

ENCLOSURES.Duplicates. (Originals per Orcoma 10/12/19.)

Despatch No. 558.

Journal for October.

Remarks on Accounts.

Statement on Accounts.

Statement of Wool and Skin shipments 1919.

Correspondence:- re Overcoats.

Jas. Houston to P.S.N.O., Liverpool.

Originals.

1. Despatch No. 559.
2. Journal for November.
3. Statement on Accounts.
4. Remarks on accounts.
5. Remarks on Stores.
6. Store Indent No 549.
7. Gwendolin Manifests.
8. s.s. Falkland Manifests.
9. s.s. Falkland General Average Statement.
10. Mrs Wace - Board account.
11. Coasting Insurance.
12. Engineers Report on Stanley Machinery.
13. Parcel Receipt - W. Harding.
14. Certificate - Claim from Insurance.
15. F.I. Gazette - December and January.
16. F.I. Magazine - January and February.
17. Camp Manager's Report dated 9th January 1920.
18. Correspondence:-
Jas. Houston to Lowden, Connell & Co.
Colonial Government.

19. Specifications:-

Mark. Wool. Skins. Hides.

N	35		
L	30	12	15
ES	149	11	
F B	41		
H&B	185		
WID	4		
	110	13	
B	27	4	14
JL	79	21	
FIC		295	96
IH	283	5	

Duplicate, 1918 Hides.

L	23
TE	15
LED	8

20. Dr Wace's Millinery account.

21. SPECIFICATION - SHIPMENT PER "GUENDES"

R.M.S. D. RTMOUTH .

20th January,

20.

59.

Sir,

My last despatch dated 4th ultimo was sent per s.s. Orcoma . I received by the same vessel your despatch No. 1197 and letter of 5th November.

2. Cables exchanged are confirmed as per copies enclosed.

3. Mr Slaughter came into Stanley to meet Mr W.M. Dean who travelled through on the Orcoma , and amongst other subjects he discussed with us the question of the future use of Great Island. I thought this a most suitable opportunity for Mr Slaughter to make his recommendations, and you will note from the message sent off in Mr Dean's name that he strongly recommends that we work Great Island ourselves. In the same message the fact that the yawl had been disposed of, and the sheep sold to Menendez was advised. Mr Smith felt that he could not lose an opportunity to dispose of his yawl and stock, but regretted afterwards that he had not waited. At the same time it will be to our advantage to give the Islands a spell without stock.

4. Mr E.B. Goddard and family arrived safely on the Orcoma . Mr Goddard has had a thorough look round in Stanley, already made a voyage on the Falkland round the West, and is tomorrow leaving for

The Secretary

LONDON.

Darwin Harbour where I am accompanying him for a few days.

5. Mr Dean having proposed that I should take a vacation home this year, I have booked passages on the "Oreooma".

6. The new scale of wages came into force on 1st January throughout the Colony. The only alterations from my recommendations are the Stanley workmen's wages, the navvies receiving 1/- and the carpenters 1/4¹/₂d per hour instead of 11d and 1/3¹/₂d per hour respectively. From what I gather the advances have given general satisfaction.

7. From your cable of 2nd January I note that, in future, we are to charge interest at the rate of 6¹/₂% per annum on clients' accounts.

8. The Acting Colonial Surgeon, Dr J.F. Craddock, has been appointed Medical Officer to the West Falkland Farmers' Medical Association at the old salary. The Secretary has written expressing the thanks of the Association for our assistance in the matter.

9. I have to thank you for the information regarding the sailings of P.S.N. Steamers calling here. It is good news to hear ^{of} so many cargo boats being included.

10. I was greatly surprised and disappointed to learn from your telegram of 16th instant, that serious complaints have been received by you of light weights in last season's tins of mutton, and also that it had been canned too fat. At the moment I cannot give any explanation of this, other than that it is due to gross carelessness.

part from the loss in weight the irregularity in the packing will doubtless prejudice the reputation of our brand.

Needless to say every precaution will be taken during the present season to ensure even packing with full weights.

We have now installed a vacuum soldering machine at the works, which will extract all^{air} from the tins, by vacuum, before they go into the retorts, thus obviating the need to punch holes in the cans after coming out of the retorts - an operation which is partly responsible for the variation in weights. Mr Peters estimates that there will be a saving per can of 4 ounces through using this more up-to-date method of treating the cans.

Much of the mutton last year must have been taken away from the filling machine unweighed, otherwise the variation in the weights of the cans could not have been so considerable as 5 $\frac{1}{2}$ to 6 $\frac{1}{2}$ lbs.

I was assured at the works that every can was guaranteed to be full weight, and that less fat had been included in the packing than in any former year. The drop in the total output of meat as compared with 1917 then convinced me that special care had been taken.

11. When at Darwin present trip, I am going into the question of the commencement of the canning, and all other matters in connection with the coming season. I regret to say that Menendez have contracted for more sheep than I originally expected. W.K. Cameron is selling to them his total surplus, and I now learn that Holmsted & Blake and Dean & Ineson also intend to sell to them their light weight sheep, only selling to us sheep which they calculate will exceed 40 lbs in weight. So far very few farmers have indicated the numbers they will have available, but I doubt very much if we will can more than 35,000. sheep all told.

No. 559 per Dartmouth, 20/1/20.

4.

On the top of Menendez shipping sheep from the Colony, the unusually bad Spring has also reduced numbers available for canning.

12. Mr Goddard has had various interviews with the Administrator on the subject of assessment of the acreage of Lafonia for taxation; the Administrator has promised to refer the matter to the Secretary of State, but it looks to me at present as if every obstacle will be put in the way of an adjustment. Unfortunately Col. T.R. St. Johnston is leaving the Colony in the course of a few months, so that, however willing he may be, to have the question put on a more reasonable basis, he will be away from the Colony without being able to discuss the matter further with the Secretary of State.

13. When Mr Dean was here the question of securing a shipload of 150 horses for the farm was discussed, and it was arranged for Mr Dean, when in Punta Arenas, to do all possible to arrange for a shipment. Since his arrival there I have heard from Messrs Waldron & Wood, Buenos Aires, that Mr Morrison has so far found it impossible to arrange freight, but is in treaty with Messrs Braun & Blanchard for a steamer to bring them across at the end of this month. No further news is yet to hand.

14. On the 12th ultimo I asked you by Cable to effect Insurance on the "Gwendolin" for three months, while employed on the coastal trade. The "Fairland" only returned from Montevideo on the 27th ultimo, which made it necessary for us to continue keeping the schooner in commission. She made one trip as far as San Carlos, Port Howard, and Fox Bay, taking out Messrs Proger and Matthews and a few others, and returning with a full load of produce from those Ports, but apart

from that trip she is running between here and Darwin and Goose Green, carrying full loads both ways. It is probable that I shall send her out one more trip, but certainly not more unless the unforeseen arises.

15. I enclose Report from eters on the Samson and Gilm. I brought eters in from Goose Green to make a thorough inspection of the Gilm's boiler, which appeared to be in a very bad condition. It turns out, however, that apart from the tubes, the boiler is in reasonably good condition, and we are indenting for a fresh supply of tubes by present opportunity. The present tubes should not require removing much within one year, but should certainly not be left for a much longer period. new funnel and a new smoke box are now being fitted to the Gilm, and she is generally being thoroughly overhauled and repaired. The Samson is at present also undergoing an overhaul.

We have commenced tarring all lighters and hulks, including the Great Britain.

16. The carpenters have fitted up one of the old boats of the Great Britain as a Cutter, and I am sending it out to North Arm at the end of this month, as they have for a long time felt the want of a good cutter there.

17. 1197. 4. Mr J.D.Creamer duly arrived on the 8th December by s.s. Oreoona, and at once entered upon his duties. copy of his groement is duly to hand.

18. 1197. 5. I am pleased to note the decision of the Board to employ young men of good social standing on the Farm as Cadets, who, should they prove to be suitable, should, in time, become most useful to the Camp Manager. Messrs Elliott and nning, who also arrived by the Oreoona, are now at Darwin Harbour, and will be paid ordinary navvies' wages for the present.

19. 1197. 6. Copies of the Statement showing Return per head of Sheep treated at Goose Green last year, to hand. These have been distributed to all those interested. Needless to say there is considerable feeling amongst those not qualifying for the 25% Bonus, and in the case of G.J. Felton he has even gone so far as to threaten us with Court Proceedings. It is difficult to extract reason from some of these farmers.

20. 1197. 7. I note that you have placed an order for a Filling Machine for Goose Green with Messrs William R. Perrin & Company, Chicago, which I hope will reach us by the Duendes. Mr Peters has been successful in repairing the old Filling Machine, but as you will understand it is of vital importance for us to have a spare machine as a stand-by in the event of a breakdown.

21. 1198. 8. With the 475 tons of coal arriving in the Duendes we have now good stocks, and will be in a position even to supply the Whaling Factory Solstreif with 250 tons @ £10 or £11. per ton, on her return to Stanley. By present trip of the Falkland we are shipping 150 tons to Goose Green, making a total of 200 tons so far sent out. The balance will be shipped later.

The boxboards for Goose Green have arrived in reasonably good condition, and the bulk of them is also going out present trip of the Falkland.

22. 1197. 9. Mr Creece arrived on the Orcoma. Unfortunately he contracted a severe chill immediately prior to his arrival here, and was incapacitated from work for two weeks, but I am glad to say he is now sufficiently recovered to resume his duties. His fresh agreement is to hand, and I am pleased to note that the Board has given him a substantial increase in salary.

23. 1197. 10. The new Darwin carpenter - Barnes - is now at Darwin, working under Mr Nicholls.

24. Letter 5/11/19. I undertook to pay Mrs Wace's boarding expenses while she was waiting in Stanley for repatriation, and the Bill referred to of £11. 8. 0. should not have been charged to the account of Dr. Wace. The Bill came in fully two months after the departure of Mrs Wace, and was inadvertently charged to the wrong account, and was not noticed until recently. The amount mentioned should be credited to Dr. Wace in any settlement come to with him.

25. The Board will be surprised to learn that we have already terminated the engagement of Mr H.C.H. Milward. Apart from the fact that he had not all the qualifications necessary to act for the Camp Manager during the latter's absence, it was soon apparent that the Camp hands resented anyone coming between them and their Manager. We have very good overseers on the three sections, and Mr Slaughter does not consider that there is need at present for an assistant to him. Unfortunately Mr Milward has been put into an awkward position through coming here inasmuch that he cannot leave the place until the next steamer arrives, every day of delay making it more difficult for him to obtain a position elsewhere. Under the circumstances I offered him a complete year's salary from the commencement of his engagement about the 14th September 1919, and Mr Goddard has confirmed this. He is therefore receiving little more than the six months' salary in lieu of notice, and had an agreement been drawn up he would no doubt have been protected from dismissal within one year. He is further to receive passages for himself and his wife as far as Montevideo. Naturally Mr Milward is very much upset, and considers that he is being

unfairly treated, but it would have been worse for him had he been kept here for a longer period before his Engagement was terminated.

26. Barnes, the man who was sent out on the Groom as Camp carpenter, turns out to be merely a handy-man employed as carpenter during the War and discharged as such from the Army. He has no indentures and cannot even do ordinary carpenter's work. He is unfit to do other than the most ordinary work, and Nicholas says that he is not as good a handy-man as several others on labourers wages. We are therefore not paying him full carpenter's wages, nor providing him with a house as stipulated in his agreement, on the grounds that he came out here under false pretences.

27. The Argentine Government, who still lay claim to the Falkland Islands, prohibited the export of any goods from Bahia Blanca on a foreign bottom, their laws not allowing coastal shipments on other than steamers of their own nation. We were unable, therefore, to obtain supplies of sugar, butter and other commodities by the "Duendes", and the goods for Mr Vere Pooke which you advised in your cable of 2nd February as shipped from Bahia Blanca did not arrive.

28. In answer to your cable of 2nd instant asking how many bales I expect to ship by the "Duendes" and the estimated number likely to be ready for shipment at the end of February, middle of March, and end of April, I cabled that I expect to ship by the "Duendes" 2000 bales, and estimate at the end of February 1500; a further 1000 in the middle of March; and 1500 at the end of April. At the time of writing the "Duendes" has loaded close on 1500 bales so it looks as if we shall get away the full 2000.

My estimate of the future arrivals is rather conservative, and I feel sure will be exceeded.

29. I have to thank the Board for granting me leave of absence this year, and I will accordingly sail by the "Orita", due here about the 9th May according to the latest advices.

30. I am particularly pleased to note from your cable of the 9th instant that the Filling Machine has been shipped on the "Konuta".

31. The Cutter mentioned in Para. 16 above was safely delivered at North Arm by the last trip of the "Falkland".

11th February, 1920.

32. Since writing the foregoing your Despatch No. 1198 per S.S. "Luendes" has been received.

33. 1198 - 3. In spite of what Runacres wrote in his report dated 18th July, '19, we have been able to repair our old stoves, and these are at present working quite satisfactorily. No delay has been occasioned through defective stoves; in fact can making is well ahead, and it is quite possible that we shall be able to make the complete season's cans before the commencement of Canning operations.

34. 1198 - 4. Mr Waterson sent me his resignation as Darwin overseer, and personally asked me if I would relieve him of his duties at the earliest possible date. Had his services at that particular time been considered of any value to the new Camp Manager you may feel sure that no change would have been made. It is generally admitted that Mr Waterson was never fitted to fill the position of overseer at Darwin, and it would have been better for the late Camp Manager had his engagement been terminated three years ago. The scandal to which I referred covers the treatment of stock generally on the Darwin Section, but I will leave it to Mr Goddard to report on the subject.

35. 1198 - 9. I note that the Directors cannot entertain my suggestion to build a new house for the

Camp Manager.

36. 1198 - 10. Mr Goddard, Mr Mathews, Mr Proger, Mr Bonner and Mr Dean all expressed agreement with my proposals for advanced wages throughout the Camp. The matter was discussed fully and Mr Mathews decided to call together all West Falkland farmers to discuss the subject. I have since been informed that all of them put up wages simultaneously with us, namely on the 1st January. My object in writing was to receive your approval or rejection of my proposals before taking the question up with anyone. It has frequently happened that information of like nature has leaked out, and in this case, had the men heard by any chance of a proposal to advance wages which subsequently was rejected, certain trouble would have resulted. A few of the Managers have not yet realised the position of labour throughout the world today. The old understanding not to employ men who had quitted work on other farms during the season still holds good. A few will take on men through necessity at almost any time, but I am glad to say that very little of this is necessary. Most farmers are of opinion that it will be extremely difficult to drop the present payment of the War Allowance of £1. per month, and it looks to me at present as if it will be a long time before we can think of doing so.

37. 1198 - 11. I have to thank you for the memorandum detailing the conditions upon which leave has been granted in individual cases to our Staff here. I know that the Directors have always been generous in this respect, but at the same time it would be much more satisfactory if they could have seen their way to lay down a hard and fast rule.

38. 1198 - 12. I note that the revised freight per s.s. Falkland on sheep for canning from Port Howard to Egg Harbour has now been raised to 2/- per head.

It will be possible to collect sheep this year from Speedwell Island and Bleaker Island, the freight on which I note has been fixed at 3/- per head, 1/- of which is payable by the Station. I mean to make use of the Falkland's raft boats and a skow for this work, and I hope to devise some scheme to lift the sheep on to the Falkland, probably by a box taking about twelve at a time.

39. 1198 - 13. Captain Thomas remains of opinion that the "Garland" is fit to be towed to Stanley, and we are going further into the question. Mr Peters, who appears to me to be a very sound man, and a few sailors from our Jetty gang think otherwise, and Mr Goddard intends thoroughly to examine her before he leaves Darwin Harbour.

40. 1198 - 18. No repair work either to the Iron Harbour or the Swan Inlet houses would make them fit for human habitation. The rebuilding of the Iron Harbour house is now well advanced and should be completed within the next two months. We have now sufficient timber for a new house at Swan Inlet, and this house will be rebuilt as soon as possible. The house at High Hill is badly situated behind a hill, and the occupants suffer at all times from a lack of draught, the walls and the kitchen being black with smoke. The house is twenty years old, and was built, I understand, of old material. The lack of paint has been responsible for the deterioration of many of the Company's houses both in Stanley and the Camp. I have always said, and still maintain, that the conditions of living of the working people in this Colony compare favourably with anywhere else in the world, but it is unfair for one family to be well housed when others are not, and simple timely repairs often save heavy expenses later.

INSTL GE. Some of this proved to be satisfactory,

^{all} but of the tussac some 1500 bundles, and part of the
outs and hay, were of no use whatever for fodder.

PAINTERS. Old sailors are at present employed on
painting in the Camp but I do not consider their work
satisfactory - either through faulty mixing or the
lack of proper scraping before applying the paint.
It is difficult to secure the services of a really good
man locally.

DARWIN RECORDS. Mr Townson promised to hand over the
Darwin Letter-Book to me before he left, but at the
last moment stated that he had copies of his own private
letters in this book and required same for his defence
at home. Mr Goddard telegraphed asking you to stop the
payment of the Balance of his account for this reason.

WELFARE OF MEN. I think our contribution towards the
annual Sports at Darwin Harbour should be increased to
£20. and hope the Directors will agree to this increase.
I hope it will not be long before we find it possible
to erect a building for a Men's Social Club, as this
would be an excellent scheme. I am glad to say that
the general spirit throughout the Camp is at present as
satisfactory as it can possibly be.

41. 1198 - 19. All shippers were informed, on receipt
of message from Messrs Lowden, Connell & Co, of the
increased through rates of freight which came into force
on the 1st December last. There is, of course, some
grumbling, but anyone looking at the question from a
reasonable point of view must have realized that material
increases were bound to be made at some time or other.
Some consider that they are being charged high rates to
pay for repairs caused through faulty navigation of the
"Falkland". As regards passages, Messrs Lowden, Connell
& Co., have instructed us to revise the present fares
on the basis of an advance of 33 1/3. It is time now
that the Transport Company should earn large profits

for, as you say, the fact that they will need at some future date to replace the "Falkland" by another steamer must be kept in view, which can only be done at a tremendous cost. I have instructed Captain Owen to avoid grounding at all Ports and to raft his wool at all places where he can only lie on the ground at low tide. Through various mishaps he has learnt from experience the dangerous places round our coast and I feel sure that he will take no risks now.

I am glad to note that you have insisted on receiving 1/6th of the homeward freight to cover bulklage as for some years past we have been doing this at a heavy loss.

Mr Goddard visited a good many of the ports throughout the Islands and has gathered much useful information therefrom.

42. 1198 - 20. It was found at the last moment that the Post Office would not accept parcels for the mail sent by the "Antartico" and I accordingly forwarded a small case containing full-size samples to Mr Hobbs for transmission to you.

This, I note, only reached you by the "Sorata".

43. 1198 - 21. We are shipping the last of the cased meats by the "Duendes", after which we will go into the question of shortages. At present it looks to us as if there^{is} a great number missing, which at the moment we cannot explain.

44. 1198 - 25. Your cable of 2nd January; cypher LEIRN gave the charges to be made on Clients' Accounts as 6 $\frac{1}{2}$ %, whereas your Despatch now states 6%. I presume the latter is the correct charge otherwise you would have discovered the mistake and cabled correcting the

No 559. per Dartmouth, 20/1/20. 14.

error before this.

I am,

H.M.S. Southampton Dear Sir, 9th March

560.

Your obedient servant,

Manager.

Sir, I enclose accounts for the year ending 31st December, 1919, showing a net profit of £94,634. 4. 4, a decrease of £12,871. 6. 8. on the year 1918. The accompanying Comparative Statement will show the results of the individual accounts. The net profit of £94,634. 4. 4. against £107,506. 11. 10. a decrease of £12,871. 6. 8.

The drop in farm profits is entirely due to the small transfer from the farming account as compared with the previous year. It will also be remembered that the 1918 wool clip fell short of that of 1917 by 285 bales; this has, however, been more than counterbalanced by the actual returns received for produce estimated last year. Expenses are more or less the same in spite of the heavy increase in taxation, the new Land Tax being £3,196. 7. 4. against an Export duty of £964. The expenditure on livestock is much less at £375. 13. 7, but the returns for livestock sold are also less by a similar amount. I trust my estimate of £65,000 for 1635 bales of wool will be more than realised. No unsold skins or hides have been included in the valuation. The net profit, being £94,634. 4. 4. against £107,506. 11. 10. a decrease of £12,871. 6. 8.

3. FARMING ACCOUNT. Transfer to Farm account £3063. 17. 4. against £34,070. 6. 8. The decrease

The Secretary,

LONDON.

No. 560. per Southampton, 9th March, 1920.

H.M.S. "Southampton"

9th March

20.

560.

Sir,

I enclose accounts for the Year ending 31st December, 1919, showing a net profit of £94,622. 4. 3, a decrease of £12,671. 6. 6. on the year 1918. The accompanying Comparative Statement will show the results of the individual accounts.

2. FARM £84,624. 14. 0. against £102,462. 17. 10, a decrease of £17,838. 3. 10.

The drop in Farm profits is entirely due to the small transfer from the Canning account as compared with the previous year. It will also be remembered that the 1919 wool clip fell short of that of 1918 by 288 bales; this has, however, been more than counter-balanced by the actual returns received for produce estimated last year. Expenses are more or less the same in spite of the heavy increase in taxation, the new Land Tax being £3,196. 7. 4. against an Export Duty of £964. The expenditure on livestock is much less at £375. 13. 7, but the returns for livestock sold are also less by a similar amount. I trust my estimate of £65,000. for 1635 bales of wool will be more than realized. No unsold skins or hides have been included in the valuation.

3. CANNING ACCOUNT. Transfer to Farm account £5008. 17. 4. against £24,070. 6. 2. The enormous

The Secretary,

LONDON.

No. 560. per Southampton, 9th March, 1920.

2.

decrease in the Canning profits is due to the high costs of materials, the low output of meat for the number of sheep killed, and to the heavy expenses incurred in the purchase of machinery, which has all been written off. part from this it has been necessary to estimate the value of the entire 1919 output, and a large proportion of 1918 produce. With the exception of the sheepskins my valuation is based on figures furnished by you, which I sincerely hope are well under prices current today. I have again included the season's sheepskins, 295 bales of which were shipped on the "Duendes", consigned to you, proceeds of which will, I anticipate, well exceed my estimate of £27. per bale. I also am hopeful that the returns for tallow will be better than £55. per ton. The skin-drying plant and sundry machinery cost, with expenses, about £6000. which has come out of profits, the total expenses of the year being close on £50,000. including £27,880. 5.10. paid for sheep.

4. STORE ACCOUNT £13,199.17. 6. against £11,281.6.11

Sales and Deliveries for the years 1918 and 1919 were:-

	Sales.	Deliveries.	Total.
1918	£45926.	£26501.	£72427.
1919	£51447.	£42424.	£93871.

Sales are again very high owing to extremely high costs of all classes of goods. For the same reason the value of Stock on Hand at £57550.14. 4. is very high. At the turn of the year our stocks were down to little over £20,000. but since then we have received some very heavy shipments, and the "Falkland" being absent from the Colony for the last three months of the year prevented us from shipping goods out to the various stations.

I have gone well into the Stock and written same down about £1500, which is really a reserve. Adding 10% to Invoice Prices of goods on our Stock sheets does not

No.560. per Southampton, 9/3/20. 3.

nearly cover actual charges. Take the last three shipments of the year:-

"Kenuta"	Invoices	£13613.	Charges	£1800.
"Junin"	"	6952.	"	1212.
"Orcoma"	"	7217.17.	"	1500.
		<u>£27782.17.</u>		<u>£4512.</u>

- apart from local handling expenses. This means that there is a very good reserve set up for 1920, as our selling prices are based on actual costs.

5. LIGHTER GE, HULK GE etc. Profit £62.12. 0. This is the first time for some years that this account has shown a balance on the right side. Of course, no returns have yet been received for handling and storing the bulk of the 1919 produce, and no credit has been taken for this.

6. "SAMSON'S" WORKING ACCOUNT - Loss £182.6.11.

Mail Agency and Store account have been charged this year £1000. towards the "Samson's" maintenance, which accounts for the small loss transferred to the Profit & Loss account. I think it would now be desirable to include all expenses in connection with the running of the "Samson" in the "Lighterage, Hulkage, etc. account", to which "Store" and "Mail Agency" should contribute according to actual services rendered.

7. MAIL AGENCY ACCOUNT. Profit £1986.16. 6. against £94.19. 0. Loss. The more satisfactory result of this Account is due to some substantial Credits being passed out during the year for Commission on freights per the Pacific Steam Navigation Company's steamers.

8. INTEREST AND COMMISSION ACCOUNT. Profit £774. 7. 1. against £775.11. 2. The two years are practically the same.

9. CONSUMPTION £511.1.5. against £381.8.11.

GENERAL CHARGES £535.1.4. against £622.7.3.

The expenditure under these heads varies from year to year.

10. BUILDINGS £1890.15. 2. against £2296.11. 7.

Expenditure on repairs to Buildings should go steadily down from now on.

11. FENCING £477.17. 4. against £163. 6. 5.

As only repair work was done during 1919 I have written off to Profit & Loss Account all materials used during the year. No proper Report has been sent from the Farm as to Fencing done during 1919.

I am,

Sir,

Your obedient servant,

Manager.

	1919.	1918.
REVENUE.		
Rent	334. 0. 0.	350. 0. 0.
Interest & Com.	774. 7. 1.	775.11. 2.
Insurance	471. 8. 6.	433. 6. 9.
Store A/c	18199.17. 6.	11981. 6.11.
Farm A/c	84534.14. 0.	102463.17.10.
Mail Agency	1056.15. 5.	
Lighterage	63.18. 0.	
EXPENDITURE.		
General Charges	535. 1. 4.	622. 7. 3.
Consumption	511. 1. 5.	381. 8.11.
Buildings	1890.15. 2.	2296.11. 7.
Fencing	477.17. 4.	163. 6. 5.
"Season"	182. 6.11.	217.10.11.
Lighterage		44. 9. 1.
Stanley Office	1127. 5. 4.	2038.15. 6.
Sundry Debtors	21. 3.10.	20. 7. 9.
Plant & Utensils		45. 0. 0.
Mail Agency		94.19. 0.

COMPARATIVE STATEMENT.

ACCOUNTS 1919.

RECEIPTS.

1919. 1918.

Rent

334. 0. 0.

350. 0. 0.

Interest & Com.

774. 7. 1.

775. 11. 2.

Insurance

401. 8. 6.

438. 6. 9.

Store A/c

13199. 17. 6.

11281. 6. 11.

Farm A/c

84624. 14. 0.

102462. 17. 10.

Mail Agency

1986. 16. 6.

Lighterage

62. 12. 0.

EXPENSES.

General Charges

535. 1. 4.

622. 7. 3.

Consumption

511. 1. 5.

381. 8. 11.

Buildings

1890. 15. 2.

2296. 11. 7.

Fencing

477. 17. 4.

163. 6. 5.

"Samson"

182. 6. 11.

217. 19. 11.

Lighterage

3127. 5. 4.

3208. 15. 6.

Stanley Office

37. 3. 10.

40. 7. 9.

Sundry Debtors

45. 6. 0.

94. 19. 0.

Plant & Utensils

444. 8. 5.

653. 15. 5.

Mail Agency

214. 12. 0.

12671. 6. 6.

STANLEY, 31st December, 1919.

DECREASE OF PROFIT

Increase.

1918.

16. 0. 0.

1. 4. 1.

36. 18. 3.

17838. 3. 10.

17892. 6. 2.

12885. 18. 6.

87. 5. 11.

405. 16. 5.

35. 13. 0.

81. 10. 2.

3. 3. 11.

45. 6. 0.

214. 12. 0.

12671. 6. 6.

No. 560.

ENCLOSURES.

