

CONFIDENTIAL.

1936.

C.S.

SHI/VES/8 # 17

No.

C/6/36.

The Manager,
Falkland Islands Co.,

SUBJECT.

1936.
1936

25th March.

PROPOSED REPLACEMENT OF S.S. "LAFONIA"
BY A LARGER VESSEL.

Previous Paper.

MINUTES.

1 - 2. Minute from His Excellency the Governor, 25/3/36.

Acck Exc. Co.

Please circulate.

McH
C.
26. 3. 36

Hon. Treasurer, ^{27/3/36}

Hon. Secy. ^{27/3/36}

Hon. S. R. ^{27/3/36}

Hon. A. R. ^{27/3/36}

Circulated.

C. S. ^{27/3/36}

JH. Draft letter to S. S. Co., submitted for
approval.

Subsequent Paper.

C. S. ^{12/4/36}

12/4

Letter to Manager, F. Is. Co., of 13/4/36. (3)

Extract from Gov's despatch to 27 of 12/4/36. (4)

EXTRACT FROM MINUTES OF EXECUTIVE COUNCIL MEETING
HELD ON THE 9TH OF APRIL, 1936.

The question of the renewal of the Mail Contract between the Colonial Government and the Falkland Islands Company, Limited, was discussed.

His Excellency informed the Council that the Company had in view the purchase of a much larger vessel to replace the "Lafonia", and wished to be assured that the Government would renew the contract and increase the subsidy before incurring very heavy expenditure in securing another ship. The amount of the proposed increase was approximately £1,000 and the vessel would make twelve voyages between Stanley and Montevideo and two voyages between Stanley and South Georgia in each year. The Company would employ at least 10 additional men locally. His Excellency explained further that it was his intention in the event of the purchase of a new vessel to apply for a grant of £10,000 from the Colonial Development Fund and to apply this amount as the Government's share towards the cost of the vessel. The Government would have some control over the management of the ship, and the profits accruing to the Company would be strictly limited.

The Council were in favour of the Government entering into a draft agreement with the Falkland Islands Company, undertaking to renew the mail contract for a larger vessel, and of the maximum amount to be paid for the service being fixed at £5,200.

C. J. Russell
Clerk, Executive Council.

Minute from H.E. the Governor, 12/5/36. 5.

Ha & G.

I am holding up the draft letter I proposed to send to Mr. Allen for his perusal. Will you please have enclosed perusal letter to Mr. Young typed on G. H. white paper for my inspection

[Signature] 20/5/36

Y.E.

Letter submitted for perusal & signature.
[Signature] 21/5/36.

[Signature] 21/5

~~Despatch to S. of S. No. 61 of 22/5/36~~

6-7.

Letter to Mr. L. W. Young, 20/5/36.

8-10.

S. of S. Confidential despatch of 11/8/36.

11-13

I do - - - do - 14/8/36.

Y.E.

— Submitted.

No action would appear to be necessary.

[Signature] 18/9/36

[Signature] 18/9

DRAFT AGREEMENT UNDERTAKING TO ENTER INTO A CONTRACT
UNDER CERTAIN CONDITIONS.

With reference to the Mail Contract between the Government of the Falkland Islands and The Falkland Islands Co.Ltd. which is now being renewed.

Should The Falkland Islands Co.Ltd. decide to replace s.s."Lafonia" by a vessel of approximately 1,400 gross registered tons, having cabin accommodation for not less than thirty passengers, during the period of the present or the renewed contract, Government hereby undertakes to enter into a fresh contract for a period of five years from the date of the vessel's departure from England on the following terms and conditions :-

1. The vessel shall make twelve round voyages Port Stanley to Montevideo, Two Round voyages Port Stanley to South Georgia and Twelve calls at Fox Bay in each year.

2. The passenger fares and freight rates shewn in schedule to the present contract shall continue to be the maximum.

3. The Falkland Islands Co.Ltd. shall employ at least ten additional men locally on the larger vessel and Government and The Falkland Islands Co.Ltd. shall consider if it is possible to provide adequate training to enable youths born in the Colony to qualify as navigating Officers with a view to their eventual employment in the Home Trade limits of the Colony.

4. The Government shall pay to The Falkland Islands Co.Ltd. for these services £5,200 per annum, in twelve equal instalments, payable on the last day of each month.

Confidential

From His Excellency the Governor

to The Honourable the Colonial Secretary.

