) Clause 5 - I think we shall have to negotiate on this and personally I would be extremely reluctant to consider this unless the Company are prepared to withdraw their wharfage proposals (see paragraph 3 of folio 283); these wharfage proposals would make a substantial difference in the case of cargo ex U.K. and if they persist in introducing them then I consider that we should reserve the right to impose harbour dues subject to some reasonable safeguard to the Company e.g. 6 montns' notice.

(iii) Clause 16 - This is a tricky one. Young's original case was that he proposed to build a 36 passenger ship which would provide a monthly service between Stanley and Montevideo. In return for this he asked for the mail subsidy to be doubled and Government agreed. You will recall that he raised the ante at very short notice by asking Government to forego 25% rebate. Now he has inserted a clause which will permit him, if he so wishes, to substitute for two of these monthly regular runs a charter vessel (doubtless extremely uncomfortable) with passenger accommodation for 12 persons. I agree that the contract as negotiated and drawn should include provision for the five yearly survey trip to the United Kingdom and also for trips to e.g. South Africa, subject to Government approval and subject to such trips being in the interest of the Colony. I would, however, with all respect, be very reluctant to agree to giving the Company carte blanche permission for cancelling two trips of the new ship and inserting in their place 12 passenger charter vessels. (One lot of Government passengers who arrived here on last years trip of the "Hanne S" were practically on the point of mutiny when they got here and investigations indicated that they had very sound reasons for their complaints).

(iv) Clause 17 - to be quite honest I don't really understand clause 17 and neither does Barton. What is, however, clear is that it is a fast one. If the Company were to put up to Government on the grounds of the interests of the Colony, a case for establishing a small freezer industry and requested Government assistance on such grounds, then I think it would be reasonable, in principle, to give serious consideration to some form of financial assistance either in the way of a grant or a loan. But to justify any public expenditure in such circumstances it would have to be, in my view, a cut and dried approach of which refrigerated space on the Company's ship is only a part. The other and most essential part is a freezer installation in the Colony. But I cannot see that Government could possibly consider the clause drafted in the terms of clause 17 and in any event I do not see what it is doing in the mail contract. Discussing this question with Barton he mentioned that while there was the possibility of a Freezer or cold storage unit at Goose Green the possibility lay somewhere ahead. I might mention that Barton

301

quite confidentially told me that he could not see any sense in this clause except in so far as that it would be cheaper, if the Company is going to include refrigerated space in its new ship, to do so now than to convert at a later stage. Again, with all respect, I consider that the terms under which this clause is drafted amount to sheer impertinence.

- (v) You will note that the Company have excluded the old clause 5 which allows Government a rebate of 25% on all cargo and passenger rates chargeable on all bona fide Government traffic carried by the vessel or any substitute or substitutes approved by the Government. This question, which formed part of Young's last effort to raise the ante, has yet to be resolved but if it is agreed that he has a case I would prefer to see it resolved in the form of a straight increase above £12,000 in the subsidy and retain the beneficial clause with regard to Government rebates.

/ing

In order to kill two birds with one stone and to avoid making the same case twice over I was going to suggest to Y.E. that Young should be required to make his case at a joint meeting of Executive and Legislative Councils which would have the effect of bring/the S.F.C. into the picture from the beginning. Unfortunately, however, there will not be a Legislative Council while Young is here in as much as we dissolve by 31st December, and cannot have the general election in time. He could, however, make a case to Executive Council in person and the matter could then be discussed very fully at the combined Executive and Legislative Council meeting you are contemplating holding after the general election in March.


C. S.

20.12.55.

17th January,

56.

Sir,

295

I am directed to refer to your letter of 2nd December, 1955, on the subject of freights, and to inform you that subject to inquiries now being carried out in Montevideo confirming the figures you quote, and it is fully expected that they will do so, there is no objection on the part of this Government to bringing the new rates into force as soon as you wish.

I am,

Sir,

Your obedient servant,

(Sgd) J. Bound

ACTING COLONIAL SECRETARY.

See 327

The Manager,
Falkland Islands Company, Limited,
STANLEY.

302

Extract from the Minutes of a Meeting of Executive Council
held 14th January, 1956.

0327/II.

3. Falkland Islands Company's Freights and Mail Contract.

Mr. L.W.H. Young was invited to attend in order to explain various points and answer questions on the proposed increase in freight rates and the proposed new mail Contract. After a lengthy discussion Mr. Young withdrew and Council proceeded with the business of the Meeting.