1. Balance Sheet.
2. Profit & Loss Account.
3. London Office Cash Account - items outstanding.
4. Statement of items in Deposit Account.
- ✓ 5. Inventory of Stores at Darwin Harbour and Goose Green.
- ✓ 6. Inventory of Stores at North Arm.
- ✓ 7. Summary of Stock - East & West Stores.
- ✓ 8. General Summary of Stock on Hand.
- ✓ 9. Balances due to and from men in Camp.
- ✓ 10. List of Consumption Stores on hand.
- ✓ 11. " " Building Material
- ✓ 12. " " Fencing Material
- ✓ 13. " " Canning Material
- ✓ 14. Copy of Stanley Cash Book for December with Cash
Voucher, West Store.
- ✓ 15. Copy of Stanley Journal for December.
- ✓ 16. List of Store Debtors.
- ✓ 17. List of Butchery Debtors.
18. Abstract of Farm Account.
19. Abstract of Farm Account - (Auditors' Copy.)
- ✓ 20. Auditor's Certificate.
- ✓ 21. Details of Carpenters' Labour on Stanley Buildings
and Hulks.
- ✓ 22. Details of Store Deliveries to Farm.
23. Comparative Statement, 1918 - 1919.
24. Details of Salaries etc, Stanley Office, 1919.
25. Estimate of Canning Produce on hand.
26. Estimate of Farm Produce on hand.

No.561 per H.M.S. Southampton.

ENCLOSURES.

Duplicates. (Originals per H.M.S. Dartmouth,).

Despatch No 559, 20/1/20.
Journal for November, 1919.
Statement on Accounts.
Remarks on Accounts.
Camp Manager's Report, 9/2/20.
Store Indents, No.549.
Engineer's Report.
Coasting Insurances.
Certificate for Bale of Sheepskins lost.
Specifications.

Originals.

1. Despatch No.561.
2. Cash Book for January.
3. Statement on accounts.
4. Remarks on accounts.
5. Store Indent No.550.
6. Remarks on Stores.
7. Falkland Manifests, Voyages 4 - 7 G.
8. West Store Cash Vouchers January & February.
9. Establishment of Wages to 31st December, 1919.
10. Coasting Insurances January & February.
11. Certificate for 1 Hide lost.
12. Falkland Islands Magazine, March.

Specifications.

<u>Mark.</u>	<u>Wool.</u>	<u>Skins.</u>	<u>Tallow.</u>	<u>Hides.</u>
W C	456			
N	972	40		
D H	629	30		
AP	157			
S	232	26		11
T R	146			
	18	13		
F B		7		
J B	214			
J. L W	274			

No. 561, per Southampton, 12/3/20.

H.M.S. Southampton.

12th March,

20.

561.

Sir,

Since writing you per H.M.S. Dartmouth I am without any of your favours for acknowledgment.

2. Cables exchanged are confirmed as per copies enclosed.

3. I was glad to be able to advise the shipment of 1996 bales of Wool and Sheepskins per s.s. "Luyken". I have arranged with the Pacific Steam Navigation Company at Valparaiso for the shipment of a further 1200 bales by the "Kenuta", and a further 1200 bales, 200 casks of tallow, and 10 tons of hides per s.s. "Orcoma". We have already this quantity in Stanley, and have now brought in from Goose Green the balance of last season's tallow. I hope to be able to ship the tallow either on the "Junin" or the "Bogota" which, you advise, are being sent in here by the P.S.N.C.

4. In accordance with your instructions I will discuss with Mr Goddard the question of the shipments from the Brecht Company, and note that the decision of the Board will depend on his report. Mr Goddard is still at Darwin Harbour and will not be back in Stanley until after the departure of this mail.

5. Canning operations commenced on the 9th instant. I regret to say that a number of men - about 17 - went on strike before work started, and in consequence it is only possible for us to kill one day and preserve the next.

The trouble arose through a number of Stanley

The Secretary,

LONDON.

No. 561, per Southampton, 12/3/20. 2.

No. 561. per Southampton, 12/3/20. 2.

men, mostly from the jetty, going out at Stanley pay plus a weekly allowance of ten shillings. The object in paying them an extra 10/- per week was to avoid an all-round increase of pay at the works, the 10/- being merely to make up to these men the loss they sustain through being away from Stanley. It is a matter of fact they would not have gone out to Goose Green for the same wages that they earn in Stanley. The number of labourers at the works would only work on the same terms as these Stanley men, and Mr Slaughter would not agree to this. I am not over satisfied with the result.

I estimate that there will be slightly over 30,000 sheep available for Canning, which will be as many as we can tackle this year under the circumstances. I hope this does not.

I note from your cable of the 23rd February, that we are not to can Oxtails and Kidneys present season, and have informed Mr Slaughter of this. We commence shipping sheep on the 24th instant, and I have arranged to lift sheep from Speedwell, Bleaker, Lively and Weddell Islands.

6. The two steel lighters have recently had a thorough overhaul, and have both been painted inside and out. The rivets between wind and water, of the "Teal" - the second lighter built, - are almost flush with the plates, and McNicoll is of opinion that this is due to the over-heating of the rivets when the lighter was built. It may be necessary in the course of a year or two to re-rivet that part. We have made some alterations in the "Grid", and lowered it slightly, making it much easier to get the lighters on and off.

7. Mr Milward is leaving today for the Coast on the s.s. "Antartico". We have paid him a full year's salary from the 16th September, 1919, the date of his engagement, and the passages for himself and wife as far as Montevideo. In addition to this he has been paid his expenses, amounting to the sum of £161.17. 0. while waiting for an opportunity to come to Stanley. This was promised to him by Mr Slaughter at the time of his engagement.

No.561, per Southampton, 12/3/20. 3.

8. In my Despatch No.559, para. 44, I remarked that your cable of 2nd January gave a different rate of Interest to be charged to Clients from your Despatch then acknowledged. This was a mistake and was only noticed after the mail had left. Also in the same Despatch, para 41, I should have said $\frac{1}{6}$ instead of $\frac{1}{6}$ in referring to the proportion of the homeward freight which goes to cover Hulkage etc.

9. The present trip of the "Antartico" finishes the shipping of sheep as far as Menendez are concerned. They have taken away roughly 20,000 sheep from the Colony, and from what I hear they are not over satisfied with the business. According to reports few, if any, of the works on the Coast are Canning at all this year - freezing as far as they can and boiling down the remainder. I hope this does not indicate an expected slump in the Market for Canned Mutton.

I am,

Sir,

Your obedient servant,

Manager.

Per ORN 23rd March, 1920.

ENCLOSURES. (only).

1. REPLICATES. (Originals per H.M.S. Southampton, 15/3/20.)
Despatch No. 560. (Accounts).
Despatch No. 561. 6th April, 20.

562

Remarks on Accounts.
Statement on Accounts.
Remarks on Stores.
Store Indent No. 550.
Sir, Coasting Insurances.
Produce per Samson & Gwendolin.
Report on Darwin Telephone Line.
Specifications.

and I now have for acknowledgment your Despatches Nos. 1199
and 1200, dated 28th January and 25th February respectively.

ORIGINALS.

1. Journal for January & February.
 2. Cash Book for February.
 3. Remarks on Stores.
 4. Store Indent No. 551.
 5. Remarks on Accounts.
 6. Statement on Accounts.
 7. Camp Manager's Report, dated 14th March.
 8. Shearing Returns 1919/20.
 9. Canning - Sheep Weights. (Misc).
 10. Service Records - Cartmell & McKenzie.
 11. Sundry War Loan Dividend Request Forms.
 12. Specifications:-
1. 1199 - 3. I have to thank you for blue prints of the proposed plans of the 1000 sheds for Darwin Harbour and Walker Creek. I have sent one of these copies out to Mr Slaughter, and Mr Goudie has taken the other one with him in the hope that he will have an opportunity to discuss the "scheme" to discuss the matter with Mr. Arthur Anderson and other sheep farmers. I cannot thank you for having a copy in the Office here, but Mr. Goudie has produced a copy at Darwin Harbour.
4. 1199 - 4. I enclose a copy of Collis's agreement, and have to thank you for copies of correspondence with Mrs Slack. It would appear that Mrs Collis has no present intention of proceeding to England, as you will note from the copy of her letter to me dated 21st January, 1920. I presume that as she has taken permanent employment here there can be no question of providing her and her family with passages to England, but I shall be glad to have the Board's instructions in the matter.

The Secretary,

LONDON.

562

6th April, 20.

Sir,

My last Despatch was sent per H.M.S. "Southampton" and I now have for acknowledgment your Despatches Nos. 1199 and 1200, dated 28th January and 25th February respectively.

2. Cables exchanged are confirmed as per copies enclosed.

3. I have to thank you for Blue Prints of the proposed plans of the Wool-sheds for Darwin Harbour and Walker Creek. I have sent one of these copies out to Mr Slaughter, and Mr Goddard has taken the other one with him in the hope that he will have an opportunity while on board the "Oreoma" to discuss the matter with Mr Arthur Waldron and other sheep farmers. I cannot trace our having a copy in the Office here, but Nicholls has produced a copy at Darwin Harbour.

4. I enclose a copy of Sollis's Agreement, and have to thank you for copies of correspondence with Mrs Slack. It would appear that Mrs Sollis has no present intention of proceeding to England, as you will note from the copy of her letter to me dated 21st January, 1920. I presume that as she has taken permanent employment here there can be no question of providing her and her family with passages to England, but I shall be glad to have the Board's instructions in the matter.

The Secretary,

LONDON.

No. 562, 6/4/20.

5. 1199 - 5. The faulty packing of last season's meat is incomprehensible. I can only say that gross carelessness must have taken place in the supervision. The extract from Mills's letter discusses matters altogether outside the question.

6. 1199 - 6. I am very glad to have from Messrs. Manning and Cobb particulars of the correct method of salting and booking of hides for shipment, and I am sending to all stations a circular letter embodying what they have written on the subject.

7. 1199 - 7. Although I much regret the loss of £222.8.0. as a result of the excess purchase of War Bonds, at the same time I am pleased to note that the matter has now been practically squared. A request form will be sent to each individual for signature to enable you to collect the accrued dividends, which will be sent to you as soon as received.

8. 1200 - 2. With the clearly expressed decision of the Board as regards sanitation of the Canning Works I will now proceed to do everything possible to make the sanitation beyond criticism. Mr Goddard, while at Darwin, visited various harbours in the Sound with the object of finding a site that would meet all the necessary requirements for a Canning or Freezing Works; but, taking everything into consideration - the cost of erecting new buildings, the cost of removing machinery etc, and the dislocation of work that would necessarily result - I am inclined to agree with the Board to improve our present conditions, which I still think can be done, rather than change the site. The water question presents what would appear to be serious difficulties in view of the impurity of the water, but here again we can surely pass the water through some sort of filter to extract impurities. We have now a scrap drier at the works, but I regret to say that Mr Peters has

not found it possible to install it for use this season. This is a great pity as the scrap, properly dried, would be of great benefit to the soil in our cultivated areas. To treat entrails and other refuse for fertilizers would be a tremendous step in the right direction, and I await with interest further news in this connection.

9. 1200 - 5. I am very pleased to note that the Board has decided to send out sufficient material to erect a further two new houses in the Camp. The previous material shipped was used to erect a new house at Arrow Harbour, which is already completed, and one at Swan Inlet, which is now framed and will be erected at an early date. In addition to this I have now ready in Stanley a new building for the men's quarters at Walker Creek, and I intend to send out Stanley carpenters to erect it there, as new sleeping quarters for Walker Creek are absolutely necessary, and cannot be built too soon. At present I am discussing with Mr Slaughter where to erect the two new houses, but both will very likely go to North Arm Section, although I would like to see a new house built for the High Hill shepherd as soon as possible.

10. 1200 - 6. I have also heard from the Pacific Steam Navigation Company at Valparaiso that the "Junin", leaving home on the 11th instant, and the "Bogota", leaving on the 13th May, are calling at this Port. So far we have little to complain of in the matter of shipments, as every bale of wool brought to Stanley has been shipped; it is unfortunate that this produce will be so long on the way, and that, in consequence, it will be a long time before you can realize it. Although Valparaiso had reserved space in the "Creoma" for 900 tons wool and sheepskins, 70 tons Tallow, and 20 tons Hides, she came here with space for only 335 Bales; fortunately the "Kenuta" was still here loading, so that I had an opportunity to ask Valparaiso

No. 562, 6/4/20.

4.

to allot the lost space in the "Oreoma" to the "Kenuta", to which they consented. As you can understand, the loading of steamers in Port William means lightering, and the "Oreoma" refusing to receive this cargo ready in lighters was most annoying and created no small difficulty in receiving cargo from both vessels. You apparently overlooked to advise us that the 720 tons of cargo shipped by the "Kenuta" included 500 tons of Coal, which led me to empty the hulk "Capricorn" and load her with wool, although she is always used as a coal hulk.

11. 1200 - 9. Should any other new appointment be made in the Colony I hope the Board will inform me of same at the outset, so that I can at least be given an opportunity to make recommendations. In the case of Mr Milward he was practically on his way to Stanley before I knew of his appointment, and had actually arrived before I knew that he had been promised a furnished house. The appointment, Mr Slaughter informs me, was made under a misapprehension on his part; the word "stop" before Milward in the cable sent to him at Montevideo led him to believe that it was a mere question of coming to terms with Mr Milward, whereas the word "stop" was only the indication of the end of a sentence.

12. 1200 - 10. It is quite true that Flaggings or rushes for Tallow casks have always been sent out, which I should have known.

13. 1200 - 16. I have just learnt from the P.S.N. Company at Valparaiso that the next Mail Steamer calling here is the "Orita", leaving home early in June. I am making an attempt to proceed to Montevideo by a Whaling Factory, and there catch a Royal Mail Steamer. At the time of writing I have made no definite arrangements, but should I be successful in securing passages I will so inform you by Cable.

No. 562, 6/4/20.

5.

14. 1200 - 17. I had hoped that our repeated complaints to the Local Postmaster would have ensured the dispatch of mails by the quickest route, and I am astonished to know that my Despatch sent per "Junin" last November took 101 days in transit. In view of this we will in future send our Despatch covers to the P.S.N. Company's Offices at Valparaiso, for re-posting via the Andes.

15. 1200 - 18. No kidneys or oxtails are being canned this season. I am surprised to learn that the former are unsaleable, and the latter worth only 6d per tin.

16. 1200 - 20. Mr W.P. Martin is the new Administrator, and I feel sure that as long as he is here in that capacity our relations with the Government will be as cordial as they have been throughout the tenure of Col. T.R. St. Johnston.

17. I am enclosing copies of two letters from Dr Wace to myself, dated the 12th February, and also copies of two letters written by me about that time. One of his letters borders on the objectionable and is full of untruths.

18. Canning operations are proceeding steadily although somewhat slower than in past years owing to the shortage of labour. The sheep being canned are a fairly good and even lot, and we should kill at least 30,000. Mr Slaughter is himself doing the general supervising, and the same arrangements are being carried out as last year. The "Falkland" is at present engaged in shipping sheep from Weddell, Bleaker, Speedwell and Lively Islands, but I have not yet heard with what success.

19. We have received from the Coast, in all, 89 horses - 54 untamed mares, 20 tame horses and 15 colts. - all of which cost £1,644, which we have squared locally.

I am, Sir,

Your obedient servant,

Manager,

No.562. 6th April, 1920.

ENCLOSURES.

DUPLICATES. (Originals per ORN.23/3/20.)

Journal for Jan and Feby.
Remarks on Stores.
Store Indent No.551.
Statement on Accounts.
Camp Manager's Letter, 14th March, 1920.
Specifications F.I.C. skins.

ORIGINALS.

1. Despatch No.562.
2. Remarks on accounts.
3. Statement on accounts.
4. West Store Voucher - March.
5. Remarks on Stores.
6. Store Indent No.552.
7. s.s. "Falkland" Manifest. Voy 86.
8. Specification of Shipment per "Orcoma" 1st April.
9. ditto "Kenuta" 5th April.
10. F.I.Gazettes February & March.
11. Canning - sheep weights.
12. Correspondence -- Dr.R.H.Wace.
Mrs.Sollis & her husbands "Agree".
13. SPECIFICATIONS:-

	Mark.	Wool.	Skins.	Tallow.	Hides.
	H&B	103	22		
	D&S	136	13		
	WED				
	FC	40	5		
	H	64	13		
	W	11			
	W	46			

4. Canning operations, owing to the shortage of labour, will be postponed, Mr. W. J. P. stating that they will not finish until about the end of May. The "Falkland" has now lifted 8 Hides. (Duplicate W.J.P. 8 Hides.)

exception of those from Speedwell, Lively and Bleeker Islands. The "Falkland" is bunkering now at Goose Green and will leave for those Islands to-morrow, not returning to Stanley until about the 24th instant - she started sheep-lifting about the 26th March. She will have to return to Goose Green at once with coal, which is unfortunate, as I wanted to get two full loads of wool and skins in for

The Secretary,
LONDON.

No. 563, per Thor 1. 12/4/20.

shipment per the Junin. This may still be possible, however.

5. If the "Falkland" is not delayed I hope to ship by the Junin 1000 Bales Wool and Skins, 2000 Cases Canned Meats, and over 500 Barrels of Tallow. The J. & N. Company at Valparaiso have cabled asking what space we require on Sir, vessel, and I have cabled back details. I hope they will allow Mr Houston and family sailed on the 9th instant on board the Whaling Factory "Solstreif" for Montevideo, where they have passages booked for England on the "Andes" leaving about the 8th May. Before his departure Mr Houston executed the necessary Power of Attorney in my favour, referred to in your Despatch No. 1200. I experienced a most successful Cables exchanged are confirmed as per copies enclosed. 12th April, 20

Thor 1.
563.

3. You will observe from the Camp Manager's letter that he does not consider that the running of Great Island and Swan Island by the Company would be a profitable undertaking. After having visited the Islands he seems to agree with Mr Smith, who all along has thought there would be difficulty in getting the ordinary Camp hands to work there, owing to continual cutter work and the strenuous times in the Winter.

4. Canning operations, owing to the shortage of Labour, will be protracted, Mr Slaughter estimating that they will not finish until about the end of May. The "Falkland" has now lifted all the Canning Sheep with the exception of those from Speedwell, Lively and Bleaker Islands. The "Falkland" is bunkering now at Goose Green and will leave for those Islands to-morrow, not returning to Stanley until about the 24th instant - she started sheep-lifting about the 26th March. She will have to return to Goose Green at once with coal, which is unfortunate, as I wanted to get two full loads of wool and skins in for

The Secretary,
LONDON.

No. 563, per "Thor 1." 12/4/20.

2.

No. 563 per "Thor 1." 12/4/20.

shipment per the "Junin". This may still be possible, however.

5. If the "Falkland" is not delayed I hope to ship by the "Junin" 1000 Bales Wool and Skins, 2000 Cases Canned Meats, and over 500 Barrels of Tallow. The P.S.N. Company at Valparaiso have cabled asking what space we require on this vessel, and I have cabled back details. I hope they will allot us sufficient space to clear Stanley of produce of all kinds. I shall not ship the hides until I have inspected them personally and seen which are fit for shipment.

6. The "Thor 1.", the last of the Whaling Factories, is expected here to-day. They have all experienced a most successful year, and the Captains state that whales were more plentiful than ever this year.

8. Tilferage Office I am, Sir,

9. F.I. Magellan Your obedient servant,

10. Coasting Insurance.

11. Specifications.

12. Mark for Manager.

No. 563 per "Thor I". 13/4/20.

ENCLOSURES.

DUPLICATES. (Originals per "Solstreif 9/4/20.")

S. S. Junin

564.

Despatch No. 562.
Statement on Accounts.
Remarks on Accounts.
Remarks on Stores.
Store Indent No. 552.

Sir, ORIGINALS.

1. Despatch No. 563.
2. Statement on Accounts.
3. Store Indent No. 553.
4. Remarks on Stores.
5. Shipping Report.
6. Camp Manager's Letter, April 9th.
7. Canning Sheep Weights.
8. Pilferage Claims.
9. F.I. Magazine - April.
10. Coasting Insurances.
11. Specifications.

Mark. Skins. Hides.
T R 9 8

564, per Junin, 24/5/20.

s.s. "Junin"

24th May,

20.

564.

Sir, charged to form are to be added to the account.

9. I have under acknowledgement your Despatches Nos. 1201/2, per "Franz Wilke" and "Junin", which vessels arrived here on the 8th and 23rd instant respectively.

2. Cables exchanged are confirmed as per copies enclosed.

3. 1201 - 2. Copies of the Annual Stock Returns and Stock Inspector's Report are enclosed as requested. I am unable to obtain more than three copies of the Report.

4. 1201 - 3. I have gone into the question of the "Great Britain's" donkey boiler, and forward McNicoll's plan and explanation showing how it is impossible to effect the necessary repairs to the boiler here. A new boiler is required, but up to the time of writing I have not been able to get into touch with Mr Peters for his recommendations.

5. 1202 - 2. I am glad to have a copy of your letter to the Colonial Office on the subject of the assessment of Lafonia, in case the question is raised at this end during Mr Houston's absence.

6. 1202 - 3. It is noted that boiler tubes for the "Plym" have been ordered but that we may have to wait for some time before their arrival.

7. 1202 - 4. Before your cable arrived instructing us to

The Secretary,

LONDON.

564, per "Junin", 24/5/20.

to husband our supplies of coal we had sold, at £10. per ton, 136 tons to the Norge Whaling Company, and 179½ tons to the Nor Whaling Company. We have now stopped all sales.

8. 1202 - 5. I note that a compromise has been made with Dr Wace, and that payments which are eventually to be charged to Farm are to be debited to his account.

9. 1202 - 7. Reverting to Mr Houston's Despatch No.559, para.26, with reference to the Darwin carpenter Barnes, Mr Slaughter and I have come to the conclusion that, as he is practically useless, the best thing that can be done is to cancel his agreement, and cut the loss in the matter of his passages. I understand from Mr Slaughter that Barnes is agreeable to this.

10. 1202 - 8 & 16. The subjects of these two paragraphs will no doubt be gone into on Mr Houston's arrival in England. The Darwin Letter-book arrived safely by the "Junin".

11. 1202 - 10. The decision of the Board to raise the Company's Donation to the Darwin sports will, I am sure, be very much appreciated.

12. 1202 - 11/12. The errors referred to in these paragraphs were corrected in Mr Houston's Despatch No.561, para.8.

13. 1202 - 15. It is regrettable that it is now too late to alter the Average adjustment in connection with the valuation of rams shipped from Darwin to Lively Island. It appears, from the correspondence with Messrs Lowden, Connell & Co, which you enclosed, that the original mistake arose through the rams not being included in our list of Coasting Insurances. As far as I am aware, animals shipped per "Falkland" from Ports other than Stanley, have not been insured. I am taking this matter up with Mr Moir.

14. I enclose McNicoll's report on the hull of the "Plym", which has been up on the Government slip for

overhaul and repair. You will observe that all the keel plates are badly pitted, and that the after part of the keel plate is eaten away by corrosion altogether. Her engines and upper works are in good condition, and McNicoll considers that she will run without danger for another two years. The new plates could be put on here, but it would greatly facilitate matters if, by the time the repairs were found necessary, the proposed slipway could be erected.

15. I have also had the "Samson" put on the beach for painting and slight repairs, and am glad to report that her bottom, as far as it can be sighted, is in good condition.

16. In answer to your cable with reference to the amount of coal we had on hand, I replied that we had 800 tons, none of which belonged to the Transport Company. I mentioned this fact as possibly Lowden, Connell & Co. will make greater efforts to effect a shipment if they realize that they are working entirely on our stock. At the end of the year we had 1200 tons on hand and were owed 284 tons by the Transport Company, which they repaid out of their Kenuta shipment of 486 tons. They have now used up the balance, and our own stock has been augmented by 475 tons ex "Juendes".

17. I regret to report that J. G. Poppy, the Office caretaker, who, I understand, was well known to Mr Cobb and Mr Blake, died last month. He had been in the Company's service continuously for many years, except for three years on the Coast. He leaves behind his widow, and I have been approached by her son-in-law, with whom she is going to live, to ascertain whether the Board would allow her some sort of compassionate allowance, in view of the fact that she is left badly off.

I am glad to say that I have been able to obtain as caretaker T. Mills, a married man of excellent character, who is at present in the employment of the Government. I chose him in preference to any of our own men as his wife

No 564 per "Junin", 24/5/20.

4.

is not a local woman, and as he has considerable knowledge of telephone work. He should be very useful to us in connection with the re-wiring of the Darwin line.

18. I enclose for the Board's information Nicholas' valuation of buildings, fences etc. still remaining on Great, Swan, Ruggles and Tyssen Islands. No doubt this will be found useful when the future of these Islands comes up for discussion.

19. Captain Thomas, who is returning to England on the first available boat, has for some time been examining and relaying moorings, and he assures me that all are now in perfect condition. He has also secured the mizen-mast of the "Great Britain" which had shown signs of weakness. All lighters are in good condition with the exception of the "Lafonia" which will be hove down for scraping and painting as soon as the "Junin" has left.

20. In view of the very serious shortage of necessaries such as sugar, butter, maize, corn and paraffin to which we shall be exposed in about a month's time, I cabled you on 5th May, asking you to try to arrange for the "Bogota" to call at Montevideo. Your answer that she was not calling here came as a surprise in view of advices we had received from the P.S.N. Company. On hearing from them that the "Duendes" was sailing on the 29th May, I asked you again if anything could be done as regards this vessel, and I am awaiting your reply. If the "Orita", calling here in August, as we have been advised by the P.S.N.C., Valparaiso, is the first boat to call at Montevideo, we shall be without the above necessaries for about 2 months.

21. The results of the Canning Season were cabled to you on the 18th May as follows:-

Sheep killed,	24,954.
C/s Mutton,	4,430.
C/s Extract,	77.
C/s Tongues,	50.
Brls Tallow,	120 tons (approx.)

No. 564
By this Mail I enclose Resume of sheep killed and the relative Credit Notes. Up to the time of writing I have been unable to get any details of materials used and wages paid, owing to the Darwin Line breaking down. I have only been able to get into touch with Mr Slaughter by telephone for about two days during the last three weeks. As soon as the Line is mended in one place it breaks down in another.

22. The s.s. "Junin" arrived here with an empty hold, so I took the opportunity of loading Tallow - about 680 barrels. The Captain estimates that he will be able to take about 500 bales of wool and skins in addition. Your cable of the 25th May arrived after loading had commenced, but I am glad to say that no meat had been put on board.

I am,

Sir,

Your obedient servant,

for Manager.

Mark.	Wool.	Skins.	Waxes.	Other.
B.H.	11	4		
F.I.C.		25		
F.S.D.	114	8		
B.H.	90	4		
H.O.C.	88	7		
N.A.	16	5		
F.C.	5	3		
J.H.D.	110	6		
J.L.S.	12	6		

No. 564, per "Junin", 24/5/20.

ENCLOSURES.

DUPLICATES, (Originals per "Thor 1.")

Despatch No.563.
Remarks on Stores.
Statement on Accounts.
Store Indent No.553.
Coasting Insurances.

ORIGINALS.

1. Despatch No.564.
2. Cash Book for April.
3. Journals for March and April.
4. Cash Voucher, West Store, April.
5. Remarks on Accounts.
6. Statement on Accounts.
7. Store Indent, 554.
8. Coasting Insurances.
9. McNicoll's Report - Plym.
10. - Donkey Boiler, Great Britain.
11. Great Island - Valuation.
12. s.s. Falkland Manifests, Voyages 9,10,11 G.
13. Establishment of Wages, quarter ending 31st March, Stanley and Camp.
14. Ledger Balances to 31st March, 1920.
15. Canning - Goose Green sheets.
16. - Resumé of sheep killed and Credit Notes.
17. Falkland Islands Shipping Report.
18. Falkland Islands Magazine, May.
19. Falkland Islands Gazettes, April & May.
20. Pilferage Claims, (3).
21. Shortage Claim, (Lamb Brothers.)
22. Stock Inspector's Reports, and Annual Stock Returns.
23. Correspondence - Lowden, Connell & Co.