Mr. Young has in view the purchase by his Company of a much larger ship to replace the *Lepnia* and wishes to be assured that the Government will ~~agree~~ ^{be ready to} renew the contract and increase the subsidy if before very heavy expenditure is incurred in securing a ship. He handed me the attached draft tentative agreement ^{of yesterday}. The amount of the proposed increase is approximately £1000. I understand as the proposed contract would cover existing ^{subsidy} (£2500) services paid for under the ~~agreement~~ ^{agreement} plus two voyages to S. Georgia (£1200) and other services now costing the Govt. £1300 a year. If we could get half the £1000 from the Dependencies the burden on the Colony would be very not be heavy. As a minimum of 10 additional men would be employed Government ~~per~~ expenditure should indeed be reduced by savings in relief payments. The point is that an early decision must be made by the Government. The matter should be discussed at a meeting of Ex. C. next week.

ttttt 25/3/36

C/6/36.

13th April,

36.

Sir,

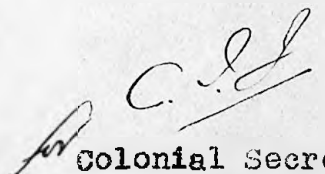
Red 55
encl. P. 403/30.
With reference to your letter of the 4th of April, 1936, and to previous correspondence on the subject of the renewal of the Mail Contract between the Colonial Government and the Falkland Islands Company, Limited, I am directed by the Governor to inform you that this Government is prepared to enter into a draft agreement undertaking to renew the present contract subject to minor modifications and that in the event of your Company replacing the s.s. "Lafonia" by a larger vessel the maximum amount of subsidy which the Government would be willing to pay for the service would be £5,200.

2. The approval of the Government herein is given subject to the covering sanction of the Secretary of State.

I am,

Sir,

Your obedient servant,


Colonial Secretary.

ie Manager,
The Falkland Islands Co., Ltd.,
STANLEY.

(H)

EXTRACT FROM GOVERNOR'S DESPATCH No. 29 OF THE 12TH
OF APRIL, 1936, FILED IN M.P. 151/35.

... ..

5. The only alternative to continued reliance on the poor assistance offered by the Pacific Steam Navigation Company is for the Falkland Islands Company to procure a vessel of at least 1,400 tons that is to say double the size of the "Lafonia" and work her under an increased Government subsidy. The local manager of the latter Company has enquired whether the Government would pay an additional £1,000 a year if such a vessel was obtained, the Company promising a very much improved service and undertaking to employ an additional crew of ten men. I have with the unanimous concurrence of the Executive Council given provisional approval to the proposal. A copy of the particulars is enclosed. I will communicate further with you in the matter if the Company decides to proceed with the project.

... ..

From His Excellency the Governor

to The Honourable the ^{acting} Colonial Secretary.

Will you please have the attached letter typed with two copies when the blanks have been filled in.

I have discussed the proposition with you and understood that you concurred in the wisdom of the action proposed.

The letter will not be despatched unless the F.I.C. decide to embark on the purchase of a ~~new~~ vessel to replace the Lapnia in which case it is understood that Mr. Young will be sent to England. However that will be decided by the time I return from the camp.

12/5/36

This should be filed on a confidential file.

7
GOVERNMENT HOUSE,
FALKLAND ISLANDS.

20th May, 1936.

Dear Mr. Young,

I understand that the Falkland Islands Company is considering the purchase of a much larger vessel than the "Lafonia" and that the steamer proposed will be capable of handling the whole of the wool crop of the Colony and will be suitable for the transport of 50 or 60 passengers in comfort to Monte Video. I believe also that there are prospects of opening up trade in such a vessel with the east coast of South America.

The Government is keenly interested in the scheme and indeed regards it of paramount importance in the development of the Colony since all previous attempts at providing an outlet for surplus sheep and opening up new industries have fallen through owing to the lack/

THE HONOURABLE
L. W. H. YOUNG, J.P.,
STANLEY.



GOVERNMENT HOUSE,
FALKLAND ISLANDS.

lack of reliable transport facilities.

I have so much reliance on the project as a business proposition of value to the people of the Colony as a whole that I am prepared to seek the approval of the Secretary of State to the Government's taking a financial share in the undertaking if the Falkland Islands Company needs co-operation from an outside source.

(Sgd.) H. HENNIKER-HEATON



10

Margate Marine Services,

FALKLAND ISLANDS.

CONFIDENTIAL.

Downing Street,

Great George Street, August, 1936.

2nd July, 1936.

Sir,

With reference to Colonial Office communication dated 12th August (1936), with which you enclosed a copy of a despatch dated 20th April, 1936, from the Secretary of State for the Colonies to the Admiralty, I have the honour to refer to your despatch No. 29 of the 12th April, and to transmit to you, for your information, a copy of a letter from the Board of Trade dated 10th January 1936 regarding the shipping communications between the Colony and the United Kingdom.