Freight increase.

It was agreed that Government would have no objection to the new freight rates coming into force as soon as the Falkland Islands Company wishes to introduce them, subject to enquiries now being carried out in Montevideo confirming figures quoted by the Company.

Mail Contract.

Council advised that the Falkland Islands Company should be informed that there is no objection on the part of Government in principle to the draft Agreement, subject to the following amendments:-

Clause 4. This Clause should refer to a schedule which would set out the present rates and provide for variation by agreement in reasonable proportion with variation in operating costs.

Done at 10.15
Clause 14 (i)
The last 51 words should be deleted.

Clause 15. The amount should be altered to fourteen thousand and two hundred pounds on condition that 8,000 to 9,000 cubic feet of refrigeration space complete with insulation and machinery is provided. Otherwise the amount should be thirteen thousand and two hundred pounds.

Clauses 5 and 6 of the former Agreement, providing certain advantages for Government should be re-inserted.

Clause 16. Provision should be inserted that the substitute voyages should only take place in the months of January, February, July and August.

Clause 17. Should be deleted.

The Schedule.

Reference to a special cabin and bathroom on the bridge deck should be deleted.

It was further advised that the Company should be requested, if they constructed a freezer, to treat other farms on equal terms with their own. It was understood from Mr. Young that this was acceptable to the Company.

Whittle
for Clerk of the Executive Council.

0327/II

17th January, 56.

Sir,

283

I am directed to refer to your letter of 2nd December, 1955, on the subject of the mail contract and to inform you that there is no objection on the part of this Government in principle to the draft agreement forwarded by you subject to the following amendments:-

285

Clause 4. This clause should refer to a schedule which would set out the present rates and provide for variation by agreement in reasonable proportion with variation in operating costs.

288

Clause 14 (i). The last 51 words should be deleted, from the words "except that between the fifteenth of December" to the end.

289

Clause 15. The amount should be altered to fourteen thousand and two hundred pounds on condition that 8,000 to 9,000 cubic feet of refrigerated space complete with insulation and machinery is provided. Otherwise the amount should be thirteen thousand and two hundred pounds.

Pages 2 & 3 of 211.

Clauses 5 & 6 of the former agreement providing for certain advantages for Government should be re-inserted.

289

Clause 16. Provision should be inserted that the substitute voyages should only take place in the months of January, February, July and August.

289

Clause 17. Should be deleted.

The Schedule. Reference to a special cabin and bathroom on the bridge deck should be deleted.

2. In view of the proposal that Government should bear part of the cost of providing refrigerated space it is requested that the Company undertakes, in the event of their erecting a freezer, that it should treat other farmers on equal terms with the Company's farms.

3. I am further directed to point out that it will be necessary for the Legislature to provide the funds to give effect to the agreement. It will be requested to do so at the earliest possible moment.

Reply at 306

I am,
Sir,
Your obedient servant,

(Sgd) J. Bound
ACTING COLONIAL SECRETARY

The Manager,
Falkland Islands Company Limited,
ORA/VP STANLEY.

304.

The Falkland Islands Company, Limited.

°(INCORPORATED BY ROYAL CHARTER 1851.)°

REGISTERED 1902.

AGENTS FOR LLOYDS.

TELEGRAMS "FLEETWING PORT STANLEY" VIA RADIO.



Stanley,

19th January 1956

The Honourable Acting Colonial Secretary,
STANLEY.

Sir,

302. We have for acknowledgment your letters dated 17th inst. on the following subjects:-

- 3 in 1747.
- (1) 0327/11 - Mail Contract
 - (2) 0327/11 - Freights
 - (3) 1747 - Carriage of Petrol

With reference to Clause 4 of the draft Mail Contract, Mr. Young will re-write this and submit for His Excellency's approval on his return to Stanley.

Wharfage:

Incoming cargo ex S. American Ports at present bears a landing charge of 10/- per ton w/m. We propose to reduce this to 7/6d per ton w/m which will be the rate applicable to all cargo from overseas at the date on which it is decided to increase freight Montevideo/Stanley and vice versa.

I am, Sir,
Your obedient servant,

A. G. D. Davison

COLONIAL MANAGER.

But.
8
20/1

A.

W. Y. left the enclosed
with me. P.C. go thru it
& speak

DRA RB

Bub.