SPECIFICATIONS.

Mark.	Wool.	Skins.	Hides.	Tallow.
D.H.	11	4		
F I C S.		25		
F S		87		5
W.E.D.	114	8		
D.H.	90	4	17	
H.G.C.	88	7	8	5
N.A.	16	5		
W.C.	5	2		
J.H.D.	110			
J.L.W.	12	6		

Paraffin, 150 cases.

In view of the "Orilla" not sailing here until the middle of August, this was, I think, a serious enough situation to warrant my cabling you to arrange for the "Hogota" and the "Islander" to go into Montevideo. The last stores from Montevideo arrived here on the 1st inst, very late, being ordered as we heard the exchange was very high and we were fully expecting vessels to call there in the near future. Sailing advices from various sources have been most contradictory.

The Secretary,
LONDON.

Sir, Just as the mail was leaving I had an interview with the Administrator about our stocks. He showed me the cable from the Colonial Office asking for information and what steps he was taking. He has done everything in his power, I think, as he has recommended that the Colonial Office use their authority in getting the Argentine Government to ship to us from Bahia Blanca (which is nearly certain to prove futile) or with the Pacific Steam Navigation Co. to deflect the "Duendes" into Montevideo.

I did not represent the matter to the Administrator, as I was awaiting your reply about the "Duendes", as I know that practically nothing can be done at this end by the Administrator with the Argentine Minister.

At the present moment our stocks are as follow:-

Sugar, rice, maize, oats, pollard. All nil.

Flour, 110 bags (with orders on hand)

Butter, 1 month's supply.

Paraffin, 150 cases.

2.

In view of the "Orita" not calling here until the middle of August, this was, I think, a serious enough situation to warrant my cabling you to arrange for the "Bogota" and the "Duendes" to go into Montevideo. The last stores from Montevideo arrived here on the 1st April, very little being ordered as we heard the exchange was very high and we were fully expecting vessels to call there in the near future. Sailing advices from various sources have been most contradictory.

It is to be hoped that the Colonial Office will be able to arrange something, otherwise we shall probably have to send the "Falkland" to Montevideo, which I do not wish to do at all.

I am, Sir,
Your obedient servant,
for Manager.

P.S. I attach a list of sailings cabled to us since the 29th March.

The Secretary,

Trans Wilke

565.

1st July, 1920.

Sir,

My last despatch went by s.s. Junin on the 28th May, since which date no mails have arrived. I understand from the Colonial Postmaster that mails for the United Kingdom will, in future, be handed over by the carrying steamer from here to the British Consul in Valparaiso for transmission via the Transandine Railway to Buenos Aires.

2. Cables exchanged are confirmed as per copies enclosed.

3. I was relieved to get your cable of the 31st May, stating that the Duendes would call at Montevideo for our supplies, and I have ordered a fair quantity as instructed. I am glad to say that the exchange at Montevideo is down to Five Shillings, which is the lowest point reached for some time. Messrs Maclean & Stapledon cabled me on the 11th ultimo that they found it very difficult to obtain sugar, but were still negotiating. I therefore approached the Administrator, who cabled to the British Minister requesting him to use his influence, which I imagine was of no avail, as Messrs Maclean & Stapledon now inform me that they have had to obtain our required quantity from Brazil (Pernambuco).

4. On going into this season's Canning, Mr Slaughter informed me that the tin-making machinery was very unsatis-

The Secretary,

LONDON.

-factory, and knowing that the financial settlement with the Brecht Company was still in abeyance, I cabled you to this effect on the 1st June. I now forward the reports of the Camp Manager and Mr Peters. It appears that the Folding, Crimping and New Press machinery were unnecessary, and that the Bumping Filling and Vacuum machines are unsatisfactory. Mr Munacres, when in Stanley, also informed me that he had omitted to report that the Tallo scales, titless wagon scale and two Retorts were unnecessary, and that the Tallo shooks which were purchased from the Brecht Company were quite useless, and that he has had to scrap them.

His remarks on the Fertilizer Plant are also very discouraging. Further outlay of machinery is necessary (vide report) and a new building of considerable size (about the dimensions of the tin shop) will have to be erected. About 10 extra men will be required to carry on the work, and he considers it highly improbable that white men would undertake it even for increased wages. Finally, he doubts whether it would be at all a profitable undertaking. I have not been able to obtain Mr Slaughter's views upon this question, but believe that he is in agreement with Munacres.

The figures of wages paid and materials used during the season have not yet come to hand, but will be sent by the s.s. Quendos which should arrive here on the 10th instant.

5. When Mr Slaughter was in Stanley for a few days I asked him to report to the Board on the condition of the Darwin Telephone line, which you will observe he has done by this Mail. In spite of his efforts to keep the line in repair we have only got into touch with Darwin three or four times during the last six weeks. The stretch from Stanley to Mount Pleasant is practically beyond repair.

6. I am informed that Mrs J. Robson has been given three months' notice to get her Farm, Fitzroy North, the condition of which has been going from bad to worse, into working order; otherwise the Government will cancel her lease.

7. Reverting to the question of the Great Britain's Donkey Boiler (your Despatch No. 1261/3.) Mr Peters states that he has no arrangement with Mr Houston about a new boiler, and as a new one is required he would recommend a small Cochran boiler with external uptake, similar to the Smithy boiler, about 4 ft diameter with a working pressure of 10 lbs to the square inch.

8. The Lafonia is now undergoing repairs. The carpenters have practically finished on her and it only remains for her to be ~~finished~~ painted and her running gear to be put in order.

9. The Wiker Creek Cookhouse will be sent out next trip for erection by the Stanley Carpenters, who will probably be engaged on this work for six or eight weeks.

10. I am glad to report that the migration of shepherds and labourers to the Coast appears to have ceased. This may be due, either to the winter time, or to the advices which have reached here from men who were enticed over there by Mr Wess. It has been found necessary during the last two years to promise Stanley men employment after the Canning season, in order to induce them to go to the works. This results in our having too many men in Stanley during the winter. At the present time I am employing some of them on ditching in the paddock behind the Office, which will reclaim a good deal of the paddock, and will, at the same time, prevent the surface water from flowing in underneath the East Store. Men are also employed in repairing the Dairy Paddock and other fences.

11. To your cable of the 25th June I replied that

565 per "Frank Wilke" 1/7/20.
No. 565 per "Frank Wilke" 1/7/20.

4.

550

if the "Luendes" takes 1900 bales wool and 1800 cases meats (space for which has been allotted to us), I should have ready for shipment in the middle of August 1000 bales and 2700 cases meats. This only leaves about 300 bales and the Tallow from Goose Green to be brought to Stanley which should certainly be accomplished by the end of September.

I beg to express, on behalf of all the Company's employees, their appreciation and thanks for the Bonus of 15% which has again been granted by the Board.

I am,

Sir,

Your obedient servant,

for Manager.

Journal for May.
Cash Book for May.
Statement on accounts.
Remarks on accounts.
Remarks on stores.
Store Indent No. 554.
Camp Manager's Report.
Cash Voucher, West Point, May.
Shipment per "Amin" 28/5/20.
London Office Despatch Index.
Farm Stock Returns.
Reports on Tanning Machinery.
Goose Green Returns, Tanning.
Pilferage Claims, etc.
S.S. Falkland Manifest, Voyage 12 B.
Falkland Island Shipping Report.
Falkland Islands Gazette, May.
Falkland Islands Magazine, June.

SPECIFICATIONS

Mark	Wool	Skins	Hides	Tallow
A	82	5		
J.B.	229	5	22	
N.I.		5		
Me D		12	42	
S.T.	105	5	12	
T.B.	78	1		
P.D.	97	2	8	
L	167	4	7	
E	59			
H.E.D			42 and 1 1/2 - 1/2	
D.E.D	12	12	57	
J.H.D	64			
	307	2	12	

No.565 per "Franz Wilke", 1/7/20.

ENCLOSURES.

DUPLICATES. (Originals per "Junin", 24/5/20.)

Despatch No.564.
Letter to Secretary dated 27th May.
Remarks on Accounts.
Statement on Accounts.
Journals for March and April.
Stanley Ledger Balances to 31st March 1920.
Resumé of Sheep killed.
Stock Sheets, 1919.
Report on Hull of "Plym".
Specifications.

ORIGINALS.

Despatch No.565.
Journal for May.
Cash Book for May.
Statement on Accounts.
Remarks on Accounts.
Remarks on Stores.
Store Indent No.554.
Camp Manager's Report, 21st June 1920.
Cash Voucher, West Store, May.
Shipment per "Junin" 28/5/20.
London Office Despatch Index.
Farm Stock Returns.
Reports on Canning Machinery.
Goose Green Returns, Canning.
Pilferage Claims etc.
S.S. Falkland Manifest, Voyage 12 G.
Falkland Island Shipping Report.
Falkland Islands Gazette, May.
Falkland Islands Magazine, June.

SPECIFICATIONS.

<u>Mark</u>	<u>Wool</u>	<u>Skins</u>	<u>Hides</u>	<u>Tallow</u>
S	83	5		
J B	109	5	39	
N A		5		
Mc G		11	40	3
S I	105	6	13	2
P H	78	1		
F B	97	2	8	2
L	167	4	7	
B	59			
H & B			49 and 1 B/- Hair..	
D & S	12	12	57	5
J H D	64			
Z	327	8	13	2

566

5th July,

20.

THE SECRETARY.

LONDON.

Dear Sir, the "Dendee" arrived on 11th July, bringing

I am not sure whether Mr. Houston took home with him papers in connection with expenses incurred by Mr. T. G. Slaughter during his stay in Montevideo, en route for the Falklands.

Mr. Slaughter states in a letter to me that he claims for the following -

62 days at \$21 per day

Cables to F. I. O. London.

Expenses from steamer to Hotel
and Hotel to steamer, fares on
launch, etc.

He also says that the above does not nearly as he drew £217.0.0. in Montevideo from Messrs Stapledon.

I should be glad if you would instruct me what payment should be made to him in this connection.

Yours faithfully,

for Manager.

Wrote the Chairman privately
in letter dated December 22nd
1920 recommending that the
above should be paid
In his reply he ~~recommends~~ does not
say anything to the contrary
Amount consequently passed
to W. Slaughter's credit in June 1922
W. H. Harding

566, per "Duendes", 15th July, 1920.

because the unmarried men got it as well. I will inform Mr Slaughter of your suggestion of "grub money" as it certainly seems a way out of the difficulty.

"Duendes" The lifting of the Island on 15th July, 20.

566. satisfactorily, and, I think, fairly expeditiously, but of course it necessitated the Falkland being away from her ordinary work longer, and was therefore the cause of a certain amount of inconvenience.

Sir,

My last Despatch left by the "Franz Wilke" which sailed on 8th July.

2. The "Duendes" arrived on 11th July, bringing your two Despatches under acknowledgment, Nos. 1203 and 1204.

3. 1203 - 2. I note that the 1919 accounts will be gone into with Mr Houston.

4. 1203 - 3. I very much regret the mistake which has occurred in rating the Bills of Lading for shipment by the "Duendes", which has unfortunately been perpetuated in the two following shipments per "Kenuta" and "Orcoma". The Junin Bills of Lading have been correctly made out. I think the original mistake arose through our taking the rates cabled out by Messrs Louden, Connell & Co. as the new rates, and I have received a letter from the F.S.N.Co's Liverpool Office complaining that we rated Bills at all without their instructions. If this is the procedure, they seem to have omitted to advise us of the rates given in your cable of 25th May.

5. 1203 - 4. I think the cause of the trouble at the commencement of the Canning season was not due to the fact that the Stanley hands, the majority of whom were married men, were getting the extra 10/-, but

The Secretary,
LONDON.

10. 1203 - 12. I regret the omission to send signed duplicates of Ships' accounts, and fully realise the necessity for doing so.

11. 1203 - 13. I note that the Board have granted

566, per Duendes', 15th July, 1920.

2.

because the unmarried men got it as well. I will inform Mr Slaughter of your suggestion of "grub money" as it certainly seems a way out of the difficulty.

The lifting of the Island sheep was done satisfactorily, and, I think, fairly expeditiously, but of course it necessitated the Falkland being away from her ordinary work longer, and was therefore the cause of a certain amount of grumbling.

6. 1203 - 6. I enclose, by this mail, all the original statements of Mr Milwards expenses.

7. 1203 - 7. I note the new rates to be charged on Clients' Accounts. We have already informed Clients of the previous change to 6½%, but no doubt you will inform me when the new rate is to commence.

8. 1203 - 8. I certainly do not think that Menendez were satisfied with the sheeplifting itself, but I understand that they were partly interested in one of the Freezers, to which the sheep were shipped, the full control of which they wished to get into their own hands. The few people with whom I have discussed the matter are certainly of the opinion that there was work of a doubtful nature going on.

Your report of the sale of mutton is decidedly disheartening. I hear that Canning has practically ceased on the Coast altogether in view of the glut of meat. I am still awaiting Mr Rumaeres' final figures, but I am again unable to get into touch with Darwin.

9. 1203 - 10. As regards the re-leasing of Great Island I have an idea that one or two people approached Mr Houston on the subject, and he will be able to inform you of their names.

10. 1203 - 12. I regret the omission to send signed duplicates of Ships' Accounts, and fully realize the necessity for doing so.

11. 1203 - 13. I note that the Board have granted

pensions to D. McKenzie and R. Cartmell, and also that questions of this nature should be referred to in the Despatch.

13. 1203 - 14. Your instructions as regards drawing Bills at sight and cheques in duplicate will be strictly adhered to. It was to avoid the serious danger, such as occurred in the case of the late Mr R.S. Felton's cheque, that I suggested that we should have a proper duplicate Cheque Form, and these have unfortunately been indented for.

The practice of issuing these cheques was found necessary during the War, and we found that unless duplicates were issued there was great difficulty experienced by the payees in cashing them on the Coast or at Buenos Aires and Montevideo. In view of the extremely friendly attitude of the Government at the present time I should be sorry to see our existing method of settling with them overthrown, but realize that it must at times be very inconvenient to pay large sums upon cable advices. I note that the matter will be gone into with Mr Houston, and await your instructions.

13. 1203 - 15. The "Duendes" brought all our requirements, but Messrs Maclean & Stapledon experienced great difficulty in obtaining sugar. The prices of this commodity and flour have increased considerably. The nett landed price of sugar which, last shipment, was 9 15/32 d, is now, by this mail, 1s. 2 3/4 d, and the flour has risen from 44/8 to 52/2. You will observe from the enclosed extract from Maclean & Stapledon's letter that the exportation of sugar from Montevideo is already prohibited, and the only supplies going into Uruguay are from the Argentine, and are for local consumption only. Under these circumstances

18. Before the Administrator informed me that you had reported the outbreak of Foot and Mouth Disease to

566, per "Duendes", 15th July, 1930.

4.

the British Minister at Montevideo did not consider it advisable to ask for permission to export as difficulties might have arisen. Imports into Uruguay from Brazil are also prohibited. You will also see that exportation of flour is prohibited, but that in this matter the Minister was able to assist us.

I am in close touch with the Administrator all the time on this subject, and have already approached him as regards shipments per the "Orita".

14. 1204 - 1. We very much regret to hear of Mr Goddard's illness, and trust that treatment in hospital soon restored him to health.

15. 1204 - 2. I note that in view of the fact that Mrs Sollis did not wish to return to England immediately after her husband's death, and that she has obtained employment locally, that the Board do not consider hers a case for any assistance to be granted by the Company.

16. 1204 - 3. I had already made arrangements for all hides to be shipped by the "Duendes" but your instructions arrived in time to prevent this. I shall inform Capt. Owen that no more hides are to be brought to Stanley. You will observe from the list I enclose that we have a large number on hand.

17. 1204 - 4. Previous to Mr Goddard's arrival I had noticed various discrepancies in amounts written back for Wool and Skins purchased by the Government, and he was able to explain this matter to me. Several farmers have complained that they are unable to understand their accounts, and I have had some difficulty in explaining matters to them. The Statements you are sending out on completion of the sales will effect this.

I very much regret to learn the bad state of the market for the coarser classes of Wool.

18. Before the Administrator informed me that you had reported the outbreak of Foot and Mouth Disease to

the Colonial Office, I had heard only vague rumours and nothing definite to work on. I now have a letter from Mr Thornhill at Punta Arenas, dated 24th March, in which he states that an outbreak had taken place. The last of the cables which passed between the British Ministers in Uruguay and the Argentine, and the Administrator, both dated 2nd July, state that the disease no longer exists in either Republic.

19. The Pacific Steam Navigation Company, Valparaiso, write that they had a visit from Sir Robert Connell, who informed them that it would be difficult for us to ship anything like a big quantity of produce in their larger steamers owing to lack of lighter accommodation etc. They then go on to say that in view of this they will confine our allotments as far as possible to cargo steamers. The discussion must have arisen through the "Orcoma" refusing, after the space had been allotted by the Valparaiso Office, to take 440 tons weight of cargo when she was here in March last. As a matter of fact this cargo was already lightered in readiness for the "Orcoma". Naturally, if there is a large outward cargo, we should be hard put to it to ship a large quantity from lighters in Port William, but, at the same time, fairly small shipments by Mail Boats have been very convenient to us in the past. I have reported this matter as a misunderstanding may arise, and we may, in future, find ourselves confined to cargo steamers for our shipments.

20. J.G. Kelway, pensioner, has requested me to appeal to the Board on his behalf for a small increase in his pension. His pension amounts to £13. 10. per quarter, out of which he pays £6. rent per quarter for one of the Company's houses, leaving him about 11s 6d. a week to live on. I have pointed out to him that such an increase is quite without precedent.

21. The Stanley carpenters went out with the Cook-

No. 566, per "Duendes", 15th July, 1920. 6.
566, per "Duendes", 15th July, 1920.

ENCLOSURES.

house for Walker Creek on the 11th July.

22. At the time of closing this Despatch there are two cables from London which have remained unanswered owing to my not being able to get into touch with the Camp Manager. I refer to those regarding the number of Rams required, and the number of the Company's sheep there will be available for next season's Canning.

ORIGINALS.

I am,

Sir,

Your obedient servant,

W. H. B. Fresham

for Manager.

1. Despatch No. 566.
2. Statement on account.
3. Remarks on account.
4. Store Indent No. 555.
5. Remarks on stores.
6. Test Store Voucher, June, 1920.
7. Establishment of wages.
8. Falkland Islands Shipping Report.
9. S.S. Falkland Manifest, Voyage 12 G.
10. Statement of Mr Milward's expenses.
11. Falkland Islands Magazine, July, 1920.
12. Correspondence.

Maclean & Stapledon,

Pacific Steam Navigation Co., Liverpool.

Specifications.

Mark.	Wool.	Skins.	Hides.
T.B.	8	6	
BP	139	4	
Y	13	1	
AP	5	5	
S & B	148	7	12
S			18

No. 566, per "Duendes", 15th July, 1920.

ENCLOSURES.

DUPLICATES. (Originals per "Frans Wilke", 1st July, 1920.)

Despatch No. 565.
Statement on Accounts.
Remarks on Accounts.
Journal for May.
Store Indent No. 554.
Remarks on Stores.
Index to London Despatches.
Goose Green Canning Returns.
Specifications.

ORIGINALS.

1. Despatch No. 566.
2. Statement on Accounts.
3. Remarks on Accounts.
4. Store Indent No. 555.
5. Remarks on Stores.
6. West Store Voucher, June, 1920.
7. Establishment of Wages, quarter ending 30th June.
8. Falkland Islands Shipping Report.
9. s.s. "Falkland" Manifest, Voyage 13 G.
10. Statement of Mr Milward's Expenses.
11. Falkland Islands Magazine, July, 1920.
12. Correspondence—

Maclean & Stapledon.

Pacific Steam Navigation Co, Liverpool.

Specifications.

<u>Mark.</u>	<u>Wool.</u>	<u>Skins.</u>	<u>Hides.</u>
T.R.	8	6	
HF	139	4	
F	13	1	
AP	6	5	
S & S	148	7	22
S			18

No. 567, per "Orita", 20/8/20.

"Orita"

567.

20th August, 1920.

Sir,

I beg to confirm my last Despatch, No. 566, which left by the s.s. "Duendes" on 18th July, and now have under acknowledgment your Despatch No. 1205, which arrived on the 19th Instant.

2. 1205 - 2. The manner in which the Pacific Steam Navigation Company have been lifting produce lately has certainly been more satisfactory. The "Orita" is again clearing Stanley of all produce, viz:- 1034 Bales of Wool, and 76 Bales Sheepskins. I shall have ready for the "Huanchaco", in September, the remainder of this year's produce including the Goose Green tallow, with the exception of the Canning Skins which are not baled up until later in the year.

3. 1205 - 3. The Administrator has kept me closely advised as regards Foot-and-Mouth Disease in the various Republics. The latest cables show that the Argentine certainly have the disease, and he has prohibited the import of livestock, fodder and grain from the Coast. The question of obtaining grain is serious. We have supplies to carry us on until December, but I have asked the Administrator to cable to Rio de Janeiro enquiring whether the disease prevails in Brazil, and whether they consider it absolutely safe for us to import this commodity from there. He has done so, but up to the time of writing he has not had a reply. If the disease is there I

The Secretary,

LONDON.

No. 567, per "Orita", 20/8/20. 2.

shall cable you to ascertain whether any grain can now be obtained from the United Kingdom.

Previously Messrs Maclean & Stapledon have again been able to obtain our requirements in the way of sugar and flour - with the help of the Administrator and the British Minister.

4. 1205 - 4. It certainly seems impossible that the Government can adhere to the position which they have taken up as regards the Falkland Island wool growers. It will be extremely interesting to see how they can possibly combat the statements in your letter of 15th July.

5. 1205 - 5. I have not heard of any steps being taken to revoke a Council to the Will of the late Henry Salomon, but will enquire into the matter at once.

6. 1205 - 6. The U.S.N.C. have charged us £5. 10. 0. per ton on the shipment per "Quendes" from Montevideo, making the usual freights of £3. 10. 0. and £4. up to £5. 10. 0. This has been done all through with the exception of freight on 500 cases of kerosene, for which they have charged at the rate of £6. 8. 2 2/5 per ton - an increase on the usual freight of this commodity of £1. 3. 2 2/5 per ton. How this odd amount is arrived at I am unable to say, but they have not added 30/- to the usual rate. The increase for deviation brought the freight from £750. 13. 7. up to £1114. 8. 11. We only received the actual figures from Montevideo by this mail.

In my cable of 18th July I advised you that we could guarantee 450 tons by the "Benute" from Montevideo, but later had to reduce this amount to 130 tons. I originally intended to make up a cargo consisting of stores necessary to carry us on until the arrival of the mail boat in December, and a quantity of battens, droppers

See
also
late Remarks
by same mail

567, per "Orita", 20/8/20.

3.

and hard-wood posts, of which we are very badly in need. Previously we had been able to obtain wood from Montevideo at a fairly reasonable price, but the last quotations are quite out of the question. Consequently I had to reduce the tonnage to an amount which I feared the F.S.N.C. would not call in for.

7. 1205 - 7. Copies of the agreements of B. Craig and E.J. Stanley have come to hand, and these men will go out to the Farm in a few days' time.

8. 1205 - 8. Your instructions as regards the discontinuance of the excessive profits made by the Store on Consumption materials have been noted.

9. 1205 - 9. Half-yearly current accounts have been despatched by this Mail. Copies of the Store accounts are enclosed as instructed.

10. 1205 - 10. I note that the renewal of the Darwin Line has been sanctioned by the Board, and that the necessary wire is about to be shipped. It will, I think, not be necessary to re-wire the whole line in view of the Company's acquiring Mr Packe's land. It will be possible to make use of the Fitzroy line for a considerable part of the way to Mount Pleasant, and I will suggest this matter to Mr Harding.

11. 1205 - 11. I note that the Board have accepted Mr Houston's resignation, and that Mr Harding is coming out to take charge until his successor is appointed.

12. 1205 - 12. It is very satisfactory to learn that the Company have acquired Mr Packe's land, and I note that Mr Hugh Harding will continue to manage the property until further instructions are received.

13. 1205 - 14. I regret that it was not possible to answer sooner your enquiry as to the number of the Company's sheep available for Canning next season. When your telegram arrived the Darwin line was broken, and by the time I had the message sent out to Mr Slaughter he had

left for the West Falklands. I then sent him a wireless message, but received no answer owing to his being on Weddell Island at the time. I thought it best to give Finlayson's estimate of under 15,000., which he gave me as soon as the line was mended, although he was not sure of Mr Slaughter's plans for next season. Mr Slaughter is going out to Darwin to-morrow, and on hearing from him I will cable his figures.

14. 1205—. Mr A. Bonner, Manager for Messrs Geo. Bonner & Company Ltd, requests me to put forward his name as an applicant for the lease of Great and Sean Islands. I understand that he has had considerable experience of Island work at Speedwell Island, and he states that he would have no difficulty in re-stocking the Islands.

15. I learn privately from the Administrator that the Government have no intention of paying the Falkland Islands Transport Co. Ltd £160. per month for the Mail subsidy, as suggested by Mr Houston in November last. The whole question has evidently been referred to the Colonial Office and the present suggestion is to obtain a trawler from the Admiralty for the purpose of running the inter-insular Mail, and for the protection of the seal rookeries. The Administrator informs me that it is not the intention of the Government vessel to compete with the s.s. "Falkland" in any way as regards freighting or carrying passengers. It would appear to be impossible for them to do so with a vessel of the size suggested.

16. Mr Lackie, Camp teacher, who travels to England by the s.s. "Orita", states that he intends seeing you, when in London, with reference to correspondence, copies of which I enclose. Mr Lackie's statement that he came to Stanley in May, in order to obtain a passage by the s.s. "Junin", is correct, and as he had to await the arrival of the vessel before I could ascertain whether

he could get away; I have paid his Board Account, amounting to £7. 12. 0.

17. Captain Thomas sails for the United Kingdom by the "Orita", and his departure leaves the post of Marine Superintendent vacant. I shall, until Mr Harding's arrival, appoint J. Walsh to be foreman of the navy gang. He is a seaman, and a keen and sober man, and will, I am sure, prove a good servant to the Company.

18. I cabled you on 18th August, asking whether I might ship the Brecht Company's casings, as I do not know the position of this business.

I am,

Sir,

Your obedient servant,

for Manager.

1. Stanley Ledger Balance, 20th Aug. 1920.
 2. Store Ledger Balance.
 3. Store Ledger Balance.
 4. Stanley Balance Sheet, 1919.
 5. Remarks upon Accounts.
 6. Statement on Accounts.
 7. Statement on Accounts.
 8. Statement on Accounts.
 9. Statement on Accounts.
 10. Statement on Accounts.
 11. Store Incident, No. 25.
 12. Cash Book, 1919.
 13. Return of Materials used at Home Office.
 14. Return of Cash Book, 1919.
 15. Cash Voucher, West Store, July, 1920.
 16. Cash Voucher, West Store, July, 1920.
 17. Falkland Islands Shipping Report.
 18. Statement of Discrepancies in Cash and Bank.
 19. Cash Manager's Report, dated 20th August, 1920.
 20. Falkland Islands Shipping, July and August.
 21. Falkland Islands Shipping, August.
- Correspondence:-

James Mackie.

Pebble Island.

Recorder Society.

Mrs. Milner, 10th Street.

No. 567, per "Orita", 20th August, 1920.

No. 567, per "Orita", 20th August, 1920.
ENCLOSURES.

DUPLICATES. (Originals per "Duendes", 15th July.)