Sir,

I have the honour to refer to your despatch No. 29 of the 12th April, and to transmit to you, for your information, a copy of a letter from the Board of Trade dated 10th January 1936 regarding the shipping communications between the Colony and the United Kingdom.

I have the honour to be,

Sir,

Your most obedient, or further

humble servant,

(Signed) W. ORMSBY GORE.

Recd. 21-18
157/36.
2nd July, 1936.

GOVERNOR
H. HENRIKER-HEATON, ESQ., C.M.G.,
Ac., Ac., Ac.

Copy.

M.9274/36/A.2.

CONFIDENTIAL.

Mercantile Marine Department,

Board of Trade,

Great George Street, Westminster, S.W.1.

2nd July, 1936.

Sir,

With reference to Colonial Office communication dated 11th instant (88067/36), with which was enclosed a copy of a despatch dated 12th April, 1936, from the Governor of the Falkland Islands, regarding the shipping communications between the Colony and the United Kingdom, I have to state that this matter has been further discussed with the Pacific Steam Navigation Company.

As stated in my letter dated 30th January last (M.12053/35/A.2) the Company arranged to divert their s.s. "LAGARTO" from her normal programme in order to call at Port Stanley towards the end of April last, and they now re-affirm that this special action was taken as the result of the representations made to them by the Board of Trade, and after they had endeavoured, unsuccessfully, to charter a larger vessel for the purpose. They further state that they are prepared to make a special call at the same time next year, and indeed at any time, provided they receive reasonable notice that such action on their part is desired and that sufficient inducement in the way of passengers and/or cargo is forthcoming. They suggest that action should be taken locally to collect cargo and passengers sufficient to make a special call at about, say, the end of March in addition to that towards the end of April, a practicable proposition.

The

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

The Company state that they understand it to be the desire of the Colony that they should put in one of their mail steamers in April each year, but for economic reasons this is impossible. They are of opinion, however, that whatever they might be able to do to meet the expressed wishes of the Colonists, the majority of the latter would still prefer to endure the discomfort of a journey to Montevideo by a small vessel, in order to join a large Royal Mail or Blue Star Line vessel at that port for the United Kingdom. They further state that, in their opinion, it is the intention of the Falkland Islands Company, Limited, to build a vessel larger than the s.s. "LAFONIA" in any case, in order to develop local trade.

I am, &c.,

(Signed) C.E.W. Justice.



13

FALKLAND ISLANDS

CONFIDENTIAL

Doming Street,

14 August, 1936.

Sir,

17.7.36.

With reference to previous correspondence on the subject of shipping services to and from the Colony, I have the honour to transmit to you a copy of a letter sent by the Falkland Islands Company Limited to the Pacific Steam Navigation Company, giving notice of termination of the agreement with them.

This letter has been brought to my notice by the Board of Trade. In a covering letter to that Department, the Pacific Steam Navigation Company point out that the future policy indicated in the letter from the Falkland Islands Company Limited is inimical to their interests.

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

(Signed) W. ORMSBY GORE.

GOVERNOR

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

etc. etc. etc.

THE FALKLAND ISLANDS COMPANY LIMITED,
61. Gracechurch Street,
London, E.C.3.

27th July, 1953.

The General Manager,
The Pacific Steam Navigation Company,
Liverpool.

Dear Sir,

The several representations made to you in recent years with regard to the service afforded by your vessels to the Falkland Islands will have acquainted you with the dissatisfaction generally felt as to its inadequacy, particularly in respect of the facilities for mails and passengers.

From the information you have been good enough to give from time to time it is realised that under the changed and now existing circumstances there is no prospect of your being able at any future date to meet what is considered to be the minimum needs of the Colony.

I therefore beg to inform you, at this the earliest possible opportunity, that my Board has felt compelled to establish a regular monthly service between Port Stanley and Montevideo as from December next, and that to make the service economically possible it will in future be obliged to reserve for shipment by that route all produce from the Islands.

With regard to the shipment of stores outwards, it will be necessary for us to support the venture by sending our cargo via Montevideo.

It follows from the above that we are obliged to give you formal notice to terminate the agreement

dated

dated 8th December, 1920, concluded with you for your agency in Port Stanley. At the same time, in the event of any of your vessels calling there we shall be pleased to place our services at your disposal on the usual terms.

In conclusion I wish to express my personal regret, and that of my Board, that circumstances have made it necessary to terminate the pleasant relationship which has existed between our two Companies for so many years past.

I am, etc.,

(Sgd) E. E. GODDARD.

Chairman and Managing Director.