2. The spare copy of the contract
shd. be placed in a large envelope &
as b.c for preservation - All do not read. 7/6

Y.B.


Regarding Mr. Young's
interview with Y.B.
this afternoon.

I had a word with
Mr. Barton regarding
possible subjects to be
discussed in order that
I may have ^{ready} any files
required ~~very~~. Mr. B.
says there is not likely
to be any pertinent matter
brought up except

(i) the main contract
(Re. see 304).
- perhaps

(ii) Darwin School

Both files are therefore
~~absent~~ in the box.


26/1

305A

The Falkland Islands Company, Limited. 306

(INCORPORATED BY ROYAL CHARTER 1851.)

REGISTERED 1902.

AGENTS FOR LLOYDS.

Stanley,

TELEGRAMS "FLEETWING PORTSTANLEY" VIA RADIO.

26th January

19 56

The Honourable the Colonial Secretary,
STANLEY.

Sir,

303 I have to acknowledge receipt of your letter dated 17th inst., ref: No. 0327/II.

When the new Contract was discussed I do not recollect that it was agreed Clause 6 of the old contract should be re-instated, but we are agreeable to meet Government in this matter.

307-318 I now enclose two copies of the amended Contract and if it meets with your approval request that you will kindly return one copy initialled.

With reference to paragraphs 2 and 3 of your letter under acknowledgment, if the Company decides to erect a Freezer all Farms will be given the opportunity of delivering stock for processing. It is probable that a Company registered in the Falkland Islands would be formed and Farmers invited to invest therein.

With reference to paragraph 3, we fully appreciate the position.

I am, Sir,
Your obedient servant,

A. G. Darton

MANAGER.

Reply at 322

the Company's control this Agreement shall forthwith be terminated.

3 (a) THE Steamship shall be properly found in all respects and capable of carrying not less than thirtysix 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 having an effective range of not less than five hundred miles under normal working conditions.

(b) THE COMPANY may provide refrigerated cargo space of a capacity of eight to nine thousand cubic feet.

4. THE maximum passenger fares and freight rates charged by the Company for Inter-Island trade and between the Colony and Montevideo and vice versa the Colony and Punta Arenas and vice-versa are detailed in the Second Schedule hereto attached.

Should the Company consider that basic operating expenses have increased to such an extent that increases in passenger fares and freights are justified it shall be incumbent on them to produce a statement certified by the Company's Auditors in support of their request for increases permission for which shall not be unreasonably withheld by Government.

Should Government consider that basic operating expenses have decreased to such an extent that reductions in passenger fares and freights are justified the Company shall produce a statement certified by the Company's Auditors which shall form the basis for discussions between the Government and the Company.

5. THE Government agrees that no charge shall be made to the Company by way of any Port Tonnage, wharfage or light dues in respect of the Steamship for entering in or clearing from or for using or being in any Harbour within the Colony during

*Complete with
machinery and
mechanical
This has to
be done
that no increase
shall be made
without the approval
of the Government
has been made*

NEW

NEW

OLD 7

the continuance of this Agreement.

6. THE Company shall allow the Government a rebate of twenty five per centum of all cargo and passenger rates chargeable on all bona fide Government personnel and cargo carried by the vessel or any substitute or substitutes approved by the Governor. This rebate shall apply to inter-island voyages and voyages to and from the South American Continent but shall not apply to victualling charges incurred on voyages where victualling is not included in the quoted fare.

1937
Traffic

(OLD 5)

7. THE Company shall not charge the Government any Landing Charges at Port Stanley on the cargo referred to in the last preceding clause hereof.

(OLD 6)

8. IN consideration of the payments hereinafter mentioned the Company shall convey free of any charge whatever to the Government on any voyage made for the Government under this Agreement from any Port and to any Port included in the Itinerary of such voyage all mails both letter mails and parcel mails which the Governor through the Postmaster may desire so to be conveyed.

Old 8 deleted
(no longer binding
except - PSNC)

(OLD 9)

9. THE Company shall as hereinafter mentioned provide at its own cost a convenient and proper place or places of deposit on board the Steamship 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 at a port of call within the Colony and by some officer duly authorised to such effect upon the arrival of the Steamship 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.