Despatch No. 566.
Remarks upon Accounts.
Statement on Accounts.
Store Indent, No. 555.
Remarks on Stores.
Claim - British & American Tobacco Co. Ltd.
Specification per "Duendes".

ORIGINALS.

1. Despatch No. 567.
2. Cash Books, June and July.
3. Journal for July (June.)
4. Stanley Ledger Balances, 30th June, 1920.
5. Store Ledger Balances.
6. Butchery Ledger Balances.
7. Stanley Bonus List, 1919.
8. Remarks upon Accounts.
9. Statement on Accounts.
10. Remarks on Stores.
11. Store Indent, No. 556.
12. Canning Account, 1919 - 20.
13. Return of Materials used at Goose Green.
14. Return of Camp Wages, June quarter.
15. Cash Voucher, West Store, July, 1920.
16. s.s. Falkland Manifests. Voyages 14 G and 15 G.
17. Falkland Islands Shipping Report.
18. Statement of Discrepancies in Wool and Skins.
19. Camp Manager's Report, dated 20th August, 1920.
20. Falkland Island Gazettes, July and August.
21. Falkland Islands Magazine, August.

Correspondence:-

James Lackie.

Pebble Island.

Menendez Behety.

Mrs Milward, Punta Arenas.

No. 567, per Orita, 20th August, 1920.

ENCLOSURES (Continued.)

Specifications.

<u>MARK.</u>	<u>FOOL.</u>	<u>SKINS.</u>	<u>HIDES.</u>	<u>TALLOW.</u>
W.E.D.	10	7	9	4
S.	2			
E.F.M.	2			
F.B.		1	4	
Heart.	197	4		
H.W.	32	7	8 (4 Bds.)	9

"Huanchaco"

568.

4. I regret to have to report the death of the
Orinoco, on the 10th September.

5. Mrs J. Johnson's Farm, North 21st St., has been
taken over by Mrs J. Johnson, and on 4th October, will
be managed for the present as a separate concern, and
apart from her farm at Port Louis.

Sir,

I beg to confirm my last Despatch, No.567,
which left by the R.M.S. "Orinoco" on 21st August, also
cables exchanged since that date, as per copies enclosed.
This Despatch is written before the arrival of the
"Huanchaco", to report on matters prior to Mr Harding's
taking over.

2. I was able, on the 23rd August, to cable you
Mr Slaughter's estimate of Company's sheep for Canning
next season, adding that he will have no wethers. Mr
Slaughter also considered it advisable to inform the
Board that he could carry more stock, and that he would
therefore prefer that Canning be abandoned next year -
both for that reason, and also to enable him to get his
fencing and other work which requires doing, up to date.

3. The Administrator has kept me advised about
Foot-and-Mouth Disease, and I informed you that the
British Minister at Rio de Janeiro cabled him that he
considered it safe to import cereals from there. I did
not think that you would approve of this, and I glad
to see that you can obtain cereals in the United Kingdom
for export. There is very little difference in the
landed cost of cereals obtained from the United Kingdom
and those obtained from Montevideo.

The SECRETARY,

LONDON.

For Manager.

No.568, per "Huanchaco", 4/10/20.

4. I regret to have to report the death of Mrs Oriassa Dean, on the 10th September.

5. Mrs J. Robson's farm, North Fitzroy, has been taken over by Mrs T. Robson, and I understand it will be managed for the present as a separate concern, and apart from her farm at Port Louis.

6. The Heaving-down of the "Lafonia", which had to be delayed pending the return of the carpenters from Walker Creek, where they have erected the new cookhouse, has now been completed. The "Lafonia" is the largest schooner which has been hove down here. I enclose the foreman Carpenter's report on the condition, and the repairs done to this vessel, from which the Board will observe that when her rigging has been repaired she will be in a seaworthy condition for sailing, but that if it is decided to fit her with a motor she will have to be refastened.

The damage done to her false keel must have occurred in 1911 when she was ashore in Mullet Creek.

7. I learned from the Administrator on the 15th September that his despatches per the "Junin", which sailed on the 27th May, had not reached home by that date, and I have been unable to find out how this delay was caused. That you only received my Despatch No.564, by this vessel, on the 16th ultimo, points to it's having been held up by the Chilean authorities, as I understand that it should have been landed at Valparaiso for transmission via the Andes.

I am, Sir,

Your obedient servant,

for Manager.

"Huanchaco"

569.

8th October, 1920

Sir, I beg to acknowledge the receipt of your Despatch No. 1206, addressed to Mr Harding, who arrived on 6th instant.

2. 1206 - 2. I regret that a departure has been made from the usual form in connection with confirmation of cables exchanged. We ordered a new supply of forms some time ago but these have not yet come to hand. In future, both the code and the translation will be given, as instructed.

3. 1206 - 3. As regards the homeward mail, the Postmaster informs me that he requests the Captains of vessels returning via Panama to see the British Consul at Valparaiso as to the best method of getting the Mail home expeditiously. It appears that in the winter there is some hitch in its being sent by the Transandine Railway.

4. 1206 - 4. The supplies which I ordered by the "Duendes" will last us until about the beginning of December.

The Secretary,

LONDON.

569, per Huanabaco, 8/10/20. 2.

5. 1206 - 6. I observe that the wire for the Stanley - Darwin telephone line has arrived. Care will be taken to see that the old wire is collected.

6. 1206 - 10. The Power of Attorney issued in favour of Mr W. Harding is to hand.

7. 1206 - 11. In view of what you write about the method of handling Claims against the Pacific Steam Navigation Company, it appears that we are not likely to get any satisfaction at all. They have distinctly laid down to us from time to time that we are not to pay claims or deduct the amount of claims from their accounts without first referring them to the Liverpool Office for sanction. I enclose a copy of the P.S.N.Co's last letter on this subject. Occasionally some claims are returned for payment, but the majority of them are not even acknowledged. Now that so few mail boats call here it very often happens that the P.S.N.Co's account shows a balance due to us, in which case they deduct the claims, with which we have already debited them, from the amount due to us. They have done this on at least one occasion, with the result that we are no further ^{forward} in the matter, and our accounts are needlessly complicated.

8. 1206 - 12. I have already asked Mr Slaughter for vouchers in support of his claim for expenses while at Montevideo, but up to the present he has not sent them. It is noted that the matter has been left to Mr Harding to settle.

9. Currency is still very scarce in the Colony. We shall be glad if you will send out £2000. (Two Thousand pounds) in £5. Bank of England notes.

10. The thirty rams have all been landed at the quarantine station in good condition. As soon as

See page
552

569, per "Huanchaco", 8/10/20. 3^h October, 1920.

these have all been safely landed at their respective destinations we will include in one of our cables a message to that effect.

11. The Falkland should be in before the "Huanchaco" sails, with the last of the Island produce, viz. about 60 bales of wool from Chartres. Stanley will then again be clear of produce with the exception of hides.

I am, Sir,

Your obedient servant,

for Manager.

Nos 568 and 569, per Duanebaeo, 8th October, 1920.

ENCLOSURES

DUPLICATES (originals per Orita, 21st August.)

Despatch No. 567.
Statement on Accounts.
Remarks on Accounts.
Store Indent, No. 556.
Remarks on Stores.
Stanley Bonus List, 1919.
Stanley Ledger Balances to 30th June, 1920.
Store Ledger Balances
Journal for June.
Canning account and Goose Green Returns.
Specification, Orita shipment.

ORIGINALS

1. Despatches Nos. 568 & 569.
2. Cash Books for August and September.
3. Journals for July and August.
4. Statement on Accounts.
5. Remarks on Accounts.
6. Remarks on Stores.
7. Store Indent No. 557.
8. Camp Manager's Report, dated 26th September.
9. Cash Vouchers, West Store, August and September.
10. S.S. Falkland Manifests, 16 and 17 G.
11. Coasting Insurances - July, August and September.
12. Farm Bonus List 1919.
13. Report on Schooner Lafonia.
14. Pilferage claims.
15. Establishment and Wages, quarter ending 30th September.
16. Falkland Islands Shipping Report.
17. Falkland Islands Gazette, September.

Correspondence. 1. From R.S.N.C. Liverpool, re Claims.
2. To Lowden Connell & Co.

SPECIFICATIONS

Mark.	Wool.	Skins.	Tallow.
M.V.	30.	4.	
B.		2.	2.
S & B	179.	6.	
J.H.D.	31.	5.	
J.H.D.	30.	13.	
S.I.		1.	

8th October,

22.

The Secretary,
LONDON.

Sir,

In accordance with your cabled instructions we have shipped 9 barrels of casings to the Brecht Company, requesting them to pay you the sum of £630.19.11. in settlement of our account, a copy of which we enclose.

Our contract with them is not concluded until the end of the 1921 season, and it is to be hoped that no complications will arise from our having abandoned the Canning next season.

I am, Sir,

Your obedient servant,

for Manager.

M. A. Dartmouth

579.

29th October,

569, per Huanchaco, 8th October, 1920.

Enclosures in separate envelope, received after
closing the original mail.

1. Statement on accounts. (Additional)
2. Store indent No. 557. (Additional)
3. The Brecht Company's account, 1920.
4. Letter to The Secretary.

In view of the fact that the
purchasing commission is a small one
sufficient for the purpose.

The case of the Brecht Company
is one of our most important cases. All the
other cases are small. The Brecht Company
is a large company and its account is
very important.

The case of the Brecht Company is
very important. It is a large company
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and its account is very important.

H.M.S. "Dartmouth"

570.

29th November,

20.

Sir,

Mr Gresham wrote you last per "Huanchaco" which left on the 9th October.

2. A copy of further correspondence with the Colonial Secretary on the subject of the wreck "Bertha" is enclosed herewith. So far the Government have not withdrawn their contention that we have abandoned the wreck.

3. In view of increased values generally, the purchasing commission at 2½ hardly seems to be sufficient. Perhaps the idea has occurred to you.

4. The rams were landed safely from the "Huanchaco", but one of ours died of pneumonia whilst in quarantine.

All the others were safely landed at their respective destinations. The Stock Inspector's Certificate as to the death of ram No. 122/96/9 is enclosed.

5. The file of annual Reports here is incomplete, the last being that for the year 1915. Could you send a copy of each of the subsequent Reports?

6. A list is enclosed showing the produce for which Farm and Canning accounts have not up to the time of writing received credit. No doubt your accounts per "Junin" and "Orita" will bring account Sales for a great deal of this, but it is more than likely that a large portion will be unsold at the end of the year. We have no information to guide us as to the approximate value, and shall be glad if you will later on cable

The Secretary,
LONDON.

No. 570 per Dartmouth 29/11/20.

The money has been spent, and there is no the figures which should be credited to Farm and Canning accounts in the closing entries. The materials on hand on the 30th June, 1920, according to the Return sent to you in Despatch 567, amounted to £8381. 1. 4. Some of these can be used by the Farm and credited, but boxes, tin, solder, and all material appertaining solely to Canning must remain as on hand at the factory. The values of these have been depreciated moderately as we cannot treat this material as an asset at original cost. The value of the stock on hand will thus show at about £7000.

The amount debited to Canning for materials of all kinds is enormous, for in addition to the £11,614. as shown in the June Return, there is the £2789. detailed in the separate Return forwarded at the same time, plus some £300. debited since. The cost of coal, tin, solder, boxes and all material has, of course, increased largely. The average coal consumed per sheep canned during the first eight years of Canning was 20 lbs, but last season it jumped to 37 lbs. possibly the necessity for killing and canning on alternate days had a good deal to do with this, but on the whole it seems fairly evident that without an expert preserver and an adequate supply of labour canning is likely to be rather disastrous.

All machinery, whether sent from home or purchased from the Brecht Company, and all construction material has been charged to Canning, the values being roughly, machinery £4000. Babcock boiler £1150. and construction or building material £1200. If these were transferred to Plant and Buildings the Canning

debit would be reduced accordingly: but what is the use? The money has been spent, and there is no chance this year to afford us an opportunity of recouping it, and we might just as well cut the loss at once and wipe it out. Unless, therefore, you instruct me otherwise by cable, these sums will be left to the debit of canning.

On a rough estimate at the present moment the account looks extremely unhealthy. On 30th September there is a debit balance of £98,793, to which must be added about £4500. for this year's wages, and whatever may be settled in regard to the Brecht claim for £879. 1. 0., making a total debit of over £104,000.

Against this there is the balance of the stores on hand, £7000. and proceeds of produce, but unless prices for canned products have improved I do not see how this is to realize much more than £74,000., on the following rough estimate -

14800 cases mutton @ say 60/- nett.	£44,400.
(after allowing claims for short weight, &c.)	
140 cases Extract @ say 3/6 lb.	4,000.
about 230 tons tallow @ say £60 nett,	13,000.
600 B/s skins £20 per B/-.	12,000.
Sundry hides, say	600.
	<hr/>
	74,000.
add stores on hand	7,000.
	<hr/>
	£. 81,000.
	=====

So that at the end of the year we have to face the necessity of writing off a balance of over £20,000. either by transferring it to the debit of Farm or Profit and Loss. Unless I hear to the contrary I propose to debit Farm account.

No. 570, per "Dartmouth" 29/11/20. 4.

7. The earnings of the "Falkland" will be considerably curtailed by the suspension of canning operations. On the basis of a moderate estimate of 15,000 sheep from the West and 20,000 from the East Falkland Farms her gross earnings at existing rates would be -

460 tons material Stanley - Goose Green,	
@ 25/-,	£ 575.
15000 live sheep Pt Howard - Eggs Hbf,	
@ 2/-	1500.
	275.
Less 5%	115. £ 2160.
7300 cases meat &c Goose Green - Stanley,	
450 tons @ £5	£2250.
170 tons tallow Goose Green - Stanley	
@ £5.	850.
	3100.
Less ½ hulkage,	389. £ 2711.
	4871.

and if surplus sheep are sold out of the country instead of being tried out, the "Falkland" will lose freight on -

360 b/s sheepskins, Goose Green - Stanley,	
103 tons @ £9.15.0. . .	£1004.
Less ½ hulkage, say	125.
	879.
	£ 5750.

The time saved by not being hampered by a periodical trip to the West with mails is demonstrated by the fact that this year, although late in starting, she was able to transport live sheep from Port Howard and also from Weddell, Lively, Speedwell, and Bleaker Islands, and yet collect all produce by the middle of October. It is consequently not unreasonable to expect that next year all produce should be in Stanley by June or July, as she has no sheep to shift. If it were possible to stop all expenses and lay her up for the

No. 570, per "Dartmouth", 29/11/20. 5.

four months July to October, with only about five men on board, she would doubtless show a handsome profit. But the difficulty is that one cannot get rid of all the hands for that time and pick them up again when they are wanted. I do not know whether it is in anyway possible to find her some remunerative employment elsewhere, say on the Brazilian coast, for that period. The Argentine (and soon Chilean) Navigation Laws preclude her doing any coasting trade there on account of her nationality.

I will write to Messrs Lowden, Connell & Co., in the above terms, as it is a matter for them to consider.

The new first Officer is shaping well and is a vast improvement upon his predecessor; he is dissatisfied with the state of things on board, where there seems to have been an entire lack of discipline, but I have hopes that this can be remedied by degrees.

8. It will be remembered that Messrs Lowden, Connell & Company raised the question of the loss suffered by them for having to wait so long for settlement of the Coasting freight on homeward produce earned by the "Falkland", which they contend is payable as soon as that produce is delivered in Stanley. You discontinued the practice of charging interest on freight in the Account Sales, as many clients were in credit and the amount was negligible. Now that freights are four times the figure and clients' accounts likely to be in debit rather than credit, we must devise some means of meeting the situation. I enclose Draft Circular (No. 1.) to clients, explaining the matter and stating that their accounts will be debited with the estimated amount of the local freight as soon as the produce is brought to Stanley, but it is open to the objection that they would

thus learn how heavy the Coasting Freight really is, (ranging from £2. to £3. per bale) and might be tempted to try some cheaper way of getting it to Stanley, as, for instance, by the schooner Gleam which is now coasting.

As an alternative I thought of suggesting debiting them with the estimated amount of the total through freight, but the Ocean freight is not paid to the P.S.N.Co. until the steamer arrives in Liverpool. I have therefore drafted a second Circular (No.2.) in which suggest debiting them with two-thirds of the total freight, but the objection to this is that the consignees of the J.L.W., W.K.C., J.G., D & S. etc. marks settle the freight direct with the P.S.N.Co. If you could induce these consignees to allow you to settle the freight (the estimated two-thirds being debited here) we should avoid this objection, and I think that this Circular would be the better of the two. The new system should commence with the New Year, and I should therefore like to have your decision by cable. The words Circular one (or two) approved would be understood.

9. I think it as well to supplement what Mr Gresham wrote you last mail (569 - 7.) on the subject of claims in respect of outward cargo which may be classed under three headings - (1) Pilferage, (2) Broken and damaged cargo, (3) Overcarried cargo.

As regards pilferage the P.S.N.C. reject claims on the ground that their Bills of lading expressly exclude any liability for pilferage, and all outside importers now insure against this loss and have recovered from their underwriters upon a certificate from Lloyd's Agent here.

On 24th May we drew your attention to the claims

No. 570 per "Dartmouth" 29/11/20. 7.

we had sent, amounting to £243. 16. 2., and assume that you are taking steps to recover from the underwriters. We have since had several more, and for your information a list is enclosed giving the total to date, amounting to £379. 3. 9. .

As already explained by Mr Gresham the P.S.N.C. insist upon claims for damaged and overcarried cargo being referred to them, and this has been done, but they are very slow in dealing with them. The last batch admitted by them were forwarded on 9th February, 1920 and passed in their letter to us dated 20th April last. The difficulty in regard to overcarried goods is that their steamers do not come back this way from Chile, and if we are to recover the overcarried cargo, that cargo must be taken on to England and re-shipped. If landed anywhere on the West Coast it is almost irretrievably lost. We are writing by this mail to the P.S.N.C. suggesting that instructions should be issued that all cargo overcarried from here should be taken back to England and not landed anywhere else.

The delay in dealing with this is no doubt due to the fact that they have to make all sorts of enquiries as to what has been done with the cargo, but all the same we are at a considerable loss, for the total of our outstanding claims is now no less than £580. 19. 6. The Junin's mail may bring a fresh batch admitted - if so I will endeavour to let you know by this mail.

10. In view of the loss we sustain through breakage, pilferage and other damage to cargo I should be glad if you would consider seriously the possibility of chartering a small sailer. We should

No. 570, per "Dartmouth" 29/11/20. 8.

ship out specially goods:-

(1) That suffer most from breakage, such as glass and stoves (on one shipment 80 and 70 respectively were broken up.)

(2) That are most likely to be pilfered, such as boots, clothing, drapery, sweets, and expensive wines and liquors.

(3) That are charged special freight and are carried on deck at shippers risk, such as cartridges and matches. This class of goods is usually badly pilfered on the voyage.

It is true that freight may be nearly as much as by steamer, but we should get the goods - and without damage or shortage. With a round charter we should make a good profit on the homeward voyage, even on hides and tallow at present freights. We have now in Stanley 1100 hides, and there must be a large number round the stations, as the Falkland has not brought in any since July. These are a nuisance to us in Stanley - I have just had a complaint from Mr Miller for being charged a proportion of the expense of re-salting; he writes, they are all properly salted when they leave here and don't want any more salt. I saw a lot of hides on the Great Britain that looked pretty rotten. These could be packed flat in a sailer and the voyage would not harm them, and you would have the advantage of getting hides and tallow and any other homeward cargo discharged in London probably as quickly as if it had been sent by steamer.

In case such a charter is feasible we are sending you an indent now which gives full details of cargo that may be shipped to fill up.

11. The Government people are apparently somewhat concerned as to the mutton supply of Stanley. Hitherto

a local butcher, McGill, rented from Mr Packer the slaughter house, skin shed and paddocks near Sullivan House, and was supplied with sheep, from Fitzroy mainly, and some four other farms. The slaughter house has been condemned time after time, but Mr Packer declined to re-build, and in order not to give the Company the monopoly of selling mutton in Stanley McGill was allowed to continue using the slaughter house.

Before we purchased Fitzroy McGill had difficulty in getting sheep, but now he has no sheep at all and has been compelled to shut down. We have kept the price at 2½d per lb to our own men and 3d to the public - the price is quite uneconomic in comparison with other values, but we know that if mutton costs any more wages must be increased. We are really pulling the chestnuts out of the fire for the Government and others by so doing, but for the present it would be unwise to alter the price. The ideal method of settling the mutton question would be to build a cold store to hold about 10,000 carcasses, which is approximately the annual consumption plus sales to whalers, H.M. Ships and other vessels. It is most wasteful to kill sheep during the winter and spring: from October to January a sheep presumably will put on from ten to fifteen pounds of meat and fat worth, say, 3/- and quite another 3/- worth of wool, or, put in another way, you would be carrying more sheep on the land.

We should sell to a butcher here for retailing and distributing round Stanley, and he would make out his bills and collect the same. If a vessel were going to Darwin during the winter there is no reason why a few carcasses could not be sent there to save winter killing as far as possible. Other stations, too, might be glad to do the same. Our price to ships and others would be our own concern, and we could charge a

No. 570, per "Hartmouth" 29/11/20. 10.

price more in accordance with what they charge elsewhere. Furthermore we should be able to store beef, a few lambs, and butter and any other perishable produce that may be imported.

The cost of such a plant would possibly be prohibitive at present, but it would be interesting to know what it would amount to. The best site would be in the paddock to the west of the office here, near the present engineer's shop, so that the machinery could be run without having to send a man away. The Fielding and Platt 20 H.P. engine might be sufficiently powerful for the pumping, but in all freezing plants it is necessary to have a duplicate engine and machinery as a breakdown would mean the spoiling of all the contents of the cold storage.

12. I think that the Directors should be made acquainted as far as possible with the schemes contemplated by the Government, and their probable effect upon the Company, especially when one takes into consideration the attitude of the Government to ourselves during the last three or four years. As a preface it is necessary to explain that the Colonial Office has sent instructions that the Revenue and Expenditure of the Falkland Islands proper and that of the Dependencies should be accounted for separately, and that each should pay its own way. This will be understood by the Return enclosed. But the Falkland Islands' Revenue will fall far short of its expenditure unless a very substantial amount is contributed by the Dependencies towards the cost of the central administration, and the Administrator is pressing the Colonial Office upon this point. His services might be a benefit. The Export Duty levied on whale oil per barrel was 3d up to 1915, and 3d from 1916 to October 1919, when it was increased to 1/6, the Revenue accruing from the have already been appointed. At present the Colony has a

No. 570, per Dartmouth, 29/11/20. 11.

extra 1/2d being earmarked as a Research and Development Fund. This was estimated to produce, for the 1919/20 season, £20,500. Since then the Special Committee has issued its Report to Parliament, and in August this year the tax was raised to 5/- per barrel. This is estimated to produce £77,500, of which £72,500 will likewise go to the Research Fund, leaving £5000 (representing approximately 3d per barrel) which the Administrator remarks in his message to the Legislative Council might with propriety be transferred to the Revenue of the Colony proper, as also might a sum representing a proportion of the cost of Central Administration, say £3000. Even if this is done, and the Colonial Office seem chary of sanctioning the transfer of any of the Dependencies' Revenue to the Falkland Islands proper, there is still an estimated deficit of nearly £2000 for 1921.

In reply to an enquiry from the Unofficial members the Administrator stated that he did not know who would have the administration of the Research Fund, but it looks as though the British Museum authorities will have a good deal to do with it, for they apparently regard this Colony as a sort of happy hunting ground. The Estimates for 1921 provide £1275 for a new Scientific Department consisting of a Forestry Officer at £300 per annum and £50 for trees, seeds etc., a Geologist at £600 with £200 more for instruments, and a Naturalist. The West Falkland Magistrate is to be the Naturalist with an additional £75 for this, plus £50 for instruments.

The Unofficial members opposed the vote with the exception of the Forestry Officer, remarking that if he were an expert as regards grasses his services might be a benefit to the Colony. The Administrator undertook to recommend that the Geologist should be a charge against the Dependencies solely - in all probability these officials have already been appointed. At present the Colony has a

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surplus balance of £58,000, and the administrator concludes his message by saying that "Major works" are urgently needed, and that he is submitting proposals to the Secretary of State for these to be undertaken and paid for out of this surplus. These probably include a comprehensive drainage system for Stanley, which the new Colonial Surgeon is pressing for.

But there has been no mention in the Legislative Council as yet as regards the project of running a Government steamer, recommended to the Colonial Office by Governor Young. In April, 1919 there was a strike in South Georgia and other disturbances, and the Colonial Office approached Messrs Lowden, Connell & Co. to allow the "Falkland" to take an armed party down, but fortunately H.M.S. "Dartmouth" appeared on the scene before any serious disturbance developed. Possibly this, coupled with the desire to have some means of controlling the industry and of ensuring that no part of the carcasses of whales was wasted, may have originated the idea in Sir Douglas Young's mind of having a steamer to patrol the Dependencies, protect the seal rookeries, perform mail service between Stanley and Montevideo, and also do the local mail service as well. Correspondence ensued with the Colonial Office and the Admiralty eventually recommended a steamer 136 ft long with 23 ft beam, which had been an armed trawler. When forwarding the particulars of this vessel to the Governor the Colonial Office wrote that the estimated annual cost of running, say £10,000 was quite prohibitive. Sir Douglas Young replied that against that expense should be placed the P.S.N.C. mail subsidy of £2500, the West Falkland mail subsidy of £1800 (Mr Houston having said that the "Falkland" would require double the present subsidy if a mail contract were entered into again), and also freight at £1. 10. 0. per ton on an estimated 2800 tons of cargo, £4200, totalling £8500. Upon this the

Colonial Office apparently concluded that the matter was worth further consideration, and said that the rate of freight was too low. By this time Sir Douglas Young had left the Colony and the Administrator took the matter in hand. He asked Mr Gresham to go to Government House and discuss the matter of cargo; Mr Gresham pointed out that she would require much more cargo space, proper winches and appliances, a larger crew for handling cargo, and that there would be the question of storage and of having special labour in Stanley for discharging. There would also be the question of insurance, the making out of Bills of Lading, in fact, all the work now done in the Company's Office, and, finally, that the "Falkland" would have to cease running at all. Mr Martin at once saw that the cargo carrying was quite impossible, and cabled to the Colonial Office that this should be cut out, adding that it would not be in the public interest that the "Falkland" should be squeezed out. Since then the Harbour Master has come on the scene, as he was to have commanded the steamer. Apparently as the result of consultation with him the Administrator has suggested to the Colonial Office that the boat should be larger, should have twin screws, bows specially protected against ice, electric light instead of acetylene, powerful searchlight, etc., and I should say that all these extra desirabilities will go far towards wrecking the project.

13. As a corollary of the steamer, a slip is to be constructed as indispensable for the cleaning and proper maintenance. This would be built on the North side of the Harbour, and would be large enough to accommodate three whale catchers at a time. To help pay for the cost of maintenance the whaling companies are to be compelled to use it, a renewal of the licence being conditional upon their undertaking to have their catchers ~~taken along~~ *hauled up*

side here for cleaning, etc, instead of at Montevideo. By building on the North side of the Harbour they would cut out any chance of our obtaining any repairing work, and doubtless the next thing would be a repairing yard there near the slip. It must be understood that the foregoing may not be a thoroughly complete account - it is what I have been able to gather from the Administrator, and may, I am sure, be taken as fairly accurate.

14. The Government correspondence of the last three years is illuminating, and might be described as astounding. The attitude towards the Company has been nothing short of persecution; interference with the running of the Falklands, complaints of prices of stores, attempted confiscation of the "Bertha" wreck, imposition of a commission on remittances, threats of the Defence of the Realm Act, petty customs annoyances, questioning our right to Great and Swan Islands, overcharge of land tax, - in fact, obstacles have been made in every conceivable way, whether a pretext could be manufactured or not. Of course, we know that a good deal was due to personal animosity, but it seems as if it is the settled policy of the Government to oppose the Company and all its works.