(OLD 10)

10. ALL mails carried under this Agreement are to be delivered on the quayside nearest adjacent to the Steamship 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 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 shall make such Declaration as shall be required by the Postmaster or his officers or agents or by the proper Authority 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 at Montevideo or other foreign port and the Master shall on arrival at any of the said places of the Steamship 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. Should the Government complete the necessary arrangements with the Uruguayan Government for the direct transfer of letters and parcel mail from certain specified vessels at Montevideo the Company shall receive such mail direct from the specified vessel and convey it to the Company's vessel at the Company's expense.

11. THE Company shall be responsible for the loss or damage of any parcel or of any registered postal packet or 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.

31

OLD 13

12. THE Company shall not nor shall the Master of the Steamship receive or permit to be received on board the Steamship any letters for conveyance other than those contained in Her Majesty's mails.

OLD 14

13. THE Company and the Master of the Steamship 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 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.

OLD 15

14. 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.

OLD 16

15. THESE provisions shall become operative from _____ and shall remain in force during the currency of this Agreement.

(1)

OLD 17

16 (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 Government after consultation with the Company.

Handwritten note:
 The date ends at Port Stanley on the 15th of any voyage if so determined by the Govt. has been deleted

X

clauses 18 (i) and (ii)
and 19 ~~etc~~ of the 1937
Agreement have been
omitted

- 18 (i) Transhipment (in m/v)
expenses borne by F.S.C.
- (ii) benefit of experience of
S. America practice
- 19. carriage of mail Office
to reform m/v free of
charge.

*to
cases of D. Bay
disaster*

(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, Chartres 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 but the Company shall be at liberty to make such voyages on its own account and at its own expense

17. 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 Fourteen thousand two hundred pounds per annum in equal quarterly payments of Three thousand five hundred and fifty pounds subject however to the following provisions namely:-

(a) where this Agreement has been in force for a portion only of the preceding quarter the sum paid shall be a corresponding proportion of Three thousand five hundred and fifty pounds

(b) an abatement at the rate of One thousand pounds per return voyage or of Five hundred pounds per single voyage shall be made in respect of any of the twelve return voyages specified in clause 16(a) hereof which the Company may be unable from any cause to perform or on which it may be unable from any cause to carry mails, passengers and cargo in accordance with the provisions of this Agreement.

(c) Should the refrigerated cargo space referred to in Clause 3(b) not be provided the payment referred to above shall be reduced by One thousand pounds per annum to Thirteen thousand two hundred pounds

18. Should the Company charter vessels/^{which} have adequate passenger accommodation for twelve persons single voyages Port Stanley to Montevideo or vice-versa made during the months of January and February or June and July shall be an

Review survey

OLD 20

NEW

NEW

✓

Clause 21 has been
omitted.

"The Govt. shall have
prior claim to passenger
accommodation or cargo
space ----- "

adequate substitute for a single mail voyage under this contract up to a total of two voyages Montevideo to Port Stanley and two voyages Port Stanley to Montevideo. In such cases it shall be permissible to carry mails suitably stowed in holds.

19. 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 £5.0.0 (Five pounds sterling) as the Governor shall determine and if such breach or failure shall continue to a further penalty of £5.0.0 (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 as 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 and from bringing an action for damage against the Company instead of recovering a penalty under this Clause.

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

21. THE Government shall not be liable for any loss or

Clause 26 of 1937

Agreement deleted

"The Co. substitutes
a large vessel -----"

damage whatever which may be sustained by the Company in consequence of the employment of the Steamship on any of the services contracted to be performed under this Agreement.

22. THIS Agreement shall continue in force for a period of five years from the date mentioned in Clause 15 hereof and shall continue thereafter on the same terms until either party gives to the other six months written notice at any time to determine same.

X

"Rates for through
shipments of produce"
has been deleted

THE FIRST SCHEDULE above referred to

THE Steamer shall comply with the requirements of Lloyd's highest class and have suitable accommodation for a minimum of thirtysix saloon passengers in fourteen cabins, dining and smoke room.

Dimensions

Cubic capacity about	cu. ft.		
Gross tonnage	Net tonnage	Speed	knots.