Judge With the lapsing of the P.S.N.C. mail contract it is no doubt incumbent on the Government to provide some mail service, and on that account the proposed steamer would be supported by the Colonial Office. Cargo carrying is for the present eliminated, but the Government here have so little to do in the way of real administration that the temptation to cut into the legitimate sphere of the trader proper will be too great to be resisted, and the cargo carrying project is almost bound to be revived sooner or later. They do not seem to be able to endure seeing a steamer going round the Islands without some control or interference by themselves. but it may be as well

to record here our discussion as to the general policy

gain, we cannot blind ourselves to the fact that there is a good deal of unrest and suspicion amongst the clients - when in London I thought this was exaggerated, and possibly it may be more apparent than real - but there is unquestionably more opposition than formerly. In the North Camp there is a sort of clique that would break away upon the slightest pretext, especially if they found any other means of shipping their produce. The very high local freight is an important factor, and if there is a slump in wool it will be intensified.

I never have been an alarmist, but I feel that the Directors should take all the above into consideration in framing their future policy. Remunerative ship-repairing has ceased, the Mail Agency does not pay, nor do the hulks and lighters, as such. They are all old, with the exception of the steel lighters and the Fleetwing. As regards retail trading I have not been able to go thoroughly into figures except to make a rough calculation (copy enclosed) of what I would call overhead charges, which amount to some 7½%. The practice of charging too much on stores consumed on our own works will be entirely discontinued next year, and we shall be in a position to judge the effect on the store profits after the result of the 1921 trading is known.

My object in writing all this is to show why I would recommend the Board not to spend any money in Stanley unless it is certain to repay the cost - like a cold storage should.

The farm can well absorb all that we can put aside for improvement of our property, and any expenditure in this would be remunerative.

15. Mr Slaughter's visit to Stanley afforded a good opportunity for talking over Farm matters. He, of course, reports all details to you direct, but it may be as well to record here our discussion as to the general policy

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of the farm arrangement in view of the amalgamation of Mr. Locke's Fitzroy property.

There are certain outstanding considerations -

(1) The wool-sheds at Darwin Harbour and Walker Creek must, as soon as finances allow, be replaced.

(2) The wool-shed at Fitzroy is very old and should similarly be replaced.

(3) We have at Goose Green a large establishment comprising useful buildings, several comparatively new dwelling houses, sheds, rail system, cockhouses, and especially a jetty with sufficient depth of water for a steamer of moderate draft to go alongside.

(4) It is impossible, except at a quite prohibitive cost, to build jetties at Darwin Harbour at which a vessel could discharge stores at the settlement, and load wool from the shed.

(5) The dip at Burnside is quite played out and must be renewed. It ought not to be built on the same site, as that is on the Government Reserve which we hold only at short lease.

We suggest that the general policy should be to concentrate at Goose Green, with a view to amalgamating the Darwin Harbour and Walker Creek sections at Goose Green, and carrying the shearing and other work there. Instead of having new sheds at Darwin Harbour and Walker Creek, we should have one up-to-date shed at Goose Green on the site of the present skin-shed, which cannot stand much longer. The numbers of the sheep would be re-arranged, relieving the Darwin section of the Mount Pleasant, etc., sheep, and shearing them at Fitzroy as soon as the shed there is replaced by one capable of dealing with about 30,000 sheep.

Should it be decided to amalgamate the Darwin

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Harbour and Walker Creek sections and build one new shed at Goose Green, it will be a great advantage, by building on a new site, to use the existing sheds and have sufficient time to perfect the new one and make necessary pens and yards.

The Store at Darwin is very old, likewise the three dwelling houses occupied by the bookkeeper, overseer and Carpenter. Instead of spending more money on these, we should gradually shift these officers to Goose Green.

The Manager and Doctor (and, perhaps, the Bookkeeper, could continue to live at Darwin, the distance to Goose Green not being great.

freight (if canning is resumed it would not be interfered with by the shearing and dipping being carried out at Goose Green, and if, as seems not improbable, canning is abandoned for some years, we shall not have the mortification of seeing so many buildings unoccupied and of having the expense of keeping them in repair for no useful purpose.

The absorption of Mr Locke's Fitzroy property adds some 14,000 sheep to our present farm south of the Wickham Heights, but it is necessary to retain the Fitzroy settlement, making, under present conditions, four shearing stations. With the scheme suggested we should carry on all the work at three stations, and save the wages and maintenance expenses of a fourth.

The scheme will possibly in time entail the bridging over of Bodie Creek by a suspension bridge, if practicable, near the entrance, or by two bridges over the arms where the water is shallower. Of course, the scheme could not be carried out in its entirety for some years, but if the Directors approve we should frame our plans accordingly. The first step towards it is the building of the new dip at Goose position, for the purchasing equivalent of the sovereign in

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18.

Green, somewhere near the reservoirs, where the supply of water is ample.

I may say that all the above has been submitted to Mr Slaughter, who agrees that it is a correct expression of his views on the matter.

16. The question of flour supply is becoming difficult, as the Uruguayan Government have prohibited export, and the Argentines will not allow it to be exported in British bottoms. In reply to a cable to ascertain whether we could get any from Brazil, Messrs Maclean & Stapledon inform us that the cost price at Rio de Janeiro is 7d per lb; with freight (£5 per ton), exchange and other charges the landed cost would possibly be nearly 9d, so that our present selling price, a fraction over 5d, would have to be doubled.

Hence my cable to you asking at what price you could ship from England. Should this be very high the Administrator has promised to try and get H.M.S. "Plymouth" to bring some over from Chile, failing that, we may have to charter a schooner to bring some over, provided that the Chileans do not prohibit export like the others.

17. There is no further agitation at present with regard to wages, but Mr Slaughter fears that another increase will be inevitable if there is any advance in prices. We asked Mr Moir to select half-a-dozen representative Camp hands' store accounts, and compare 1914 with 1919. His letter with return is enclosed, and if you take the case of the ordinary shepherd it will be seen that the increase in the store account is just exactly met by the increase of wages. But as Mr Moir points out, the store account here does not represent all that they have to purchase, and we must not lose sight of the fact that if a man saved, say, £30 in 1914, he must now save £60 to be in an equally good position, for the purchasing equivalent of the sovereign in

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18. We received a telegram from Mr Scott of Slaughter as to the age marks of the lambs, and has come to an arrangement about this.

19. Mr Slaughter has now secured two men locally as travelling teachers, Goodwin and Watson. You will no doubt be glad to be relieved of the necessity of sending a man out.

20. Mr Gresham's agreement expired on the 7th November and has been renewed by an endorsement in the following terms; The within agreement is hereby renewed upon the same terms, save and except that the salary payable by the Company is at the rate of £500 per annum, subject to six months' notice of termination on either side.

Mr Gresham will leave about next April, and the question of a more formal renewal, or a new agreement, will no doubt be discussed with you on his arrival.

21. We have received instructions by cable to increase all fares from here to Punta Arenas and Valparaiso by 20% from the 1st January next. Whether this rate of increase has been applied to all passages or not I do not know.

The cost will then be -

To Valparaiso, First Class, £30. Second, £18. Third, £13.

To Punta Arenas, First £16. Second, £10. Third, £6.

22. H.M.S. Dartmouth arrived on 15th November, and will leave the Falklands on 2nd December for Punta Arenas to be present at the celebrations of the fourth centenary of the discovery of the Magellan Straits. She will spend a day at Darwin Harbour en route, and I propose to avail myself of the Captain's invitation to go round with him. I shall return to Stanley about the 9th December, before the "Junin" arrives. H.M.S. Dartmouth will take a mail to Montevideo.

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23. We received a telegram from Mr Scott of Punta Arenas, asking the price of the tug Samson as she stands in Stanley if for sale. We replied that we were not selling her at present. If the Directors have formed any idea of what price they would ask, I should be glad to know for future guidance.

24. Paragraph 8. Since writing the foregoing we learn that the schooner Gleam was totally wrecked on Bleaker Island on the 5th instant.

Paragraph 9. I shall not, of course, be in a position to inform you by this opportunity whether the S.N.C. have admitted any further claims for damage to cargo, as I was not aware when that paragraph was written that there would be any opportunity of sending a mail before the Junin.

25. Return of Camp Books - I am, Sir,

Yours obedient servant,

26. Statement of Insurance, October.

27. Statement of Insurance, November.

28. Statement of Insurance, December. Manager.

29. Statement of Insurance, January.

30. Statement of Insurance, February.

31. Statement of Insurance, March.

32. Statement of Insurance, April.

33. Statement of Insurance, May.

34. Statement of Insurance, June.

35. Statement of Insurance, July.

36. Statement of Insurance, August.

37. Statement of Insurance, September.

38. Statement of Insurance, October.

39. Statement of Insurance, November.

40. Statement of Insurance, December.

ENCLOSURES. (Duplicates) Originals per Huanchaco, 8/10/20.
Despatches Nos. 568 and 569.
Journal - July and August.
Remarks on Accounts.
Statement on Accounts.
Coasting Insurances.
Store Indents 558.
Remarks on Stores.
Pilferage Claims.
Report on "Lafonia".
Specification per Huanchaco.
Letter to Secretary, re Brecht Co.

ORIGINALS.

1. Despatch No. 570, 29th November, 1920.
2. Cash Book, October.
3. Journal, September and October.
4. Statement on Accounts.
5. Remarks on Accounts.
6. Store Indent No. 557.
7. Remarks on Stores.
8. Stanley Ledger Balances, 30th September.
9. Cash Voucher, West Store - October.
10. Return of Camp Huges.
11. s.s. Falkland Manifest, 18, 19, and 20 G.
12. Coasting Insurances, October.
13. Resumé of Pilferage Claims.
14. Resumé of Damaged and Overcarried cargo.
15. Pilferage Claims.
16. s.s. "Falkland" - disputed pilferage Claim.
17. James Houston's Account, to 31st October.
18. List of produce shipped for which a/c sales not received.
19. Statement of estimate of overhead charges.
20. Statement of Government Revenue and Expenditure.
21. Re-conditioning claims.
22. Ram - death certificate.
23. Proposed circulars re Coasting and Homeward freight.
24. Comparative Store prices, 1914 and 1920. Mr Moir's letter.
25. Memo. re Manager's House and furniture.

Enclosures, No. 570 per H.M.S. Dartmouth, 29/11/20.

2.

26. Dr Herklots's Drug indent.

27. F.I. Shipping Report.

28. F.I. Gazettes, October 1, November 1st & 19th.

29. F.I. Magazines, September, October and November.

30. Letter to Mrs Hansen.

31. Files of letters re Lloyd's, P.S.N.C., Lowden, Connell & Co., and Government.

32. Correspondence. instant your Despatch No. 1207 per

F.I.C. to P.S.N.C. Liverpool (2).

F.I.C. to R. Grant. on the Great Britain is not in

F.I.C. to G. Kent Ltd. of opinion that we can

F.I.C. to Government re Bertha wreckle require

33. SPECIFICATIONS.

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F I C.		234	
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"Orita"

22nd December, 20.

571

Sir,

I wrote last per H.M.S. "Dartmouth" which left Darwin Harbour for Punta Arenas on the 7th instant; I received on the 8th instant your Despatch No. 1207 per s.s. "Junin".

2. 1207/3. As the boiler on the Great Britain is not in very frequent use Mr Peters is of opinion that we can carry on for another year at a low pressure. We require it only when loading a steamer as it is more expeditious for the "Falkland" to hoist the bales on to the hulk entirely with her own derricks.

3. 1207/4. Mr Peters has just lately come to Stanley to have a general overhaul of machinery, and he is now re-tubing the boiler of the "Plym". Unfortunately he finds the back tube plate pitted very badly in places, at one spot the thickness being only one-half the original thickness of the plate. The pressure must be reduced from 120 lbs to 90 lbs.

4. 1207/11. Mr Houston apparently omitted to inform clients that an increase would be made in the rate on interest in accounts current as instructed in 1198/25, and it was only at the end of August that a circular was sent by Mr Gresham. The increased rate will be charged as from January 1st. last.

The Secretary,

LONDON.

5. 1207/14. Pensioner J.G. Kelway died on the 15th instant.

6. 1207/20. On further consideration since my arrival here of the question of a Marine Superintendent I have come to the conclusion that in view of the necessity for every economy we should, so far as the Company is concerned, do without one for a time at any rate. The "Samson" is used only as a harbour tug, there are no ships putting in for repairs, and the foreman carpenter is quite competent to attend to the repairing of hulks and lighters, so that a Marine Superintendent, as such, would have only the very light duties of keeping the hulks' moorings in order, and seeing that they are kept tarred, etc. The principal duty would be the supervision of the navvy men, but this really devolves upon the foreman who works with them right through the day, which you could not expect a Marine Superintendent to do. The present foreman, Walsh, is quite intelligent and shapes well; fortunately, after the "Hunchaco" left we had some weeks' spell which enabled him to clean up the floating property, and the work was carried on as well as if a Marine Superintendent had been overlooking. The "Samson" is well run by Axel Pettersson.

But I quite realise that we must reckon with the fact that there is no certificated man here to run the "Samson" out in case of an accident to the "Falkland", or to step into the breach in case of illness of the Master or mate. Even so, when as you say in para. 25 the strictest economy must be exercised in every department, it seems to me that we are not justified in paying a high salary, probably not less than £350 a year, for which we should get no return.

As regard the "Samson", the Board ruled in 1167/11 that she was not to leave Stanley. Emergencies have however arisen which have only been met by sending the "Samson" out but it is open to doubt now whether we could get a crew to take the risk - certainly not without the temptation of a large increase in pay. McNicoll says that she could be made

serviceable for some years with a slip with good repairing appliances at hand, but we do not possess these facilities here.

7. 1207/21. Mr H.C.Harding dismissed Shrimpton in September last, before I arrived in the Colony. He appealed to the Government with a view to getting pay in lieu of notice but got no satisfaction, and he left for Punta Arenas in the "Huanchaco".

8. 1207/22. The telephone question had better wait for the new Governor, and if we get no satisfaction we can consider whether the lines are to be taken out of the exchange.

9. 1207/23. The Government authorities sent no reply at all to Mr H.C.Hardings letter of 10th July. I referred to the question of the Stanley mutton supply by last mail, but quite recognise that any large expenditure, such as the building of a cold storage here, is quite out of the question at present. Mr Slaughter and Mr H.C.Harding have conferred together, as to using Sparrow Cove for the Stanley mutton sheep but the difficulty to be solved is where to provide the latter with some other ground on which to depasture his hoggets. The shearing of the Port Louis sheep will be finished before Christmas, and immediately after that Mr H.C.Harding will go to Darwin Harbour to see Mr Slaughter, pick out rams as he is short of a few, and discuss matters generally. No doubt they will arrive at some satisfactory solution of the matter.

10. 1207/26. Some years ago, upon receiving the Board's opinion that we should discontinue the sale of drapery goods. I pointed out that we stood to lose a good deal upon a forced sale of the stock on hand, and made a proposal that we should make an offer to Mr L.Williams to take over the lot at cost price, we undertaking not to sell this class of goods in the future. This was approved, but we did not come to any agreement, and on his death the idea dropped. Several people here urged us not to discontinue the sale of drapery

goods, for prices in other stores would have immediately gone up, so we continued this trade on a cash basis only. This has been quite successful, and the business is worth continuing.

I have frequently advocated personal selection of the goods at home, but up to now it does not seem to have been found practicable, and it is certainly a step in the right direction which cannot fail to have good results. As regards the ambition that the store should be the "premier store of its kind in the town" we think that it is so already, but I venture to suggest that you hardly realise that it is not worth our while to cater for what may be described as high class outfitting goods and materials. The very few ladies here who are in a position to purchase such invariably obtain their requirements direct from large establishments in England, or else get friends at home to select: we get a small selection of fancy or plated goods out but do not pretend to stock a lot. The idea of displaying goods has more than once been mooted, but we are unanimously of the opinion that there would be no advantage whatever in so doing. There is no chance custom to be attracted, and so far from the displaying of goods inducing the permanent residents to buy, it would have the opposite effect, for ladies here much prefer to purchase something that no other lady has seen and does not know the price of. Consequently, apart from the practical difficulty of getting plate glass and other material, we are quite sure that the expense would be thrown away. Your satirical comparison in the last sentence leaves me quite cold, but I am free to admit that there is one point of resemblance between this store and the village sweet shop, namely that both are presumably run in order to make a profit of the largest reasonable kind at the least possible expense. That, at any rate, should be our aim here.

11. 1207/28. Mr Martinez was given clearly to understand that the orders given here were quite provisional and subject to your confirmation, and we are glad to note that you have interpreted it in the light intended, namely to afford the opportunity of comparing prices.

Mr Creece informs me as follows about Mr. J.R. Long:-

"Manufacturer of Ladies' and Girls' costumes etc.
"Factory at 131 Houndsditch; show room at 281 Regent
"Street, where I saw samples of material and ready-made
"clothing, a large quantity of which is purchased by
"Selfridges, Barkers, Lewis and others large houses -
"in fact I saw some later at Selfridges. Invoices are
"attached of two shipments of his goods from London
"Office per "Duendes" in February, and "Orita" in July,
"amounting to £124. 4. 0. and £322. 19. 0. respectively.
"The first lot were mostly job lines which I selected,
"and were sold at once at prices 50% over Invoice Cost.
"This shipment having proved so satisfactory, a repeat
"order was given, and most have been sold at a good
"profit."

12. 1207/29. I had thought of cabling you not to send any labourers as we are getting along well with the shearing with the existing staff, and do not require more in Stanley. In view of the fall in the value of wool and the absence of any request from here for more men I judge that you will have decided not to incur the expense of sending any.

13. 1207/30. We will debit the charges for the collection of the April, 1920 drafts to the respective Whaling Companies when settling accounts on their return from the current season's operations, unless we learn from you in the meantime that the charges have been recovered from you.

14. Statements of Mr Vere Packe's account to date with adjustment of amounts payable by him up to 30th April last.

571 per "Orita", 22/12/20, 6.

are enclosed. The account current will be completed in the ordinary way at the end of the year to include any receipts and payments that may be advised from London.

15. Statements are enclosed of the total shipments of wool and skins during 1920, in which are included the 70 bales D H and 81 bales W C of the new clip, shipped by the "Junin".

18. It is hoped that these statements will assist you in reconciling discrepancies.

16. Some time ago Mr J.W. Dean spoke to me about the extra freight charged to Pebble Island, and I now enclose copy of letter from him on the subject together with copy of letter which has been addressed to Lowden, Connell & Co. So far as one can make out there was a lack of disposition to assist the steamer at Pebble Island when Betts was in sole charge, or at any rate he does not seem to have hit it off with the captain of the steamer, but since Mr J.W. Dean has been there every assistance is given with his motor boat scow and schooner, and the time spent by the steamer in that port has not been unduly long. It is quite evident that no one can afford to pay more than £9.15.0. per ton for coasting freight - least of all will Mr Dean be disposed to when he has a schooner of his own by which he could send his produce to Stanley and take stores out.

17. The telegrams which have passed between us on the subject of the "Oaklands" and the two direct steamers homeward with wool explain themselves.

I interpreted your original telegram about the "Oaklands" as indicating that she would be at Bahia Blanca and proceed from there to the Falklands, and wrote to Mr. Cumming by the "Reina Regente" asking him to cable me her movements. A telegram from him on the 19th December to the effect that she had not arrived raises a doubt in my mind as to whether I am correct in thinking that she will come to this Port from Bahia Blanca, for if she has not yet arrived

it is difficult to see how her loading days here can commence on the 15th January, as stated in your telegram.

The enclosed copy of letter to the P.S.N.C. Valparaiso shows what we hope to ship by the "Fuentes" and Corcovado. If the running of the "Falkland" continues satisfactorily we ought to be able to ship even more than we have considered it prudent to estimate.

18. I regret to say that the breaching and pilfering of cargo continues to be a very serious matter. Our cases by the "Junin" have been badly pillaged; some undoubtedly took place on board as the steamer sent ashore the remains of the contents of one case which were found in the hold. Other cases, however, must have been opened by experts, for it is impossible to detect on the outside any signs of tampering.

19. H.M.S. "Weymouth" is due to arrive here to-day from Punta Arenas, and, I hear, is bringing us 200 bags of flour - possibly they could not get more as the centenary festivities will have stopped the shipping work. She will make a trip to South Georgia and other dependencies before returning to Montevideo.

20. With reference to my 570/9 I was very glad to find that by last mail the P.S.N.C. Liverpool had admitted claims for shortlanded and damaged cargo amounting to £322. 2. 6. This, together with the £164. 14. 6. recovered by yourselves from the underwriters against pilferage materially reduces the amount of our outstanding claims.

I am,

Sir,

Your obedient servant,

Manager.

21. Runagres who has done the preserving work at Goose Green since Weiss left came to Stanley with the enclosed dated 16th December.

Mr Slaughter and I discussed at Darwin what could be done with him and we came to the conclusion that there was no post on the farm to which he could be transferred, and that he should be given notice of the termination of his Agreement. Although three months was mentioned his original Agreement entitles him to six, that Agreement having been continued indefinitely on the same terms except that the salary was raised. He asked whether he could be given any other post in the service, but all the positions in Stanley are filled satisfactorily at present.

He stepped into the breach when Weiss left and carried on the work to the best of his ability, and there is little doubt that we should not have been able to carry out our contracts without him. It is certainly a hard case and I explained that it was far from our wish to terminate his services, but that circumstances compelled us to abandon canning, and that we were very hardly hit ourselves.

He says that, relying upon the promises he had received, he has spent a good deal on the education of his children in Stanley, and finds himself now without practically any resources, and without money to take him home. He therefore appeals to the Directors that in view of his loyal service during the last eight years they will give passages home in the event of it not being found possible for us to find him some other post in the service. I certainly think he is entitled to the most favourable considerations.

His original Agreement is enclosed for your information - kindly return with your reply.

18. P.I. Magazine, December, 1920.

19. Correspondence:-

P.I.C. to P.B.N.C. Liverpool with copy of a/o 9/12/20.

ENCLOSURES.

DUPLICATES (Originals per H.M.S. "Dartmouth" 29/11/20.

Despatch 570, 29/11/20.
Memo for Mr E.B. Goddard.
Journal for September and October.
Statement on Accounts.
Remarks on Accounts.
Store Indents, No 558.
Remarks on Stores.
Dr Herklots' Drug Indent.
Comparison of prices 1914 - 20 & Mr Moir's letter.
Statement of Government Revenue & Expenditure.
Produce shipped for which Account sales not yet received.
Coasting Insurances October, 1920.
Stanley Ledger Balances to 30th September, 1920.
Mr J. Houston's Account to 31st October, 1920.
Resumé of pilferage claims.
Proposed Circulars, 1 & 2, re Coasting & Homeward freight.
Memo re Manager's House and Furniture.
Correspondence with Government re Store Prices, 1917.
Specification, F.I.C. 234 B/s skins.
" Shipment per "Junin" Dec, 1920.

ORIGINALS.

1. Despatch No. 571, 22/12/20.
2. Cash Book for November, 1920.
3. Journal for November, 1920.
4. Cash Voucher, West Store, November, 1920.
5. Remarks on Accounts.
6. Statement on Accounts.
7. Store Indent No. 559.
8. Remarks on Stores.
9. Statement of Wool and Skin shipments, 1920.
10. s.s. "Falkland" manifests, 21 & 22 G. & 23 G.
11. J.R. Long's Invoices. (Vide Despatch.)
12. Vere Packe - Account Current.
13. Camp Manager's Report, 20th December, 1920.
14. F.I. Shipping Report.
15. Pilferage Claims.
16. Memo re Bill of Lading.
17. F.I. Gazette, 1st December, 1920.
18. F.I. Magazine, December, 1920.
19. Correspondence:-
F.I.C. to P.S.N.C. Liverpool with copy of a/c 9/12/20.

2.

Enclosures, (Cont'd.)

CORRESPONDENCE. (Cont'd).

F.I.C. to P.S.N.C. Valparaiso.

Lowden Connell & Co, re "Falkland".

Lowden Connell & Co, re Pebble Island Freights.

A.P. Runacres to Manager, Stanley.

SPECIFICATIONS:

<u>Mark.</u>	<u>Wool.</u>	<u>Skins.</u>
F S		36
D H	70	
J L W	86	14

20. Medical Subscriptions - Speedwell & Lively Islands.

21. Memo re Farm Cadets Anning & Elliot.

22. A.P. Runacres Agreement.

H.M.S. "Weymouth"

3rd February,

21

572.

Sir,

I wrote last per "Orita" which left on 26th December, and received on 25th December your Despatch No. 1208 per "Orita", and on 17th January No. 1209 per "Bogota". Copies of cables exchanged are enclosed.

2. 1208 - 2. Mr Llanso, representing Messrs Sidey and Poels of Buenos Aires, came down on the "Orita" with a view to negotiating purchase and shipment of sheep from here, and after seeing Mr Bonner, Mr Felton and other farmers here, submitted four propositions in a letter dated 31st December, a copy of which is enclosed. This was circulated round the West Falkland and arrangements were in progress for supplying fat wethers under proposition 4. But on 10th January Messrs Sidey and Poels telegraphed that the value of sheep had fallen so much in the Argentine, and was still falling, that they were unable to conclude any arrangements for this year. With the falling through of these negotiations and the inability of Mr Barr to purchase, there will be nothing for it but to boil down the surplus, that is if the result is likely to be worth the expense.

The special furnace for burning scrap at Goose Green was pulled down and the old scrap press was thrown away, but Peters will ascertain whether the furnace can be rebuilt, and we may be able to get a scrap press from Port Howard or improvise.

If we are unable to use the scrap for fuel, even

The Secretary,

LONDON.

No.572 per H.M.S.Weymouth, 3/2/21. 2.

boiling down may not be possible, for irrespective of the cost of coal we may not have enough for the work.

3. 1208 - 4 and 1209 - 3. It is extremely satisfactory that the charter of the "Oaklands" has brought the T.S.N.C. to reason, but they seem to have accepted the inevitable with very bad grace. It will be interesting to hear what they have to say about the Agency here.

4. 1208 - 5. Major Brookhouse arrived in the "Orita" and is occupying the Manager's House.

5. 1208 - 7. We have gone very thoroughly into the question of fitting a motor engine in the "Lafonia", and after fully considering all the points I cabled you that we regard it as impracticable without a slipway.

You will no doubt have had before you my Despatch No.519/4 written over four years ago in which I stated that refastening would be imperative and that she would require to go on a slipway. To take all the points serially:

Refastening. Since 1916 more nuts have broken off (a few are sent to you by this mail), so that refastening is inevitable. This means stripping the copper, driving out the old bolts, some 3000 to 4000, replacing with new, caulking, and then re-coppering. Seeing that her present copper is some 17 years old the old sheets cannot be used again with the exception possibly of about 150 which were put on last year, and about 700 new sheets would be wanted. The coppering and caulking might be done on the vessel hove down, but hardly the re-bolting, for however careful one may be in heaving down, the strain is very great and it would be most difficult to fix the bolts with the necessary accuracy.

Position of Engine. The enclosed sketch by Biggs shows that the position suggested by Morrison & Co. in their sketch is immediately under the saloon hatchway - if adopted the engine would displace the mate's cabin, the W.C., cabin

No. 572 per H.M.S. Weymouth, 3/2/21, 3.

stove, and take off about three feet of the saloon. Probably the Master's cabin would have to be sacrificed in order to provide a hatchway to the saloon. The accommodation for passengers would be lost and some place would have to be provided for a W.C. In view of this we think that the only feasible position for the engine would be between the pump casing and mainmast as sketched by Peters on Messrs Morrison's sketch returned herewith. The lengthening of the shaft which runs somewhat diagonally would result in the engine being placed near the side of the vessel. There would be one ~~dis~~advantage in this, namely that the sacrifice of cargo space would not be so great as it would be with the engine amidships.

Fitting of Engine. Peters informs me that it would be difficult to get accurately the measurements required by the Engineers unless the vessel is upright and out of the water. Messrs Morrison and Co. suggest in their memo that "the vessel could be taken ashore and heeled over", but I fear they do not realise that our rise and fall here is only 6 feet at spring tides. In 1916 I mentioned the New Island slip, but as the station has been dismantled it would take some time to get the slip sufficiently in order and then there is the question of getting the boat there and back.

Power of Engine. I cannot think that an engine of 50 h.p. only would do what the engineers claim, namely, drive the "Lafonia" at 7 knots. It is true that they make the reservation of "under ordinary conditions", but what do they mean exactly by that term? Ordinary conditions here are a strong wind, not a calm, and when one reflects that our small motor boat has a 20 h.p. Bolinder engine, and that the Gardner Engine in the "Malvina" was 125 h.p., it does not seem possible that a 50 h.p. would be powerful enough for the "Lafonia" in the open sea under our normal

No. 572 per H.M.S. Weymouth, 3/2/21. 4.

weather conditions. We regarded the "Malvina" as being under-powered, and her build with light draft forward was more suitable for being motor driven than the "Lafonia" with an even keel.

Carrying capacity. If our suggestion as to the position of the engine is adopted it will occupy one half of that part of the hold between the cabin bulkhead and the mainmast, leaving the opposite half available for cargo. This will mean a reduction of carrying capacity to the extent of quite 25 bales of wool. And if provision has to be made for oil tanks we may expect to displace, say, 30 bales in all.

Cost. A list of materials required for refastening and caulking is enclosed; we cannot say at this end what the c.i.f. cost would now be, but fear that it would not be less than some £550, to which we should have to add about £450 for labour, namely about £300 for carpenters and £150 for blacksmiths and labour of heaving down and other sundry work. In view of the heavy cost of refastening it may be thought possible to dispense with this, but I doubt if we should be well advised to risk putting in an engine without refastening. It must be remembered that the vessel is 29 years old and the vibration of the engine would under any circumstances severely try the bolts; we know that many of these have perished and cannot be expected to stand the strain.

Really I have grave doubts as to the wisdom of attempting this work - the cost would be very heavy indeed, the efficiency of an engine of 50 h.p. only is doubtful, and when you have spent all this money you have a vessel which carries only 130 bales of wool. If the Directors decide upon having a motor driven vessel here (and I should be glad to hear that they have so decided) it seems to me to be much safer to purchase a schooner designed and built

No. 572, 3/2/21, per H.M.S. Weymouth.

5.

for a motor which can be tested before purchase. You know for a certainty then what you are getting for your money.

The question of lighters should be considered in connection with the schooners, but it is better to discuss that in a separate paragraph.

6. 1208 - 8. You will have learned from my 570/7 that the future of the "Falkland" appeared to me to be somewhat doubtful, and it is evident that possible alternatives should be discussed at once. I fear that your calculation as to the saving that would be effected on the coasting freight on produce to Stanley is much too optimistic, and I enclose an estimate of the probable cost, which, though more than double the figure estimated by you, still shows a very substantial reduction on the present rates. It is doubtful to my mind whether our estimate should not be increased by allowing more for oil fuel as a 50 h.p. engine seems too light for effective work, and I must say at once that it would require two larger vessels than the "Lafonia" to do the work, for the capacity of each vessel should not be less than 180 bales of 30 cubic feet each, and you must in addition provide a limited amount of passenger accommodation.

As regards the relative cost of the steam engine against the oil engine, you have all sources of information, but from what one gathers from newspaper reports etc, the demand for oil as a power producer is becoming so great that its cost will very soon approximate to that of coal.

If the captains are to receive bonus it should be, I think, on a different basis to that suggested by you. You write "the waste of time so prevalent in the old days (I don't quite know why this is asserted) might be avoided by paying the Captains a premium at the end of each 3 or 6 months of safe navigation - free from groundings - for each bale brought to Stanley." All the wool has to come to Stanley sooner or later, but you want to get it done

No. 572, per H.M. Weymouth, 3/2/21. 6.

... quickly, without accident, and using as little oil as possible. We should, I think, calculate the bonus on the quantity of oil saved on some fixed standard coupled with safe navigation, rather than on each bale brought in.

7. 1208 - 9. The timber carriage arrived by the "Orita", but regret to say that one of the wheels was not landed: we have cabled to Valparaiso to return these overcarried goods by the "Duendes". So far the Government have not acknowledged my last letter about the "Bertha" wreck, and I will later on mention the question to the Governor.

I see no immediate prospect of being able to tackle this matter - for the last two months we have had heavy outward cargoes arriving on top of one another amounting in all to over 1200 tons of general cargo. The "Falkland" is making rapid voyages with wool, and the discharging of this and loading with outward cargo keeps all our men very fully employed. Until this wool has been shipped away it will not be possible to take the "Bertha" in hand. The only method of getting the logs to Stanley will be to commission the "Gwendolin" with 7 or 8 hands, anchoring her at Mare Harbour. This will provide the housing of the men, and when the logs are transported across they can be floated off to her. I have not yet approached Mr Slaughter on the subject of horses which will be a difficult question - the timber carriage is heavy and the cartage will be the most difficult part of the work.

8. 1208 - 10. I hope that you will not have appointed a Marine Superintendent. We are unable to use the "Samson", the "Falkland's" future is uncertain, and we might well save the expensive passages and high salary of a Superintendent for a time at any rate. Economy is very necessary and we really can manage without one, especially as the "Samson" cannot be used; I am therefore cabling recommending you to defer any appointment.

No. 572, per H.M.S. Weymouth, 3/2/21. 7.

9. 1208 - 11. The labourers have been sent out to Darwin Harbour. I consulted with Mr Slaughter as to your cable offering to send 10 more, and we have come to the conclusion that we can do without them.

Shearing is progressing well with the existing staff and there is no reason to think that any men will want to leave us to go to England or the Coast.

10. 1208 - 12. The mason is now at work on the porch of the Manager's House, and photographs will be sent to you when this is completed.

11. 1208 - 13. Lees applies for the post of Foreman Carpenter at Darwin Harbour, but Nicholls has not made any mention of leaving. We do not require any more carpenters in Stanley.

12. 1209 - 4. Mr Cumming cabled us that the discharge of the "Oaklands" at Bahia Blanca would probably be completed about the 21st January. We are glad to receive a copy of the charter party and hope that she will arrive before H.M.S. "Weymouth" leaves, for it appears that there were several bags of Mails for the Falkland Islands at Bahia Blanca which the "Bogota" could not wait for. We have asked Mr Cumming by telegram to forward them by the "Oaklands".

13. 1209 - 5. The Colonial Office have taken a very long time to deal with the remittance question and have evidently based their decision upon Governor Young's representations, or misrepresentations. I doubt whether he knew the difference between interest and commission; in a letter dated 9th Sept, 1918, the Colonial Secretary wrote -

"it appears to the Governor that the F.I.Co.Ltd
"carry on a local quasi banking business for the
"benefit of their clients and look to the Government
"to act for them free of charge as their so to speak
"clearing house. Whilst the Government have thus been
"accommodating the F.I.Co.Ltd free of charge x x x x

much lower than we have been able to secure at Montevideo, and

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" x x x the Governor understands that the Company have
"been charging certain of their clients from 5% to
"10% if not more, on their money transactions with
"the Company."

Anything further from the truth would be difficult to imagine, but is evidently their fixed belief from which they refuse to budge. They mean to mulct us all they can and we must therefore take some steps to counter it. I have asked Mr Slaughter to let some of our men know that we are willing to give them interest on any deposits with us at at 3% which is half as much again as the Government Savings Bank allows, and trust that you will approve. By this means we should be borrowing money at about half the current rate and this would lessen the amount which we have to purchase from the Government at 1%, besides saving the cost of telegrams.

14. 1209 - 6. The two dogs were landed safely from the "Bogota".

15. 1209 - 8. Until we obtain the account sales of wool and sheepskins which have been kept open pending the settlement of the ocean freight we cannot close the accounts for last year. According to present information the next mail from home will be the "Orita" leaving at the end of February, so that the annual accounts will be much delayed.

16. Since writing 569/9 the Colonial Government has imported £7000 in silver. Under these circumstances £1000 Treasury-notes of £1. will suffice for our requirements.

17. The news of the death of Mrs W.M. Dean has been received with the deepest regret, and great sympathy has been expressed for Mr Dean who was at Port Stephens when the news arrived.

18. Mr Llanso brought down a large consignment of cereals and sundries from Buenos Aires. The prices were much lower than we have been able to secure at Montevideo, and

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9.

although we had just received a quantity of maize and pollard from you it was to our interest to purchase. Had we not done so he would have disposed of it all here, and as the price was so much lower would have effectually stopped our sales altogether. I regret having been forced to purchase and to draw upon you for a heavy amount, but it means that you will not receive heavy bills for acceptance from Maclean and Stapledon. The goods are all selling well.

19. Mr C.P. Peters, the Engineer, tells me that he had an informal talk with you about his Agreement. He arrived on 19th August, 1916, under an Agreement to act as Chief Engineer of the "Falkland" with the promise of the post of Engineer to the F.I.Co.Ltd upon the retirement of Mills at the end of the War. Mills's departure was protracted for longer than was anticipated (he left in April, 1919) so that Peters had been here for over 2½ years before his 5 years' term of service with us commenced. The result of this is that he would have to serve until April, 1924 before earning passages home, and I understand from him that you and Mr Houston agreed that it would be equitable to allow him his return passages after completing 3 canning seasons from April, 1919 - that is to say, about April, 1922. It will be as well to have some decision in the matter recorded.

20. I regret to say that for the last few months Mr H.C. Harding has been troubled with rheumatic pains in the joints and limbs - this has not been severe enough to incapacitate him, but it might result in that if neglected. He consulted Dr Herklots, and a certificate from him is enclosed recommending that he should not spend the winter here. I shall be glad if the Directors will give him leave to go to England at his own expense, and ^{would ask} you to communicate their decision by cable.

21. After reserving for sale in Stanley about 50 tons of coal stored in the shed at the West Jetty and 100 tons

for Darwin Harbour and Gesso Green, we have enough coal on hand to keep the "Falkland" running until the end of May. At present she is running entirely on the Company's stocks, Messrs Lowden Connell & Co's having become exhausted before the end of the ^{last} year.

22. Our Cash Balance at the end of December is unusually high, but the whole of it is required to pay the half-yearly instalment of the Land Tax for ourselves and Clients, amounting to over £4000.

23. Mr Slaughter has sent the enclosed record of William Jennings, labourer, remarking that, although still a comparatively young man for a pension, he is hardly worth the monthly wage as he is always ailing, and would be cheaper pensioned off. I have not yet been able to ascertain his exact age, but as he worked as a boy in 1885, he cannot be much over 50.

24. The new Governor, Mr Middleton, arrived in the "Orita" and so far has given a good impression. It will of course take him some considerable time to become au fait with local questions, and most probably Whaling matters will take precedence.

25. Major Brookhouse informs me that it was suggested to him that he should make enquiries at Montevideo as to the probable cost of transshipping wool and other produce at that Port, the idea being, I gather, that in the event of the P.S.N.C. failing to carry our produce to London at a reasonable rate, you would be in a position to judge of the possibility of sending wool in the "Falkland" direct to Montevideo for shipment by some other lines.

Messrs Maclean and Stapledon state that they have written to you direct on the subject, but it may be well to record here the estimates furnished to Major Brookhouse.

First, Maclean & Stapledon state, with reference to your suggestion for a permanent hulk there, that the Uru

—Guayan Government is not likely to give a permit for this.

The official rates fixed by law for lighterage from one vessel to another are:—

\$ 1.50c per bale of wool or sheepskins.

1.20c per pipe of tallow.

15c per case of tinned meat up to 50 kilos.

21c per case of tinned meat up to 80 kilos.

If goods are landed the rate is \$ 6 per 1000 kilos.

Five days are allowed on the lighters after which demurrage charges per day are:— for a bale of wool 20 cents, pipes 10 cents, cases 2 cents and 3 cents.

Messrs Maclean & Stapledon have obtained from the Government a special reduction in our favour of 15% off these tariff rates for both lighterage and demurrage, and, moreover, an increase of the time allowance before demurrage is charged from 5 days to 10, but a small charge will be made for a watchman after 6 days on the lighters.

The above rates are based upon the usual dimensions etc. of bales in Montevideo, namely 450 kilos of 40 cubic feet. Our bales being smaller, Maclean & Stapledon are confident of obtaining a further proportionate reduction. We are informing them that ours average 25 to 28 cubic feet, weighing from 5 to 6 cwt.

The rate for transshipping cargo from the U.K. into lighters is \$ 2.10c per cubic metre, with demurrage after 5 days of \$ 15 per day for 100 ton lighter; \$ 20 per 200 ton lighter, and \$ 40 for 500 ton lighter.

In December, when Major Brookhouse saw Messrs Maclean & Stapledon, the ocean freight between Montevideo and the United Kingdom was very low.

26. Peters's report on the "Samson's" boiler practically condemns her for further use unless repaired. I thought it advisable to obtain the services of one of the Engineers of H.M.S. "Weymouth", and enclose copy of the report of Eng. Lieut. O'Dwyer who made a very careful examination. The whole

No. 572; per H.M.S. "Weymouth", 3/2/21.

12.

trouble has been caused by defective construction originally, the 2" screw stay between the bottom of the combustion chamber and the outer shell of the boiler (marked with a red X on the plan) not having been set at right angles but about 5/8" out with the result that there has always been a leak at the nut of the stay which has in time corroded the plates.

Our engineers have reported on this at different times and have endeavoured to combat the corrosion with smooth-on iron cement etc. but I do not feel satisfied that they have taken all the precautions they might. But the mischief is done and it is the more regrettable in view of the fact that the boiler is otherwise in good condition and probable good for a further 10 years' use. All the same the boat herself is not fit for anything like that term unless hauled up on a slip and extensively repaired.

I thought it advisable by cable to let you know that the tug cannot be used and assume that you will alter the Insurance risk accordingly.

The following alternatives as to the future of the boat present themselves:-

Repair of the boiler. We have considered the practicability of repairing it here from every point of view. McNicoll says that he could not tackle it single-handed, as he has no skilled assistant. In rivetting plates a skilled man can watch both sides without much difficulty, but in boiler work both men must be skilled as one is inside the boiler and the other outside. McNicoll did some work on the boiler of the "Columbus" but found that his assistant was not up to the mark, and he would not take the responsibility again without a skilled man upon whom he could rely.

Last year I met Mr Murray, the Technical Assistant of the Admiralty Director of Stores, and have written him a letter a copy of which is enclosed, asking whether the installation of oil tanks here will entail their sending out

boilermakers; if so we might be able to borrow their services for repairing this boiler. Should this prove feasible the makers should be asked to supply the necessary plates and new stays between the combustion chamber plate and the outer shell. It may be desirable to have these slightly larger than the original stays as the thread may be damaged in taking out the old ones. For fixing in the new stays we should require a new tap of suitable size.

If the above is not possible, would it be possible and worth while to ship the boiler home for repair? This is very questionable, for I find that the freight on the boiler to Montevideo by the s.s. "Manchester Marine" in 1905 amounted to £170. Unless the P.S.N.C. would quote a low figure for the freight home and back, this must be ruled out.

Sale for what she would fetch. I informed you in 570/23 that a Mr Scott of Punta Arenas had enquired the price as she lies, and asked if the Directors would consider what figure they would accept, and I enclose a copy of a letter I wrote to Mr Scott by the "Bogota".

I fear that with the boiler in such a precarious condition no one would make a bid - to steam her across in her present state would be very risky, and it is doubtful if anyone would be inclined to buy unless the boiler is repaired.

Otherwise it seems to me that we shall have to scrap the boat as a tug and turn her into a lighter. If the boiler and engines are removed and the inside gutted she should carry pretty well 100 tons deadweight, and being very strongly built would probably outlast for many years the new steel lighters which cost well over £2000. each. Moreover, when reduced to a shell she would be so light that any necessary repairs to the hull and stern frame would be rendered possible.

Something more powerful than the "Plym" is necessary

here for moving hulks and lighters about, and you will have learned from my last despatch, para. 3. that her boiler is getting shaky and cannot carry more than 90 lbs of steam, instead of 120. Nine years ago, in Despatch 393 I wrote:-

"there is one way to cut down expenses - let the "Samson" run as she is as long as she is safe, and eventually replace both "Samson" and "Plym" by one good wooden tug, about two-thirds of three-fourths the size of the "Samson". Such a vessel would be able to tow a boat in from Port William in moderate weather, and ships, as in the old days, would have to anchor until the weather did moderate. You could then dispense with a highly paid Marine Superintendent, and do with less men under the Engineer."

We seem now to have arrived at a state when the above should be carried out, and I would qualify it in only one respect, namely the size of the boat. I would say that a wooden tug with compound surface condensing engine not less than one-half the size of the "Samson" would now suffice, as towing of ships is absolutely a thing of the past. A good salvage pump would be a useful adjunct, not necessarily for ships, but for any emergency such as an accident to a lighter..

In 1916 (1186/4) you asked whether a motor driven boat would be suitable and I replied that I thought we should stick to steam - doubtless as mentioned in my reply engineers have by now improved the internal combustion engine considerably both as regards control and efficiency, but I strongly advocate adhering to steam. The men we have to employ are used to steam and steam engines, and the repair of a steam engine can be managed here with the appliances we have. Then it seems to me that oil fuel would be more difficult to get than coal, freight is higher, and it is more dangerous to stock. Above all, the tug should be wood and not steel.

No. 572, per H.M.S. "Neymouth", 8/2/21. 15.

27. I received your telegram asking for dimensions of carpets for the Manager's House, but had previously suggested to Major Brookhouse that he might dispense with new carpets until prices had dropped, and ask you in the meantime to provide the house with some other furniture which is really badly needed. Seeing however that new carpets have been actually bought we cabled the measurements of the rooms and Major Brookhouse is now writing you himself stating what further articles are needed to complete the furnishing of the house more in accordance with modern standards.

28. The P.S.N.C. cabled from Valparaiso that the "Duendes" will be here on the 14th February, and asked what was the maximum space we should require. In view of the non-arrival of the "Oaklands" we shall have time to make an extra trip of the "Falkland" and may take the opportunity of sending more than the 1400 bales originally intended for shipment in the "Duendes". I therefore replied that we could ship 1800 bales.

29. The "Oaklands" was sighted on 31st January and again on the evening of 2nd February, since then we have had a succession of heavy blows and, being in ballast, she has probably drifted to the Eastward. Up to the moment of writing - 5th February - there has been no further sight of her. Unfortunately we have no tug to send out to get her in and are entirely dependent upon the weather.

30. I quite realize that the dispute with the P.S.N.C. as to the rates of ocean freight has precluded you from making up account sales of all produce for 1920. Without any information as to sums to be credited for this we cannot gauge at all how the clients' accounts really stand, but at present the debits are very alarming, amounting to over £60,000 as per the preliminary list enclosed. It seems to me that it will be necessary to limit supplies to clients to bare necessities, for if their wool will not sell we shall only be piling up a debit balance which we eventually carry ourselves. We had

better retain for our own use much of the material which we have in stock. Under present circumstances I quite understand that the project suggested in my 570/10 for a sailing vessel with a full cargo of outward stores is quite out of the question now.

31. H.M.S. "Weymouth" leaves early tomorrow morning, Sunday, 6th February. Mr W.M. Dean is going by her to Montevideo.

I am,

Sir,

Your obedient servant,

Manager.

Correspondence - Copy of circular re Falkland Islands.

Mr. L. L. L.

Mr. L. L. L. - Mr. L. L. L. - Mr. L. L. L.

to Mr. Murray re "Weymouth" - Mr. L. L. L. - Mr. L. L. L.

EXHIBITION

Mark	Weight	Value	Notes
S 1	100	10	
J B	100	10	
D 2 8	100	10	
J L 3	100	10	
H 3 B	100	10	
W E D	100	10	
2	100	10	
8	100	10	
D 3	100	10	
N A	100	10	
E C	100	10	

No. 572, per H.M.S. "Weymouth", 3/2/21.

ORIGINALS

ENCLOSURES

1. Despatch No. 572.
2. Statement on Accounts.
3. Remarks on Accounts.
4. Store Indent No. 560.
5. Remarks on Stores.
6. s.s. "Falkland" Manifests, 1, 2 and 3 H.
7. Return of Establishment & Wages, December Dr. Stanley & Camp.
8. Preliminary Balances of Clients' Accounts.
9. Coasting Insurances, November & December, 1920.
10. Cash Vouchers, West Store, December and January.
11. s.s. "Falkland" Account (To be forwarded to London, C & Co.)
12. Camp Manager's Report, 29th January.
13. Shipping Report.
14. Statement of Estimated cost of collecting Company's wool by motor schooner.
15. Statement of Materials required for "Lafonia".
16. Engineer's Report, "Samson", "Plym" & Motor boat, etc.
17. "Lafonia" - Engineer's memo.
18. William Jennings's Record of service.
19. Plan of "Samson's" boiler.
20. Plan of "Lafonia" - proposed arrangement of motor.
21. Copy, F.I. Transport Co. Ltd A/c, Dec. 31st 1920.
22. Copy P.S.N.C. A/c, Dec. 31st 1920.
23. Dr Herklots's certificate - Mr H.C. Harding.
24. Bentley's code - additions.
25. Falkland Islands Gazettes, 25th Dec. and 1st January.
26. Falkland Islands Magazine, January.
27. Letter to Mr Goddard from Major Breckhouse.

Correspondence -

Copy of circular re "Falkland".

Mr Llanse.

A.A. Harding to A.W. Scott, Punta Arenas.

" " to Mr Murray re "Samson" together with Lt. Eng. O'Leary's report.

" " to Government re wool crisis.

Specifications

Mark.	Wool.	Skins.	Hides.
S I	6	1	
J B	122	6	
D & S	130	10	
J L W	62		
H & B	172	8	18
W E D			16
Z	154	10	32
S	101		
D H	428	34	
N A	775	19	35
W C	464	10	

s.s. "Duendes"

573.

3rd March,

21.

Sir,

I wrote last per H.M.S. "Weymouth" which left early on the 6th February.

2. It is evident that the accounts for 1920 will not demonstrate a "prosperity" that would of itself warrant paying the usual bonus to employees, but I am bound to point out that it will be necessary to give this for the present cost of living renders it almost impossible for the men to make both ends meet on the existing rates of wages. I take it that this will be no surprise to the Directors for the bonus has really become a part of the remuneration. It has usually been paid about the middle of the year, but in 1920, owing to the delay in receiving the authority here, it was not paid until August. I should be glad to have the decision by cable in order to avoid any disaffection.

3. During the past few years considerable quantities of stores and materials have been shipped out for clients on 2½% commission, but invoices have not all been received from London, many being left for us to make out at this end. The latter consequently have been included with other goods bought by the client from our own stores, and the total charged to the client's account current at the end of the half-year. This results in our store sales being swollen unduly, and, further, in a loss of interest, as goods purchased on commission should be debited from the date on which the shipment was made in London.

When clients were in credit this did not count, but it is different now when most of them show a debit balance.

The Secretary,
LONDON.

By adjusting the dates of all such shipments this year we gain over £80 in interest, and I should be glad if you will have all commission purchases invoiced from London in future.

Not only do clients prefer this, but it will keep all such items out of our store account which should show legitimate "sales" only.

I gather that you will reconsider the amount of the Commission - $2\frac{1}{2}\%$ is much too low, and might be raised to 4% , but you will doubtless have dealt with this in referring to my 570/3.

4. Upon the receipt of your telegram on the question of debiting the local freight on produce brought in by the "Falkland" as from the date of its arrival in Stanley, I wrote to those clients who do not consign produce to us as per copy of letter enclosed. We will send you copies of all debit notes sent to them.

Your telegram says that you will charge interest on freight at $\frac{1}{2}\%$ over Bank Rate, but we are charging here 1% over in accordance with London Despatch 1203/7.

5. The "Oaklands" arrived on 7th February, and came into the inner harbour next day. She had 510 tons of ballast on board, and has now discharged about 260 tons, retaining 250 which the Captain considers the minimum quantity that it would be safe to sail with. Our foreman was dubious at first whether she would carry the estimated 1800 bales, but we find now that she stows well in the lower hold, three tiers of wool just fitting under the beams. If the tween decks stow equally well we shall get a good cargo away by her.

It is small wonder that the owners require such a high freight, for the sailors on board are being paid 100 Canadian dollars (equal to about £25 at the present rate of exchange) per month, and they work only 8 hours per day when in port. Hence we are doing the stowing with our own men.

No. 573, per "Diendos", 3/3/21.

3.

6. The Governor has informed me that the Colonial Office has approved of my being appointed to the Executive Council. Since I left in 1917 there has been no unofficial member sitting on that Council.

7. An Admiralty Collier is expected to arrive here almost immediately. We understood from the Captain of H.M.S. "Weymouth" that she left England with about 3000 tons of coal for here, but has been ordered to call at Montevideo in order presumably to deliver part of her cargo to the ships of war there and thus reduce the amount to be landed at Stanley.

8. I was glad to have the opportunity of discussing with Mr Dean the question of the best use to be made of much of the property about Sullivan House, and I understood him to agree in the main with the proposals I made, namely:

(1) To take down one glass house in the garden and ship this to Fitzroy for re-erection on the North Side of the Manager's House there. The internal arrangement of that house is awkward in so much that three living rooms communicate only directly with each other. One has to be used as a servants' room, and people have to pass through this to the dining room. The glass house erected along the front will provide an entrance to all rooms independently.

(11) To ship out to Fitzroy a stable and one of the cottages near Sullivan House. This latter will be utilised as an annexe to the cookhouse which is not large enough to accommodate all the men. The result is that at certain times of the year when all hands are required at Fitzroy some 3 or 4 have perforce to be at Port Louis because there is no accommodation at Fitzroy, and they cannot do the useful work they should.

(111) To leave the stone cottage as it is, renting it for the present for ^{what} ~~which~~ it will fetch.

No. 573, per "Duendes", 3/3/21.

4.

(IV.) The remaining wooden house is past repair and unfit for renting as a living house. Mr H.C. Harding proposed some time ago to Mr Packe to pull this down and ship the material to Fitzroy, but Mr Packe considered that it was not worth the labour and freight, and both Mr Dean and myself are of the same opinion.

With regard to this building I wish to make a request to the Directors.

You are aware that the only Sports Meeting held in Stanley takes place during the Christmas holidays and that the Sports Association, which includes all the East Falkland Farmers, give a lunch on those days - hitherto Sullivan House has been lent for this purpose, but I felt that this would have to cease. I allowed them instead to use this building, and now ask the Directors to let remain as it stands, and reserve it for the use of the Sports Association as a place for storing their appliances, and for their Annual Meeting. The iron fence round will be taken down and all material of any value will be sent out to Fitzroy for use on the farm.

(V.) There is a quantity of material (iron, posts and netting) of considerable value which can be removed without unduly diminishing the amenities of Sullivan House as a residence. When the "Duendes" and "Oaklands" have left I propose to employ some of the labourers getting this ready for shipment. Irrespective of the damage which occurs through rough handling on the "Falkland", the freight would be heavy, and I hope to arrange to send this round on the "Gwendolin" when we are able to send her to Mare Harbour to get some of the "Bertha" cargo. We cannot afford to pack it carefully to minimise freight, and the schooner could be anchored near Sullivan House for the loading.

9. We have enough flour now to last us to about the

No. 573, per "Duendes", 3/3/21.