THE SECOND SCHEDULE above referred to

Particulars of:-

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

THE FALKLAND ISLANDS COMPANY, LIMITED

COASTING SERVICE

1. THE Company carries Her Majesty's mails between inter-island ports, Montevideo and Punta Arenas. The following are the ports of call:-

<u>East Falkland:</u>	<u>West Falkland:</u>	<u>Overseas:</u>
Darwin	Hill Cove	Montevideo
Goose Green	Fox Bay	Punta Arenas
North Arm	Roy Cove	
Walker Creek	Port Stephens	
San Carlos S.	Port Howard	
Port San Carlos	Pebble Island	
Lively Island	Saunders Island	
Bleaker Island	West Point Island	
Speedwell Island	Carcass Island	
Port Louis N & S	New Island	
Johnson's Harbour	Weddell Island	
Salvador	Beaver Island	
Teal Inlet	Chartres	
Rincon Grande	Dunnose Head	
Fitzroy N & S		
Douglas Station		
Bluff Cove		

2. PASSAGE RATES

		<u>Saloon:</u>
Group 1.	Berkeley Sound	} 20/-
	Fitzroy N & S	
	Bluff Cove	
	San Carlos or) to Port	
	Brenton Loch) Howard	

PASSAGE RATES (Continued)

Saloon:

Group 2. Darwin
Walker Creek
Salvador
Rincon Grande
Teal Inlet
Douglas Station
Lively Island

45/-

Darwin to North Arm
and vice versa

Group 3. North Arm
Speedwell Island
Bleaker Island
Brenton Loch
San Carlos S.
Port San Carlos
Port Howard
Fox Bay
Port Stephens
Chartres
Dunnose Head
Roy Cove
Hill Cove

75/-

Group 4. New Island
Beaver Island
Weddell Island
Passage Islands
Pebble Island
Carcass Island
Saunders Island
West Point Island

75/-

Group 5. Montevideo Single, Saloon £20. Return £40. Min ra
Punta Arenas Single, Saloon £15. Return £30. Min ra
(Government taxes not included).

CHILDREN: 12/or over Full adult fare
6 years & under 12 years .. Half fare
2 years & under 6 years .. Quarter fare
1 child under 2 years .. Free
Each additional child
under 2 years .. Quarter fare

The fares quoted are minimum rates and are applicable to

4 x 4 berth cabins } Main deck
2 x 2/3 " " }

2 Bedstead Cabins on Upper Deck will be subject to a supplement of 25% on the minimum rate per bed.

Sole occupancy of cabin by special arrangement

BERTHING OF CHILDREN

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

BERTHS

Berths are not guaranteed on Inter-island voyages. Berths are not available for passengers making a voyage within the hours of sunrise and sunset but if required and if available an additional charge will be made of 10/- per berth

FAMILY ABATEMENTS

has been selected

" --- Family paying equivalent
of three adult 10% single
tickets & 5% on return. ---

----- 5/- less if they
don't occupy a cabin berth

----- "

Passengers are carried on the terms and conditions printed on the Company's passenger tickets.

3. CONDITIONS OF CARRIAGE OF PASSENGERS AND BAGGAGE:

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 Darwin by a vessel going North about East Falkland and calling at Foxbay and then Darwin will pay the passage money equal to the fare to Fox Bay.

Baggage allowance - 36 cu. ft.

Excess baggage will be charged at freight rates.

4. CATERING:

Inter-island voyages:

Breakfast, Dinner or Supper @ 5/- per meal

Early morning or afternoon tea, 1/-

Or contract rate per day 15/-

Overseas voyages

Included in the relative fare.

5. CARGO RATES

Cargo is accepted on the terms and conditions printed on the Company's Bill of Lading.

Montevideo and Punta Arenas:

General cargo 80/- per ton weight or measurement

Special stowage) 160/- " " " " " "
& Petrol)

Minimum rates of freight as for half ton weight or measurement.

Parcel freight - 2/6d per cu. ft., minimum 10/-

Cargo under refrigeration, 200/- per ton weight or measurement.

Light oils in bulk, by special arrangement.

Local rates:

Between Port Stanley and:-

Berkeley Sound Ports and Fitzroy ... 36/- per ton Wt or meast.

Lively Island and Darwin (Goose Green) .. 48/- " " " " "

Speedwell Island ... 66/- " " " " "

Other East Falkland Ports ... 54/- " " " " "

Foxbay and Port Howard)

Great Island & Island Harbour) ... 76/6 " " " " "

Other West Falkland ports ... 87/- " " " " "

Passage & Sea Lion Islands ... 108/- " " " " ")

if over 10 tons,
if under £54 per
call

6. WHARFAGE:

The freights quoted do not include Wharfage and/or Transhipment at Port Stanley.