5.

end of June when the 50 tons were ordered for the "Bogota" we had no idea that there was any likelihood of two direct steamers from Chile, nor did we suppose that H.M.S. "Weymouth" would bring us any from there. Had we known this we should certainly have asked for only one-half the quantity per "Bogota". In the absence of any invoice we are selling it at the same rate as before, and trust that we shall cover ourselves. It would not be possible in any case to increase the ^{present} selling price (5d per lb.)

10. We are increasing the rate for landing cargo from 7s. 6d. per ton to 10/- per ton. Probably there will be some outcry, but I understand that the present rate at Punta Arenas is 12/- per ton. The rate to clients for landing, storing and re-shipping will be increased from 15/- to 20/-.

11. The porch at the Manager's House is now finished, and photographs are sent as desired. As the painting had not been completed a dark shadow is shown at the top and on the panels at the sides.

12. With reference to my 572/2 we have found at Fitzroy wheels and screw for a scrap press, and there will be no difficulty in constructing the box.

13. The "Duendes" arrived on the 26th February bringing a small quantity of timber and a few horses from the Coast, she discharged them that afternoon and did not commence loading until Monday the 28th. You will remember that we estimated the probable cargo for her about the second week of February at 1400 bales - subsequently the P.S.N.C. said she could take more, and we increased the request for space to 1800 bales. On arrival the Captain said he particularly hoped we could fill her as in that case he would be able to proceed direct to London without calling in anywhere else to fill up, so I undertook to provide a full cargo. This will exceed 2000 bales and

No. 573, per "Duendes" 3/3/21.

6.

the "Palkland" must be rushed round to bring in sufficient for the "Oaklands".

We have about 800 bales stowed in the "Oaklands", and all the hides. Whilst the "Duendes" is here we are unable to do any work on the "Oaklands", but we shall finish the loading before the lay days expire on 17th March.

14. The "Duendes" brought me letters from the P.S.N.C. Liverpool, dated 11th, 17th, 24th and 26th January, and it is most disappointing not to have received a mail from you with the London Accounts for December, which would have enabled us to close our accounts here at once. The "Bogota" mail was dated 3rd December, although she did not leave Cardiff until the 15th, and it looks as if the P.S.N.C. are somewhat lacking in courtesy in not letting you know of the opportunity of sending later information to us, and especially that of catching the "Duendes" at Punta Arenas.

15. Your telegram of 25th February arrived this morning only - there has been no communication by Wireless with Montevideo for some days. So far as we can see, the first opportunity of a homeward mail after this will be by one of the whaling steamers, and a provisional Profit and Loss Account will be sent then in accordance with your instructions, the completed accounts following after we have received the "Ortega's" mail.

I am,

Sir,

Your obedient servant,

Manager.

No. 573, per "Duendes", 3/3/21.

ENCLOSURES

DUPLICATES. (Originals per H.M.S. "Weymouth", 3/2/21.)

Despatch No. 572.
Remarks on Accounts.
Statement on Accounts.
Store Indent No. 560.
Remarks on Stores.
Camp Manager's Report 29/1/21.
Preliminary List of Clients' Balances.
"Samson" - report on Boiler.
Specification - Mark S 101 wool.

ORIGINALS.

1. Despatch No. 573.
2. Cash Book, January, 1921.
3. Statement on Accounts.
4. Remarks on Accounts.
5. Store Indent No. 561.
6. Remarks on Stores.
7. Camp Manager's Report 11th and 26th February.
8. Asst Camp Manager's Report February 21st.
9. Farm Lambing and Shearing, 1st Return.
10. Fitzroy and Port Louis, Shearing, 1st Return.
11. Coasting Insurances, January.
12. Pilferage Claims.
13. s.s. "Falkland" Manifests, 4 and 5 H.
14. Copy of P.S.N.C. Account, dated 31st January.
15. Circular to Clients re Coasting Freight & Debit Notes.
16. West Store Cash Voucher, February.
17. F.I. Shipping Report.
18. F.I. Gazette, February.
19. F.I. Magazine, February and March.
20. Additions to Bentley's Code.
21. Photographs, Manager's Porch.
22. Correspondence:-

F.I.C. to P.S.N.C., 2nd March.

F.I.C. to Lowden, Connell & Co., 2nd March.

Letters:- H. Brookhouse to E.B. Goddard.

H. Brookhouse to Edison Gramophone Company.

W.A. Harding to P.D. Home.

SPECIFICATIONS.

<u>Mark.</u>	<u>Wool.</u>	<u>Skins.</u>	<u>Hides.</u>
D.H.	157		
N.A.	167		
S	146	17	
F	278	6	
A.P.	164	5	
Mc.G.	3	12	39

Svend Foyn.

574.

11th March, 21.

Sir,

My last despatch left per "Duendes" which sailed at daybreak on the 5th instant.

2. Your telegram of February 25th instructing us to send a provisional Profit & Loss account for 1920 arrived only on the 5th instant when the despatch had been closed, but I was able to make up an approximate statement which was sent after the mail had closed. A further copy is enclosed, and I think you will be in a position to estimate the profit within a few hundreds. The exact Store profit cannot be stated until some missing invoices have arrived, and the Mail Agency and Lighterage accounts should have substantial credits in your accounts for December.

3. The Admiralty collier referred to in my 573/7 actually started for here from Montevideo on the 5th inst, but was recalled next day by wireless. This is unfortunate for us as we had taken the opportunity of getting a few stores from Montevideo at a cheap rate - I fear that as these have had to be returned, we stand to lose something.

4. H.M.S. "Dartmouth" called here on her way to the West Coast on the 8th instant, arriving at 7 a.m. and leaving at 10 a.m., ostensibly to embark some of her crew, who had been imprisoned here.

5. I have received telegrams from the Managers of the Ornen and Nor Whaling Companies to the effect that

The Secretary.

LONDON.

payment of their duties on whale oil will be made direct to the Crown Agents for the Colonies I am informed that the Government have agreed to this method of payment upon payment of 3% commission by the companies.

6. Dr Herklots, whose agreement expires on the 5th October next, has intimated that he would be willing to remain another two years, but asks that the salary may be increased. He points out that there was an interval of over 6 months between the date he was engaged and his actual arrival here - he quite appreciates the action of the Company in paying him at the rate of £300 a year during that time, but that did not of course cover all his expenses, and he was going to leeward all the time. Moreover his wife was not able to join him for some months and this too entailed expense. Moreover in your letter to him of April 17th, 1918 when detailing the outside practice he could expect to get, you included Douglas, Gibraltar and Evelyn Stations, all of which had some 5 years previously, entered into an agreement with the Government to subscribe for a North Camp doctor, and his income from these three stations would have amounted to well over £100 a year. He has only now been able to straighten his account with the Company, and in view of all the above, asks that his salary may be increased by £100 per annum for the two additional years. The cost of ocean passages alone to replace the Medical Officer at Darwin would be enormous, two first class passages home at £168 each and possibly two outward at £104 each, a total of £542. Seeing that he is quite a success at Darwin and personally much liked, the Directors will probably be quite willing to renew the agreement on the terms he asks.

7. The loading of the "Oaklands" will be completed in a few days time, her lay days expiring on the 17th instant. The P.S.N.C. have telegraphed that the Corcovado will arrive about the middle of April to load the 1,600 bales which we estimated. As the Oaklands is stowing so

much better than we anticipated we shall be hard put to it to get the full quantity for the "Corcovado", more especially as the farmers are not sending in their inferior wool.

ENCLOSURE
Duplicates

8. The factories and catchers of two whaling companies have returned from the South and proceeded home.

I am,

Sir,

Your obedient servant,

Despatch No 574
Statement on Accounts
Remarks on Accounts
Store Indent No 561
Remarks on Stores
Camp Manager's and Asst. Manager's Reports
Circular to Clients re Cattle
Additions to Bentley's Goods
Specification - B 17 Skins Wool 146

ORIGINALS

1. Despatch No 574 11/3/21
2. Statement on Accounts
3. Coasting Insurance for January & February
4. s.s. "Falkland" Manifest 5 2.
5. P.I. Shipping Report
6. Indent for Chartres.
7. Specification - "BLANDE" shipment

Manager.

ENCLOSURES. (Originals per Duendes 4/3/21.
Duplicates.

Despatch No. 573.
Statement on Accounts.
Remarks on Accounts.
Store Indent No. 561.
Remarks on Stores.
Camp Manager's and Asst Manager's Reports
Circular to Clients re Coasting Freights.
Additions to Bentley's Code.
Specification - S 17 Skins Wool 146.

ORIGINALS.

1. Despatch No. 574. 11/3/21.
2. Statement on Accounts.
3. Coasting Insurances Part January & February.
4. s.s. "Falkland" Manifest 6 H.
5. F.I. Shipping Report.
6. Indent for Chartres.
7. Specification - "DUENDES" shipment.

to bring in the small boxes of 2.0 and 2.5 marks as these would not fit between boxes where the larger boxes would not fit, and this helped materially to increase the total carrying. In settling the shipment I added a couple of words to indicate that there were still very small boxes amongst the total. Bill of lading and the account of the ship's disbursements here amounting to £381. 13. 4 are enclosed. I may mention that soon after her arrival some clients asked if the freight would be less than by steamer, and I replied that so far from that being the case we might find that we were losing on the charter as compared with the reduced rate which the P.S.N.C. had quoted in consequence of the charter, but that the freight payable by them would be the standard rate. At that time we feared that she would not carry more than the quantity estimated by you.

The Secretary,

LONDON.

No. 575, per Whaling Steamer, 34/3/51.

and if as I hope it turns out that there is a gain on the charter the benefit should be ours.

3. Seeing that the purchase of a new boiler for the Whaling Steamer, "in" is postponed, I think we 24th March, 21.

575. time take some steps to ascertain whether a saving could not be effected by installing an oil engine for the work.

Sir, reasons in favour of an oil engine are -

1. I wrote last per "Svendfoyn" which should have caught the "Arlanza" at Montevideo on 19th March.

2. The loading of the "Oaklands" was completed on the 15th and she sailed early on the 17th instant with 2130 bales of wool, 136 bales of sheepskins, 1694 hides, 1448 loose sheepskins, and a few cases of old metal and sundries. She stowed wonderfully well, and carried far more than we originally anticipated. The "Falkland" was purposely sent to bring in the small bales of J.G. and H.P. marks as these would stow between beams where the larger bales would not fit, and this helped materially to increase the total carrying. In cabling the shipment I added a couple of words to indicate that there were 315 very small bales amongst the total. Bills of lading and the account of the ship's disbursements here amounting to £.361. 12. 4. are enclosed. I may mention that soon after her arrival some clients asked if the freight would be less than by steamer, and I replied that so far from that being the case we might find that we were losing on the charter as compared with the reduced rate which the P.S.N.C. had quoted in consequence of the charter, but that the freight payable by them would be the standard rate. At that time we feared that she would not carry more than the quantity estimated by you, the bulk, but possibly some system of gearing might render

The Secretary,
LONDON.

work could be done by man-power. The moorings do not require lifting more than once in four or five years, and

No.575, per Whaling Steamer, 24/3/21.

2.

and if as I hope it turns out that there is a gain on the charter the benefit should be ours.

3. Seeing that the purchase of a new boiler for the "Great Britain" is postponed, I think we might in the meantime take some steps to ascertain whether a saving could not be effected by installing an oil engine for the work. The reasons in favour of an oil engine are -

(1.) The risk of fire would be less.

(2.) We should not require to convey coal and water on the hulk as now, nor would there be ashes to remove.

(3.) There would be no overtime for the Engineer who has to go off in advance of the navvies to get steam, and no banking of fires during intervals for meals.

(4.) We do not require power on the hulk now for discharging the "Falkland" whose derricks reach into the port of the hulk. Consequently our steam plant is used only for loading cargo steamers at long intervals, and deterioration is more rapid. The only effective way to prevent this is to leave the boiler empty, but when you want steam again it means a whole day's work getting water on board to fill the boiler up.

(5.) If at some future date the present system of shipping produce is discontinued your oil engine would be more easily removed and utilised elsewhere than a steam plant.

Against these considerations is the fact that the oil engine might not be powerful enough to raise the anchors of the hulk, but possibly some system of gearing might render this possible. But even if this is not possible I think this work could be done by man-power. The moorings do not require lifting more than once in four or five years, and

No. 575, per Whaling Steamer, 24/3/21. 3.

one could put on all hands - carpenters, blacksmiths, etc, and muster about forty in a case of emergency.

The "Oaklands" had an engine which lifted our bales on board easily, and this also raised her anchors. Possibly on her arrival in London you might think it worth while to go on board and see it at work.

I have no information as to the comparative cost of a steam boiler and an oil engine sufficiently powerful for what we require. It should be capable of lifting quite $\frac{1}{2}$ of a ton on ordinary gear, but it would be better to have a margin of power. A decision should be made as soon as possible for the present boiler must not be used much longer, and we ought to carry out whatever is settled before Peters leaves next April.

4. The above reminds me that I had intended to suggest that with canning in abeyance and the "Samson" out of commission we might save the high wages of a certificated Engineer for a year or two until times are better. The Governor would I know allow Baseley to inspect the Plym at any time and advise us as to her boiler and machinery.

5. I have received telegrams from the P.S.N.C. that the sailing via the Straits of the "Ortega" has been cancelled as she has to replace the "Orita" which is laid up damaged, and that the "Sorata" will leave La Pallice on the 13th April.

6. I communicated to Mr Greenshields your request that he would cable to Messrs John Heare to pay the Company £2000 now, and he has undertaken to do this. I do not quite know how to interpret your instructions to stop credit to outside shippers without security. Greenshields and Cameron do not draw cheques upon us, but purchase a fair quantity of stores, and their accounts represent the cost of these plus sundry items for landing goods and passages by the "Falkland". And now that we charge local freight as soon as earned, these sums are debited to the account.

The other outside shippers are Dean & Company and J.L. Waldron, who draw cheques upon us. I cannot think that you wish me to discontinue cashing the latter's cheques, certainly not the former, in fact I assume that I shall be correct in letting these accounts go on as before, and restricting the supply of stores and material to Cameron and Greenshields; their Land Tax is paid by L. Williams's Estate. Apropos of Land Tax, if you intend to take any action about this in the light of my letter to the Colonial Secretary of 2nd February, would you cable me before 31st July when the next instalment falls due. I have received only a bare acknowledgment of that letter.

7. I received your telegram asking whether the "Gwendolin" is in a better condition than the "Lafonia" for fitting an auxiliary engine. It is better, for there is not the need of re-fastening and her web frames would assist considerably to withstand the effects of vibration, but we are still confronted with the absence of a slipway. I dislike very much to give a non possumus reply, but without a slipway on which to haul up the vessel high and dry upon an even keel the chances of making a successful job here of the fitting of an engine are so reduced that I cannot recommend that it should be undertaken.

Then again, her carrying capacity is even less than that of the "Lafonia" - some 16 or 17 bales, so that when the engine space is deducted she would carry only from 110 to 115.

The cost of running a motor schooner carrying half as much again would not be very much more.

I am,

Sir,

Your obedient servant,

Manager.

No. 575 per Whaling Steamer, 24/3/21.

ENCLOSURES

DUPLICATES. (Originals per Whaler via Montevideo.)

Despatch No. 574.
Statement on Accounts.

ORIGINALS

1. Despatch No. 575, dated 24th March, 1921.
2. Cash Book, February.
3. Statement on Accounts.
4. Remarks on Accounts.
5. Store Indent No. 562.
6. Remarks on Stores.
7. Specification - Barque, "Oaklands".
8. Remarks on shipments per "Duendes" and "Oaklands".
9. Accounts, Barque, "Oaklands".
10. Camp Manager's Report, 20/3/21.
11. Assistant Camp Manager's Report, 21/3/21.
12. s.s. "Falkland" Manifest, 7 H.
13. Lamb Marking Return (Complete).
14. P.S.N.C. Account, 24th March, 1921.
15. Pilferage Claim - "Orita", 25/12/20.
16. Claim, - Ward & Goldstone.
17. F.I. Gazette, March 1921.
18. Correspondence:-
Colonial Secretary re Commission.
Registrar re J.H. Dean's Estate.

Specifications

<u>Mark.</u>	<u>Wool.</u>	<u>Skins.</u>	<u>Hides.</u>
D H	9		
W C		10	
D & S	125		
J L W	184		
J B	110		
S I	66		
H G C	36	6	4

We pay the Government at present for Land Tax £3350 annually, of which £3200 is our own, so that by charging the client the Government 3% we should reimburse ourselves £150 out of the total charge of £500. It is very fortunate that the annual instalments for land purchase are

The Secretary,

LONDON.

No. 576, per "Solstreif", 2/4/21.

payable to the Crown Agents in London, not locally.

3. You will see from the enclosed correspondence with

"Solstreif"

2nd April,

21.

576

Colonial Office made from London on 25th March, 1920 as to

the storage of tinplate has been successful. I am informed

Sir, the Colonial Office referred that letter to the Admiralty

I wrote last on 24th March to catch the "Almanzora" from Montevideo. The "Solstreif", the last of the whaling steamers, is due to arrive, and will probably leave, to-day.

2. Copy of further correspondence with the Government on the subject of Commission on London Remittances is enclosed, and you will see that for all cash that we require locally beyond the £1000 per month, we shall have to pay the Government a Commission of 3% in addition to the cost of cabling. Our remittances beyond the free £1000 per month amounted to £16,200 in 1919 and £17,500 in 1920, so that if we continue to require the same amount of cash locally it will cost us £500 per annum, which would absorb a fairly large slice of the Commission we obtain from clients on the sale of their wool. Consequently it looks as though we may be compelled to pass on a part of this charge to clients and I shall be glad if you will instruct me in the matter. Certainly in the case of special payments such as Estate Duties and Land Tax we should be quite justified in charging the whole of the Commission to the Client.

We pay the Government at present for Land Tax £8350 annually, of which £3200 is our own, so that by charging the client the Government 3% we should reimburse ourselves £150 out of the total charge of £500. It is very fortunate that the annual instalments for land purchase are

The Secretary,

LONDON.

The Governor consequently cabled to the P.S.N.C. in Liverpool asking that all available accommodation in the "Corcovado" might be reserved for here. They cabled in reply that she is unsuitable for carrying passengers but that the

No. 576, per "Solstreif", 2/4/21.

2.

payable to the Crown Agents in London, not locally.

3. You will see from the enclosed correspondence with the Colonial Secretary that the "final appeal" to the Colonial Office made from London on 26th March, 1920 as to the acreage of Lafonia has been successful. I was informed that the Colonial Office referred that letter to the Admiralty with a request that they would assess the acreage of Lafonia from the chart in nautical measurement, and the Admiralty calculated it to be 591,000 acres. An order of the Governor in Council has been made fixing the acreage of Lafonia at that amount for the purposes of the Land Tax Ordinance.

4. With reference to your cable "stop credit to outside shippers without security" it would seem that the only security that can be obtained here is a preferable lien on the station wool, in accordance with the Mortgages Ordinance No. 1 of 1875. But it appears to me to be doubtful if the Managers of the Stations who do not consign to us, namely, Port Howard, Greenshields, and Camerons, are empowered to give the necessary lien. You will notice that the Form of Lien in the Schedule to the Ordinance says "my flocks" etc. In any case neither of the Managers of those stations would execute such a lien without consulting the owners in England and it would therefore be better to approach them direct in London. For the present therefore I interpret your telegram as meaning that advances should be limited to necessary articles.

5. We have been extremely fortunate in getting passages to Montevideo for Mr Moir and family in the "Gouvernoren" on 26th March, and for Mr Gresham and Mr H.C. Harding in the "Ronald" yesterday. There are some 30 people yet wanting to leave the Colony with scarcely any prospect of obtaining passages. The Governor consequently cabled to the P.S.N.C. in Liverpool asking that all available accommodation in the "Corcovado" might be reserved for here. They cabled in reply that she is unsuitable for carrying passengers but that the

Commander would be instructed to do all that was possible.

6. The Governor held a hurried meeting of the Legislative Council yesterday, as both the unofficial members were leaving at noon in the "Ronald", in order to announce that the Admiralty has decided to abandon the Cable Station here and also the large Wireless Station. This latter is offered as a gift to the Colony upon the condition that it is maintained in good order and that it would be handed back to the Admiralty in time of War. It is one of those gifts that one could hardly afford to accept, but in all probability the Colony will have to maintain a caretaker there and keep the buildings in repair. This would not cost a great deal, but to keep it running would mean a very heavy annual expenditure of about £4000 to £5000. The Government will probably decide to revert to the small Wireless Station, bringing it more up to date and running it at a gross cost of about £1200 a year.

7. The P.S.N.C. inform me that they estimate that the "Corcovado" will arrive about the 20th. I had previously promised 1650 bales for her and had she arrived earlier as at first anticipated, it would not have been possible to fill the space asked for. The "Duendes" and "Oaklands" both took more than anticipated and our calculations for the collection of wool have been very much upset by so many stations keeping back their inferior quality. We shall just manage to get the quantity promised and a couple more trips of the "Falkland" should suffice for collecting the oddments. At any rate our coal will be just about exhausted unless the "Sorata" brings out a fresh supply.

I am,

Sir,

Your obedient servant,

Manager.

No. 576, per "Solstreif", 2/4/21.

Enclosures

DUPLICATES (Originals per Whaling Steamer, 24/3/21.) and Goose Green.

Despatch No. 575.
Remarks on Accounts.
Statement on Accounts.
Store Indent No. 562.
Shipment per "Duendes" and "Oaklands".
Remarks upon shipment per "Duendes" and "Oaklands".

ORIGINALS.

1. Despatch No. 576.
2. Remarks on Accounts.
3. Statement on Accounts.
4. Store Indent No. 563.
5. West Store Voucher, Cash, March, 1921.
6. Stock Returns, Fitzroy and Port Louis &c.
7. s.s. "Falkland" Manifest, voyage 8 H.
8. Station Account, W.K. Cameron.
9. Station Account, Greenshields Brothers.
10. Coasting Insurances, March, 1921.
11. Correspondence:—
 - With Col. Government re Commission.
 - With Col. Government re Acreage of Lafonia.
 - To London Council & Company.
12. Shipping Report

ENCLOSURES. (Part Annual Accounts, 1920.)

1. Inventory of Stores at Darwin Harbour and Goose Green.
2. Inventory of Stores at North Arm.
3. Summary of Stock - East and West Stores.
4. General Summary of Stock on hand.
5. Balances due to and from men in Camp.
6. List of Consumption Stores on hand.
7. " " Building Material " "
8. " " Fencing Material " "
9. " " Canning Material " "
10. Copy of Stanley Cash Book for December, 1920.
11. Part Copy of Stanley Journal for December, 1920.
12. List of Store Debtors.
13. Remarks on Store Debtors.
14. List of Butchery Debtors.
15. Auditor's Certificate.
16. Details of Carpenters' Labour on Stanley Buildings and Hulks.
17. Details of Store Deliveries to Farm.

3. All the Pitcairney and Port Louis property has hitherto been insured for a total sum of £2500 in the Royal Insurance Company Ltd under a policy issued here which expires on the 3rd July next, particulars of which are enclosed. On the assumption that the Directors will prefer to insure all this in London, with the rest of the Company's property, the local policy will not be renewed after July 3rd next.

4. There is a fair demand for carbide lamps as several persons use acetylene lamps. As we are not able to ship this by the S.B.N.C. steamer I asked some of the Captains of the whaling steamers if they would bring

The Secretary.

LONDON.

s.s. "Corcovado"

29th April,

21.

577.

Sir,

I wrote last per "Solstreif" which left on the 5th April. The "Corcovado" arrived on the 26th April.

2. I do not know whether the fact that many of the sheepfarmers are retaining a proportion of their produce on the stations would be held to affect the risk under the "sheep's back" policy. The underwriters may assume that produce is shipped as soon as possible but the retention of the wool for some months in the sheds certainly increases the risk, and in case of fire they might be inclined to hold that such a prolongation of the risk was not contemplated in the policy.

3. All the Fitzroy and Port Louis property has hitherto been insured for a total sum of £9200 in the Royal Insurance Company Ltd under a policy issued here which expires on the 3rd July next, particulars of which are enclosed. On the assumption that the Directors will prefer to insure all this in London, with the rest of the Company's property, the local policy will not be renewed after July 3rd next.

4. There is a fair demand for carbide locally as several persons use acetylene lamps. As we are not able to ship this by the P.S.N.C. steamers I asked some of the Captains of the whaling steamers if they would bring

The Secretary,

LONDON.

it out. Three of them offered to do so, and I should be glad if you would send out about 8 tons, distributing it amongst the different whaling steamers, referred to in remarks on stores. The Owners would, I am sure, be willing to purchase the carbide in Norway and arrange the shipment.

5. I sent you by last mail copy of letter to the Manager of the late Mr Cameron's station asking him for payment of the Account, and now enclose draft on Messrs John Hoare & Company for £1677. 14. 5.

6. I have heard nothing further from Punta Arenas as to any offer for the "Samson". It is extremely doubtful whether anyone would offer anything like £6000.

7. Messrs Lowden, Connell & Co. telegraphed that owing to the coal strike they were unable to ship any coal by the "Sorata", and asking me to arrange to borrow from the Admiralty. I have informed them that we have now 180 tons available for the use of the "Palkland", which is sufficient for the collection of the past season's wool, with a small balance for any trip which might be called for in an emergency.

8. I received on the 17th a telegram from the U.S.N.C. Valparaiso that the sailing of the "Sorata" has been postponed indefinitely owing to the coal strike. Under these circumstances it is perhaps fortunate that we laid in a good stock of flour. The stock of sugar is getting low but will just about last us out.

9. The Governor is interesting himself considerably in the question of milk and butter and laid before the Legislative Council a table, copy enclosed, showing the value of the imports of these articles for the last three years. He informed me that he very much wanted to assist the Stanley people to produce more milk and butter and said that he proposed to import a couple of bulls to

No. 577, Per "Corcovado", 29/4/21. 3.

improve the cattle. He is having the common drained in places but says that he requires more land for grazing for Stanley. I suggested that the small farms be incorporated with the common when any change of ownership occurred, but he thinks that there should be even more small holders. Colonel St Johnston unfortunately let the Peninsula farm when Smith died and Mr Middleton will not dispossess the new holder. He then asked what about the land that we leased from the Admiralty, and I replied that without that we could not continue supplying mutton to Stanley. Then he asked if we would give up Sparrow Cove section, and I told him that as that was the only piece of hard ground on the Port Louis station the loss of it would spoil the whole property. I said that I hoped that the question could be left until Mr H.C. Harding returned to the Colony, and the Governor said there was no immediate hurry, so I said no more. But it looks as if he means to have land somehow from us and if it is a case of making a virtue out of necessity I would suggest our offering a piece from Murrell River to the head of Sparrow Cove. Mr Locke will be far better able to go into this matter than myself, but from what I can gather that land is not very suitable for sheep but would suffice for cattle grazing. I estimate that the acreage of this as shown on the sketch enclosed would be some 3000 to 4000 acres, and should be sufficient for grazing over 100 head of cattle.

As regards the quid pro quo we might ask for the grant of a similar, or perhaps rather less, amount of land on the Sparrow Cove section which at present is only in fee leasehold. The Government should, of course, defray the cost of fencing off, and it is to be hoped that the P.S.N.O.

10. In view of the delay of the "Sorata" I think it as well to send you such of the Annual Accounts for 1920 as we have been able to prepare pending the arrival of your account for December last. These are sent under separate

No. 577, per "Corcovado", 20/4/21.

4.

cover.

11. Your telegram instructing me not to ship locks, bellies, pieces or britch arrived too late to stop the letter. As a matter of fact, I had not sent several bales of britch we should not have had enough wool to fill the "Oaklands" for there were only 17 bales left when her loading was completed.