PRODUCE: for shipment to London

By arrangement.

The rates charged include lighterage where required, shipment storage, transhipment, Bill of Lading and Agency, i.e. all charges from point of shipment to final discharge.

PARCELS - local:

No parcels weighing over 28 pounds will be accepted. The minimum charge per parcel is 5/- for the first 11 pounds and thereafter 6d per pound.

Animals

To any Island port.

Cats	7/6	each
Dogs	10/-	"
Poultry (in crates) at freight		
Pigs (" ") rates		
Cows, bullock & bulls	£3	"
Horses	£3	"
Horses(across Falkland Sound)	£2	"
Sheep (in crates)	£2	"
Sheep - shifting in numbers - by arrangement.		
Sheep (carcasses) East Falkland)		
West Falkland)	5/-	each

Overseas - by arrangement.

The Falkland Islands Company, Limited.

319

(INCORPORATED BY ROYAL CHARTER 1851.)

REGISTERED 1902.

AGENTS FOR LLOYDS.

Stanley,

TELEGRAMS "FLEETWING PORTSTANLEY" VIA RADIO.

4th. February, 1956.

The Acting Colonial Secretary,
Colonial Secretary's Office,
Stanley.



Sir,

320

We enclose herewith a copy of a Circular which we propose to send to all Exporters and Importers of Cargo from and into the Colony per our vessels.

In order that this Circular may be despatched as soon as possible, if it meets with your approval, we should be obliged if you would be so good as to advise us of your decision by telephone in the first instance.

I am,

Sir,

Your obedient servant,

THE FALKLAND ISLANDS COMPANY LIMITED.

[Signature]
COLONIAL MANAGER.

Reply at 321.

ENC:

Pl. say that it was agreed to refer to 302 & say that Govt's concurrence is conditional upon enquiry. but that there is no reason to suppose that the enquiry will reveal any inaccuracy in the figures previously given & if the Govt is in a hurry there is no objection to issuing the O.A. 7

THE FALKLAND ISLANDS COMPANY LIMITED.

NOTICE RE FREIGHT INCREASE AND LANDING CHARGES.

FREIGHT.

As from 1st.March,1956 freight on General Cargo per Company's vessels to and from Montevideo will be increased by 8/-d.(eight shillings) per ton weight or measurement, 16/-d.(sixteen shillings) per ton weight or measurement for Dangerous Cargo.

LANDING CHARGES.

As from 1st.March,1956 a charge of 7/6d.(seven shillings and sixpence) per ton weight or measurement will be made on all cargo arriving at Stanley from Overseas with the exception of cargo for Consignees outside Stanley who already pay 15/-d.(fifteen shillings) per ton weight or measurement for Landing,Storing and Re-shipping.

The present charge of 10/-d.(ten shillings) per ton weight or measurement from South American ports will be reduced to 7/6d. (seven shillings and sixpence) per ton weight or measurement.

The Falkland Islands Co.Ltd.,
Shipping Department,
Stanley.

4th.February,1956.

8th February,

56.

Sir,

319 I am directed by the Governor to refer to your letter of 4th February, 1956, enclosing a Circular dealing with freight rates and landing charges, and to inform you that with regard to freight rates Government's concurrence is conditional upon enquiry, (my letter No. 0327/II of 17th January, 1956, refers) but there is no reason to suppose that such enquiry will reveal any inaccuracy in the figures previously given. As there appears to be some urgency regarding publication of the new rates there is no objection to issuing the circular.

320

I am,

Sir,

Your obedient servant,

(Sgd) J. Bound

ACTING COLONIAL SECRETARY.

The Manager,
Falkland Islands Company, Limited,
STANLEY.

0327/II

9th February, 56.

Sir,

306
304-318

I am directed to refer to your letter of 26th January, 1956, and to offer the following observations upon the amended Contract which was forwarded under cover of that letter.

308
304

Clause 3(b) of the Contract. It was stipulated in my letter No. 0327/II of 17th January, 1956, that the refrigerated space should be complete with insulation and machinery.

310

Clause 11. The rates of compensation quoted are those obtaining in 1937. The figures have been varied since then and minor alterations will be necessary. The present figures are laid down by the Universal Postal Union.

312-313

Clauses 18 and 19. Between these two Clauses it appears that Clause 21 of the former Agreement has been omitted.

315

Second Schedule.

(1) The following ports of call have been omitted:-

- Egg Harbour
- Spring Point
- Albemarle
- Shallow Bay
- Port Edgar

(2) There have been increases in the prices of meals.

2. There is no objection on the part of this Government to any of these variations except that it is considered

- (1) that the Government's priority for which provision was made in paragraph 21 of the old Contract should be retained,
- (11) that since the Sealing Station at Albemarle is still in existence, although not working, that port should be included in the second Schedule, and
- (111) that the refrigerated space should be complete with machinery.

Reply at 329

/3.

The Manager,
Falkland Islands Company, Limited,
STANLEY.

3. I am to enquire whether you concur with the proposals contained in paragraph 2.

4. An early reply would be appreciated since the new Contract will have to be sent to the legal Adviser of this Government for scrutiny and His Excellency is anxious that this should be done by the earliest opportunity.

I am,
Sir,
Your obedient servant,

(Sgd) J. Bound

ACTING COLONIAL SECRETARY.

323A

EXTRACT FROM LETTER FROM HON. MR. A.G. DENTON-THOMPSON
TO HIS EXCELLENCY THE GOVERNOR of 27. 1. 56.

.....
Communications Dept. are going through the new
shipping contract on our behalf and seem to think we
are pretty lucky to get away with £12,000 p.a. or anything
like that.

1
now £14,200

No.

We ~~must~~ thank Heathcote - ³²⁴ _{frank}
for his 325 trouble

The First Secretary (Commercial) at Montevideo presents his compliments to: H.E. the Governor of the Falkland Islands and has the honour to transmit the under-mentioned documents.

British Embassy

February 1. 1956

Montevideo.



WJH
10

Reference to previous correspondence :

F.O. Telegram No.10 from Mr. Denton Thompson

Description of Enclosure

Name and Date	Subject
Memorandum prepared for the Honourable the Colonial Secretary by request, and transmitted at his request (F.O. telegram No.10 refers).	Request by the Falkland Islands Co. Ltd., to increase freights on cargo Montevideo-Stanley and vice-versa.

CASH

CONFIDENTIAL



325
COLONIAL SECRETARY'S OFFICE
- 9 FEB 1956
FALKLAND ISLANDS

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.

Ch. Heathcote Smith

Commercial Department,
British Embassy,
Montevideo.

Reply at 3.3.1

January 24, 1956.

Y. E.

302

Mr. Trees saw

the Commercie Attache
in Montevideo & was

informed that the
proposed increases
were justified

Draft letter to
F. I. C. D. J. C. hereunder

Thompson. Staffoff

As amended.

§
11/2

ML

11/2

Issue

15th February, 1956.

Sir,

302

I am directed to refer to my letter No. 0327/II of 17th January, 1956, regarding freights and to state that enquiries in Montevideo have proved satisfactory and there is no objection on the part of this Government to bringing the new rates into force forthwith.

I am,

Sir,

Your obedient servant,

(Sgd) J. Bound

ACTING COLONIAL SECRETARY.

The Manager,
Falkland Islands Company Limited,
STANLEY.



328

THE FALKLAND ISLANDS COMPANY LIMITED.

CIRCULAR TO ALL EXPORTERS AND IMPORTERS RE FREIGHT
INCREASE AND LANDING CHARGES.

FREIGHT.

As from 1st. March, 1956 freight on General Cargo per Company's Vessels to and from Montevideo will be increased by 8/-d. (eight shillings) per ton weight or measurement, 16/-d. (sixteen shillings) per ton weight or measurement for Dangerous Cargo.

LANDING CHARGES.

As from 1st. March, 1956 a charge of 7/6d. (seven shillings and sixpence) per ton weight or measurement will be made on all cargo arriving at Stanley from Overseas with the exception of cargo for Consignees outside Stanley who already pay 15/-d. (fifteen shillings) per ton weight or measurement for Landing, Storing & Re-shipping.

The present charge of 10/-d. (ten shillings) per ton weight or measurement on cargo from South American ports will be reduced to 7/6d. (seven shillings and sixpence) per ton weight or measurement.

The Falkland Islands Company Limited,
Shipping Department,
Stanley.

FALKLAND ISLANDS COMPANY LIMITED.
A. G. S. Santos
MANAGER

13th. February, 1956.

L. G. S.

324 pt. WH 14/2

329

The Falkland Islands Company, Limited.

(INCORPORATED BY ROYAL CHARTER 1851.)

REGISTERED 1902, LLOYD'S OF LONDON

AGENTS FOR LLOYDS.

TELEGRAMS "FLEETWING PORTSTANLEY" VIA RADIO.



1st March

19 56

The Hon. Acting Colonial Secretary,
STANLEY.

Sir,

Your ref: C327/11

322 Section 2 of your letter of 9th February was referred to our Managing Director then on his way to South Africa, and we have now received telegraphic advice to the effect that

- (1) Para. 21 of the old Contract will be retained.
- (2) Port Albemarle will be included in the second Schedule.
- (3) Refrigeration includes machinery.

I am, Sir,

Your obedient servant,

A. L. Darwin

MANAGER.

~~325~~

330

J. E.

Route is what we have been waiting for & we can now refer to Sir Henry Lamb on the next mail.

2. 324-325 - drafts letter of appreciation to Mr. Heathcote-Smith

D. J. C. as G. C. pl.

①
1/3

MA

558

J. E.
①
2/3

3rd March,

56

CONFIDENTIAL.

Sir,

325.

I am directed by the Governor to refer to your letter of 24th January, 1956, regarding a request by the Falkland Islands Company Limited to increase freight on cargo Montevideo/Stanley and vice-versa and to express to you His Excellency's appreciation and thanks for all the trouble you have taken in making enquiries on behalf of this Government.

I am,

Sir,

Your obedient servant,

(Sgd) J. Bound.

ACTING COLONIAL SECRETARY

B. B. Heathcote Smith, Esq.,
Commercial Department,
British Embassy,
Montevideo.

14th March, 1956.

Sir,

211

I forward herewith a copy of the Mail Contract with the Falkland Islands Company which has recently been the subject of negotiations with the Company. The matter was considered in Executive Council and the following decisions were taken:-

"Council advised that the Falkland Islands Company should be informed that there is no objection on the part of Government in principle to the draft Agreement, subject to the following amendments:-

Clause 4. This Clause should refer to a schedule which would set out the present rates and provide for variation by agreement in reasonable proportion with variation in operating costs.

Clause 14 (i) The last 51 words should be deleted.

Clause 15. The amount should be altered to fourteen thousand and two hundred pounds on condition that 8,000 to 9,000 cubic feet of refrigeration space complete with insulation and machinery is provided. Otherwise the amount should be thirteen thousand and two hundred pounds.

Clauses 5 and 6 of the former Agreement, providing certain advantages for Government should be re-inserted.

Clause 16. Provision should be inserted that the substitute voyages should only take place in the months of January, February, July and August.

Clause 17. Should be deleted.

The Schedule.

Reference to a special cabin and bathroom on the bridge deck should be deleted.

It was further advised that the Company should be requested, if they constructed a freezer, to treat other farms on equal terms with their own. It was understood from Mr. Young that this was acceptable to the Company".

2. These decisions were conveyed to the Company, who produced an amended Contract, a copy of which is enclosed. The amended Contract contains certain variations other than those agreed upon by Executive Council and as a result of correspondence about these

/variations

Reply at 335
in Vol III.

307-318

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

Page 8
of 211

variations it has been agreed between the Company and the Government that Clause 21 of the old Contract should be retained in the new Contract and that the port of Albemarle should be retained in the second Schedule. The other variations have all been accepted by Government.

3. I should be glad if you would scrutinise the new Contract with a view to ensuring that it represents the wishes of this Government as decided by Executive Council subject to the subsequent variations set out in paragraph 2 above.

I am,
Sir,
Your obedient servant,

(Sgd) J. Bound

ACTING COLONIAL SECRETARY.

Recd 20/5/56 mail

*H.C.S.
There are no other
points you wanted raised
for? Sing 9/3/56*

Not at present - Recd. 2/4 11/4

*J.
2/5.7/4.*

C. E.

*May wish to discuss at Joint
Ex. Co. / Reg. Co. Meeting?*

*J.
12/4*

yes pl.

MA

13

Extract from minutes of a Joint Meeting of
Executive and Legislative Council
21st April, 1956.

0327/II 2. Mail Cost.

The Maintract was briefly discussed and it was agreed that it should be put to the Legislative Council to provide the money.

W. Morrison

Acting Clerk of Councils.

*By Sec. to see when considering
the Councils.*

26/4.

Del. 3/5/56

*CLOSED
See Vol III
P. 10*