12. I recently mentioned to the Governor the question of the "Bertha" wreck. On explaining the matter to him he said at once that he did not regard it as the business of the Government even to enquire why we had purchased it so long as it was not in anybody's way it was ours to do as we liked with. I said that I hoped to be able in the spring possibly to get a schooner in commission and get the wood to Stanley, and he replied, "All right, get busy", adding that he would perhaps come out himself when the work was going on.

The winter is a very bad time for schooner work and it would be more economical to postpone this for a few months, but as soon as the "Guendelin" is put into commission a cable will be sent in order that the insurance can be arranged.

As regards the cargo I assume that we may follow the practice of some years ago, namely, enter the value on the usual coasting insurance list, leaving it to you to settle the additional premium payable for the risk of being carried by a schooner instead of a steamer.

13. The "Corcovado" will sail this evening a full ship, proceeding direct to London unless compelled to put in for coal at some intermediate port. She will not be able to take quite all we have, and it is to be hoped that the P.S.N.C. will be able to send another direct homeward boat to lift tallow and the wool which has still to be collected.

I am, Sir, Your obedient servant,

ENCLOSURES

DUPLICATES (Originals per s.s. "Solstrief" 2/4/21.)

Despatch No. 576.
Remarks on Accounts.
Statement on Accounts.
Store Indent No. 563.
Annual Stock Return, Fitzroy & Port Louis.

ORIGINALS.

1. Despatch No. 577.
2. Statement on Accounts.
3. Remarks on Accounts.
4. Cash Book, March, 1921.
5. Journals, January, February and March.
6. Store Indent No. 564.
7. Remarks on Stores.
8. Establishment and Wages paid, March Quarter.
9. Camp Manager's Report dated 15th April.
10. F.I. Gazette, April 1st.
11. F.I. Magazine, April.
12. Sketch Plan, Grazing ground.
13. Fitzroy and Port Louis Insurance List.
14. Papers laid before the Legislative Council.
15. Darwin Carpenter's report, March Quarter.
16. s.s. "Falkland" Manifests, 9 and 10 H.
17. Falkland Islands Transport Co. Ltd - Account, March Qr.
18. Falkland Islands Shipping Report.
19. Photographs, porch to Manager's House.
20. English Treasury Notes - £45.
21. Spanish Notes - 1000 pesetas.
22. Correspondence -
Lowden, Connell & Company.
Pacific Steam Navigation Company.
23. Letters addressed to E.B. Goddard.
24. Cablegrams confirmed.

Specifications over.

Specifications.

<u>Mark.</u>	<u>Wool.</u>	<u>Skins.</u>	<u>Hides.</u>
W.C.	4	2.	
A.F.C.	33	3	16 hides.
W.E.D.	101		
Z	124		
W.P.	28	1	
JH	5		
H	77		
D & S		13	
D.H.	71	3	5
F.B.	68	3	
H & B	113		
J.H.D.	143		25
J.H.D. K			8
L	63	7	
S	70	5	
T.R.	147	6	
S & S	145	6	14 loose.

No. 578, per "Oruba", 1/7/21

SIX "Oruba"

578

1st July, 21.

Sir,

My last despatch left per s.s. "Corcovado" direct on 29th April.

2. The "Falkland" will make one more round trip to ports on East and West Falkland and this will clear all produce intended for shipment this season. After that she will be laid up until a further supply of coal arrives.

3. I had hoped that the P.S.N.C. would have been able to give us another cargo steamer leaving direct for London about the middle or end of July, which would have taken all the balance of our produce, but they telegraphed asking what space we required in the "Sorata". On receipt of this I telegraphed asking whether you wished the tallow to go via Panama, and received your affirmative reply.

4. I am glad that the Governor agreed to let our labourers do some much needed work to the track from Stanley towards the Naval Wireless Station. But for this we should have been compelled to dismiss quite half the navy gang for want of useful work, as I know it is most imperative to keep the wages within the lowest possible limit. Had this happened there would have been great difficulty in getting together again the men who are accustomed to work the steamers, and with three heavy cargoes by the "Oruba", "Sorata" and "Orita"

The Secretary,
LONDON.

arriving within about three weeks of each other we shall be hard put to it to deal with the tonnage. Up to the present the wages of the labourers payable by the Government amount to over £200, and the Governor is quite willing that we should carry on with public work as soon as our steamer work is finished.

The carpenters have been usefully employed on all kinds of work, especially during the open weather on caulking and repairing the decks of the "Great Britain", "Lady Elizabeth" and lighters. We had to renew several planks on the "Great Britain" and caulk the entire upper deck - this work consequently occupied a long time. The Governor has given us sundry carpentering jobs on boats etc, so that part of the wages are recouped. Then again, I have had the saw mill going during bad weather cutting up and utilising everything possible. Some of the logs which were imported years ago for shipwork and which had disappeared from the Stock-sheets, have been cut up for planks and droppers.

5. Owing to the collapse of the whale oil market the Governor has had instructions to return to the Whaling Companies one-half of the export duties on whale oil levied for the last season's catch. Unless the price of coal and whaling requisites diminishes it seems doubtful whether many companies will operate next season.

6. The Governor mentioned in conversation the question of Sullivan House and paddocks, asking what we proposed to do with it when I leave next year. I replied that as far as I am aware you had not come to any decision in the matter, and he said that he was willing to consider the question of purchasing the property for the Government, but I think that we should retain a paddock there for the messengers' and camp men's horses.

7. When I wrote at the beginning of March (573/9) as to flour I feared that we might have been left with a rather

No. 578, per "Oruba", 3/7/21.

3.

large stock of the high priced consignment which arrived here in January, but I am glad to say that this is now practically exhausted, and we have to order a little from Montevideo to carry on until the arrival of the "Orita". Our store sales for the first half of the year have been exceptionally good but of course all the stations have stocked themselves up in order to keep going until the "Falkland" is running again. Sales and deliveries to the end of June are approximately:-

Sales,	£ 28,500	
Deliveries	12,500	- Total £ 41,000.,

so that we have got rid of about one half of the stock which we held at the end of last year. At that time the stock of drapery seemed very high - about £6,500, but to the end of June we had disposed of over £4,000 worth.

Judging from reports in newspapers of February and March prices in England should have fallen appreciably and it is very satisfactory that we have been able to dispose of so much stock that had been purchased at high prices. Our station hands will not benefit by any reduction in prices for some months.

8. I received your cable instructing me to pay employees bonus for 1920 @ 5%. This will disappoint many after having had 15% for some years past, but I think that our men realize that the sheepfarmers are having a very bad time of it just now. And the little news of the outside world which we receive by wireless assists them to understand that, in spite of the high prices of stores, they are very much better off here than in most other parts of the world.

9. In response to a wish expressed by the Governor to see as many of the West Falkland Managers as possible, several came to Stanley and have discussed various points with him, more especially the Land Tax. The Colonial Office has issued a fiat that more revenue must be raised from the Falkland Islands as distinct from the Dependencies and the Governor

wished to talk the matter over with the station representatives. The general idea of the Government is to relieve the small farmers and to graduate the tax further by making all over 100,000 acres pay 1d and all over 250,000 acres 1d per acre. This last would affect the Company alone and would mean our paying £4512 per annum on the amended estimate of Lafonia as against £3462 under the exaggerated acreage of 700,000. A table was prepared in this office showing the amount of tax paid per sheep on each station in order to demonstrate to the Governor how inequitably the tax falls. From the copy enclosed you will see that H.J. Pitaluga pays .63d, W.K. Cameron and Mrs Robson .82d per sheep as against Hill Cove 3.85d, Port Howard 4.05d, Port Stephens 5.13d and Packe Brothers & Co. 5.24d. The Company's contribution is 3.59d under the amended estimate of Lafonia.

The West Falkland managers who interviewed the Governor first said that a tax on wool would be more equitable, and the Governor at once referred them to letters from Mr Cobb and Mr Blake about 1916 advocating a Land Tax in preference. He read at the same time a letter from myself, saying that I would personally prefer a poll tax on sheep or a tax on wool, but I am unable to find copies of any of those letters. The letters from Mr Cobb and Mr Blake were quoted in order to confound any argument in favour of a wool tax, but of course those letters were written upon the assumption that any land tax would be a specific flat rate as levied in 1882 and not the inequitable graduated tax now in force; I shall no doubt have an opportunity later of emphasizing this. From what I can gather the Governor seemed to think that with the help of the letters referred to he had converted the West Falkland farmers except Mr Pole-Evans, or at any rate had convinced them that it would be useless to write anything. Mr Pole-Evans then wrote a short letter on behalf of Messrs J.L. Waldron Ltd.

Subsequently the Governor saw all the East Falkland managers who were in Stanley and discussed the matter with them;

No. 578 per "Oruba", /7/21. 5.

he said he would like them to put their views on paper and after all had conferred together it was decided to send in a letter - copy enclosed. The fact that all the managers who are in Stanley have signed the letter, irrespective of whether they are taxed proportionately high or low under the present system, demonstrates much more cohesion amongst them than has usually been the case. The managers asked me to join in signing and I eventually did so - I hesitated at first as the opinions in the letter are opposed to those expressed by the Chairman and Mr Blake, but in view of the fact that the Land Tax as now levied is so different from the tax which they advocated in 1916, and that it falls so inequitably, I think that the Chairman and Mr Blake will probably agree that a wool tax would now be preferable.

10. From the enclosed copy of letter to Messrs Lowden Connell & Co. you will see that up to the end of June we have supplied the "Falkland" with 423 tons of coal from our stock. I think it would be better that they should pay for this rather than replace it for we do not need to stock much coal now. The price precludes Stanley people from purchasing, the consumption at Darwin is much less now that Mr Slaughter is cutting peat on the Teal Creek side of the Harbour, we do not require any for canning or for the "Samson", and there is little prospect of any demand from whaling steamers.

At present prices a stock of coal means locking up a large sum of money.

If you decide to ask for payment for the coal you would no doubt be guided by the market price, but I may mention that although we took coal into stock on 31st December last at 84/9 per ton Messrs Lowden Connell & Co. should pay considerably more, for 85/8 was the average of three consignments, costing respectively £3. 6. 0., £5.13.10. and £4.10.10 per ton.

Moreover we have to consider interest on the cost and the fact that had we stored this coal for Lowdens they

would have paid us 4/- per ton for so doing.

Omitting any question of profit the price to them should be reckoned at least as follows:-

C.i.f. cost per ton of last consignment, (Duendes, February, 1920.)	£ 4.10.10.
Interest for 18 months @ 7½%, say	10. 2.
Storage per ton, 4/- per annum	6. 0.
	<hr/>
	£ 5. 7. 0.

11. A certificate as to the loss of a bale of wool at Carcass Island is enclosed to enable you to recover the value from the underwriters.

12. I find that no formal applications for renewal of the lease of the Darwin Harbour and Port Sussex Reserves was sent in 1919, and enclose copy of letter to the Colonial Government on the subject. I have had no answer so far but doubtless the question is being referred to the Colonial Office.

13. Mr Peters's report on the Goose Green machinery is enclosed. You will see that the door of one of the digesters purchased from the Brecht Company has cracked. I doubt whether we should get it replaced by them as the digesters were made to a special pattern, not a standard design, and in all probability you would be able to get a new door fairly cheaply at home. I suppose that the dispute over the draft for £800 odd has not been settled yet?

14. I have to acknowledge the receipt of the following:-

Despatches 1210 (Duplicates only), 1211 and 1212 per "Oruba" on the 9th instant.

Letters per "Oruba" on the 9th instant.

Despatch 1213 per "Sorata" on the 12th instant.

15. The "Oruba" arrived at midday on Friday the 8th July with 1121 tons of cargo. By dint of employing all available hands and descharging 2 lighters whilst the

No. 578, per "Orita", 12/7/21.

7.

steamer was in port we succeeded in getting her away on Monday at midday. Owing to the fact that we had to provide lighters next day for the 220 tons of cargo in the "Sorata" and for 74 tons in the "Orita" I had to put on carpenters to discharge lighters with all possible speed. 1120 tons of cargo by a mail boat is alone quite unprecedented, and when that steamer is followed within 24 hours by further consignments of 300 tons it is imperative to press ⁱⁿ all hands in order to cope with it.

16. I was prepared to receive all kinds of enquiries from you but it is necessary to explain that we are confronted with 6 months' mail matter and are simply "Snowed under" with letters - it may be mentioned that from the P.S.N.C. alone there are no less than 23! But the question of accounts is the most serious and most pressing, in the absence of Mr Gresham I must myself attend to these and until all entries are made to 31st December last the interest on clients' accounts cannot be computed. The annual accounts cannot be closed until this is completed, and clients are naturally most anxious for their accounts current for last year, more especially those who are Limited Companies. Furthermore it is absolutely essential that I should be about outside the Office when there is nearly 1500 tons of cargo to be handled, for the new Marine Superintendent has to taught that work before he can be of any help. Hence I shall not for some time be able to answer the queries and supply the information asked for in your despatches - for instance, returns of coal consumption at Darwin for 8 years, inferior quality of timber, weight of Stanley butchery sheep, slipway etc. etc. The question of the "Gwendolin" referred to in 1211/45 will be gone into as soon as possible. As the "Orita" will be in port for two or three hours only I am unable to acknowledge any mail posted by her, but will do so by the "Sorata" which should leave in two or three days' time. We are shipping by her some 200 casks of tallow and about 750 B/s wool and skins.

Yours faithfully,

Correspondence
ENCLOSURES.

DUPLICATES. (Originals per "Corcovado", 29th April, 1921.)

Despatch No. 577.
Statement on Accounts.
Remarks on Accounts.
Journals, January, February & March.
Store Indent No. 564.
Remarks on Stores.
Camp Manager's Report, dated 15th April.
Fitzroy & Port Louis Insurance List.
Specification, "Corcovado" shipment.
Specification - S 70 wool, 5 skins.

ORIGINALS.

1. Despatch No. 578.
2. Statement on Accounts.
3. Remarks on Accounts.
4. Cash Books, April, May and June.
5. Journals, April and May.
6. Store Indent, No. 565.
7. Camp Managers Report, dated 3th July, 1921.
8. Stock Returns, 1921.
9. West Store Cash Vouchers, April, May and June.
10. Stanley Bonus List, 1920.
11. List of Store Debtors, 30th June, 1921.
12. List of Butchery Debtors, June 30th 1921.
13. Statement of cost of Porch, Manager's House.
14. Copy of Account, Brecht Company, with letter.
15. " " " Messrs Lowden Connell & Co. with letter.
16. " " " P.S.N.C. with letter.
17. s.s. "Falkland" Manifests, 11 and 12 H.
18. F.I. Gazettes, 2nd May, 1st June.
19. F.I. Magazines, May, June and July.
20. Mr Peters's report on Goose Green machinery.
21. Return of Establishment & wages paid, Stanley, 30th June.
22. " " " " " Camp, 31st March.
23. Lloyds' certificate, 1 B/- wool, Carcass Island.
24. Correspondence.

(2).

Correspondence.

Colonial Government re land Tax.
 " " re "Bertha".
 P.S.N. Company. re Port Sussex & Darwin Reserves.
 re Ram belonging to Macke Brothers & Co, killed in Stanley.

25. Confirmation of cables.

Specifications.

<u>Mark.</u>	<u>Wool.</u>	<u>Skins.</u>	<u>Tallow.</u>	<u>Hides.</u>
D.H.	2	10		
N.A.	17			
L	83			
J.L.W.	9			
D & S		4		
J H D	41			
J H D -K-	29			
D H				23
P H	89	2		
F B	23	2		5
S B	174	5		
H W	39	2	10	20
B	32			
R B C	33	5	31	
W E D	11	6	2	
S I	66			

Goose Green specifications of Tallow, season 1921.

No. 579, per "Sorata", 14/7/21

2.

3. Mr Roberts, the Marine Superintendent, arrived by the "Orita".

"Sorata".

579.

4. The "Sorata" will finish discharging and loading this afternoon, taking all the produce we have. Amongst the few D.H. boxes were 1 of which

14th July, 1921.

which have been kept back in accordance with your instructions.

Sir,

I wrote last per s.s. "Orita" which left about midnight on the 12th instant, and have to acknowledge the receipt of your despatch 1214 which was to hand the following morning.

Sir

2. I cabled you yesterday to the effect that your telegram of 10th June arrived mutilated, the word OCBOR (10%) having been transmitted as OCBOR. In decoding I naturally looked down OCB in the code and assumed that the word intended was OCBOR (5%). It did not occur to me to look for any other possible translation for it did not surprise me that 5% only was the figure. As explained in my despatch 578/8 there was a natural feeling of disappointment, but no one here has expressed any forcible dissatisfaction and I do not propose to make any alteration unless you so instruct me.

1919 Bonus @ 15% and 1920 bonus @ 5% cost respectively:-

	1919.	1920.
Farm	£1376.	£564. (about - a/cs not yet received.)
Stanley	1162.	424.

The Secretary,
LONDON.

No. 579, per "Sorata", 14/7/21. 2.7. 1221

3. Mr Roberts, the Marine Superintendent, arrived by the "Orita".

4. The "Sorata" will finish discharging and loading this afternoon, taking all the produce we have. Amongst the few D.H. bales were 7 of britch which have been kept back in accordance with your instructions.

I am quite unable by this opportunity to go into the questions raised in the five despatches recently received from you.

I am,

Sir,

Yours faithfully,

ORIGINAL.

1. Despatch No. 579.

Manager.

2. Statement on Accounts

3. Remarks on Stores, 565

No. 579, per "Sorata", 14th July, 1921.

ENCLOSURES.

DUPLICATES. (Originals per "Orita" 12/7/21.)

Despatch No. 578.
 Statement on Accounts.
 Remarks on Accounts.
 Store Indent No. 565.
 Camp Manager's Report dated 8th July, 1921.
 Store Ledger Balances to 30th June.
 Butchery Ledger Balances to 30th June.
 Journals for April and May, 1921.
 Stanley Bonus list, 1920.
 Mr Peters's Report - Goose Green.
 Lloyds' Certificate, B/- wool lost at Carcass Island.

Correspondence - Colonial Government re Darwin & Port
 Sussex Reserves.

Specification of Goose Green Tallow.

ORIGINALS.

1. Despatch No. 579.
2. Statement on Accounts.
3. Remarks on Stores, 565.

The Secretary,

LONDON.

No. 580, par "Ortega", 23/7/21.

2

balance cannot be regarded as an asset. In all probability 1920 will be better able to stand the debit than 1919. The balance of £5,511. 2. 10 has likewise been written off the Farm account. Two sets of abstracts have been prepared including the Fitzroy Estate balance and the balance of the Farm proper.

"Ortega"

23th July,

21

580.

Sir,

STOCK ACCOUNT £11,384. 10. 0 - decrease £1,148. 18. 7

I enclose accounts for the year 1920 which show a nett profit of £24,051. 12. 2, a decrease of £70,570. 12. 1. The usual comparative statement is enclosed.

1919 We have to go back to the years 1901 - 1903 for so poor a result, and but for the fact that you received at the end of last year large sums for commission on freights and for storing and reshipping produce for two years the nett profit would have been less than for the worst year of the slump following the South African War.

2. FARM and CANNING £7,475. 15. 5. - decrease £77,148. 18. 7.

As explained by Mr Houston in his despatch on the 1919 accounts all cost of machinery, skin drying plant and shed was charged to the canning account that year, and there was nothing for it but to write off the debit balance of the canning account against the Farm, namely £37,408. 15. 6. Canning account will thus open for 1921 with a debit of £19,029. 13. 0 representing materials on hand, £6,884. 13. 0, and unsold produce £12,145. Should this latter fail to realise that figure there will be a further amount to write off in 1921.

In 570/18 I wrote that as the Company derives no profit from Fitzroy and Port Louis in 1920 the balance would be carried forward, but upon reconsideration it seemed better to write it off at once for the money has been spent and the

The Secretary,

LONDON.

balance cannot be regarded as an asset. In all probability 1920 will be better able to stand the debit than 1921, so this balance of £5,511. 2.10 has likewise been written off the Farm account. Two sets of abstracts have been made, one set including the Fitzroy Estate balance and one relating to the Farm proper.

3. STORE ACCOUNT £11,734.10. 1. - decrease £1,465. 7. 5.

Sales and deliveries for 1918 - 1920 are as follows -

	<u>Sales</u>	<u>Deliveries</u>	<u>Total</u>
1918	£45926.	£26501.	£72427.
1919	51447.	42424.	93871.
1920	75936.	35949.	111885.

The high figures reached are of course due to the very high cost of all stores and materials. The stock at the end of the year is extremely high - £85,000, of which, however, £30,000 worth was in transit or practically so. All the stock sheets were carefully scrutinised and the stock was well worth the above sum at the end of the year. Now however that prices are falling we may find it necessary to sell some goods at a lower price; moreover the practice of charging a big profit on goods used by our own departments is now stopped so that we may anticipate a reduction of the store profit in future.

It has been the practice to take goods into stock at actual cost prices, adding a percentage for freight and expenses but we have now been able to work out c.i.f. values of every article, and I propose ^{that} at the end of the current year the stock should be valued at c.i.f. figures, possibly deducting a small percentage for probable wastage or depreciation.

With falling values these c.i.f. prices require revision from time to time and when we receive a consignment of any article costing less than the stock on hand of that article we average the values so as not to lose more than we can help owing to the fall in price.

No. 580, per "Ortega", 28/7/21. 3.

I should mention that out of the £76,000 sales £36,600 worth was for actual cash.

4. LIGHTERAGE £5443.15. 1. - increase £5381. 3. 1.

For many years this account has not yielded anything and it is most fortunate that we have such a substantial amount to credit. It is due entirely to the credit received for storing and reshipping of over two years' produce, and we have to remember that for the bulk of that produce the freights were higher and consequently our share was greater. In view of the fact that we have had to spend over £700 this year in caulking hulks and lighters I kept back £800 out of the profit for 1920.

5. INTEREST & COMMISSION £3360. 0. 9. - increase £2585.13. 8.

Similarly the large increase of profit in this account is due to the credit received for commission on the coasting freight earned by the s.s. "Palkland" on two years' produce. Had I noticed before closing the account that the sum of £168.16.8. had been paid to Messrs Spearing & Waldron for 5% return on Port Howard freights I would have retained that sum from the profit as it is properly chargeable to 1920.

6. MAIL AGENCY £2365.12. 4. - increase £378.15.10.

7. "SAMSON" loss £323. 6. 3. - increase £140.19. 4.

The increased cost of working in 1920 was due to increased cost of coal as compared with 1919. It had been the practice to make considerable use of the "Samson" for moving lighters with outward mail cargo, the cargo being hoisted from the lighter's hold by the steam winch; this involved the consumption of a fair quantity of coal and as the price was so high I stopped this and reverted to the old hand winches on the lighters. Now that the "Samson" is entirely out of commission the few expenses might well be transferred to Lighterage account as suggested by Mr Houston. I assume that part of the Insurance Premium will be recovered as the only risk is that of dragging from her moorings.

No. 580, per "Ortega", 28/7/21. 4.

8. BUILDINGS £1696.16. 1. - decrease £193.19. 1.

Expenditure was kept down to necessary work. In 1921 the account will probably be higher.

9. FENCING £203. 2. 9. - decrease £274.14. 7.

Probably too we shall have to spend more on this account this year.

10. GENERAL CHARGES £602. 5. 4. - increase £67. 4. 0.

CONSUMPTION £542. 3. 7. - increase £31. 2. 2.

In both these accounts the increased expenditure is due to higher prices of materials.

It has been the practice to debit to these accounts the cost of materials which should I think be borne by the departments actually using or consuming them. For instance, General Charges pays for all telegrams whether dealing with store prices or farm matters, also all stationery, whether for store use or for that of the Stanley Office. Consumption pays for all coal and oil for heating and lighting the stores and office, for fodder consumed by the store carthorse, for files and odds and ends required by the engineer. This system did not seem right and a "Store Consumption" account is now being kept as a check upon waste or extravagance, but the cost of all material required for carrying on the store work is now borne by the store account.

11. STANLEY OFFICE £3,168. 3.11. - increase £40.18. 7.

I take the opportunity of suggesting that the remarks in the previous paragraph should be considered in reference to this account. I do not see why the coal and oil used should not be charged to it, for it is just as much a part of the cost of running the office as the salaries. I cannot help thinking too that the cost of the Stanley Office should be divided at the end of the year amongst the different departments proportionately to the work done for we should then know better how they really pay. Assuming the cost of the Stanley Office to be £3,000 per annum I would apportion it roughly. - Clients work £1000; Store

No. 580, per "Ortega", 28/7/21. 5.

(store) £750; Farm £500; Mail Agency £250; F.I. Transport Co. Ltd £250; Lighterage £250. The re-imbusement for clients' work comes back mainly in the Commission on sale of wool in London, but Interest & Commission Account could be debited here.

If this suggestion is approved the account could be dealt with accordingly at the end of this year.

12. SUNDRY DEBTORS.

I fear that the Board will experience a shock at seeing £800 written off Mrs J. Robson's account. This is a bad case, when I left here in 1917 the indebtedness had been wiped out by the large sum realised for the sale of the 1916 clip, and at the beginning of the years 1918 and 1919 the account was well in credit. During 1919 however an opening credit of £240 was transformed into a debit of £460 and just before I came out last year Mr Gresham very wisely stopped all further drawings in cash or stores. Even so there was a prospect of the account being reduced to reasonable proportions by the proceeds of the 1919 and 1920 clips, but these have realised practically nothing. In the meantime Mrs Robson had arranged to surrender the lease to her brother-in-law Mr Robson of Port Louis who agreed to purchase the stock. It now appears that the stock was in a shocking condition, the buildings all need to be renewed and the fences likewise, so that the sum to be handed over is so small that it will only about balance the advances already made to her.

Under these circumstances the debt of £1100 could not by any stretch of imagination be regarded as an asset, and I have provisionally written it down by £800.

We may be able to recover something later. The will of her mother, Mrs G.P. Smith of Johnson's Harbour is being questioned and the opinion of two firms of London Solicitors (of whom one is Mr Durrant Cooper) had been taken in the matter. Possibly the case will have to be arbitrated upon and Mrs J. Robson may under the award be entitled to something from Johnson's Harbour farm. In this case we might later be able to recover some of the debt

No. 580, per "Ortega", 28/7/21. 6.

but at present it cannot by any possibility be regarded as an asset.

I am,

Sir,

Your obedient servant,

Manager.

COMPARATIVE STATEMENT

ACCOUNTS 1920

RECEIPTS	1920.	1919.	Increase	Decrease
Rent	249. --. --.	334. --. --.	15. --. --.	
Interest & Commission	2360. --. 9.	774. 7. 1.	2525. 13. 8.	
Insurance	701. 1. 4.	401. 8. 6.	299. 13. 10.	
Store	11734. 10. 1.	12199. 17. 6.		1465. 7. 5.
Farm	7475. 15. 5.	94624. 14. --.		77149. 18. 7.
Mail Agency	2365. 12. 4.	1956. 15. 6.	378. 18. 10.	
Lighterage &c.	5443. 15. 1.	62. 12. --.	5381. 8. 1.	
	31429. 15. --.	161383. 15. 7.	5650. 5. 5.	78614.
EXPENDITURE				
General Charges	602. 5. 4.	525. 1. 4.	67. 4. --.	
Consumption	543. 3. 7.	511. 1. 5.	32. 2. 2.	
Buildings	1696. 16. 1.	1390. 15. 2.		132. 1. 1.
Fencing	203. 2. 9.	477. 17. 4.		274. 14. 7.
"Season"	223. 6. 3.	182. 6. 11.	140. 19. 4.	
Furniture	5. 1. --.		5. 1. --.	
Stanley Office	3123. 3. 11.	3127. 5. 4.	40. 18. 7.	
Stanley Doctors	537. 3. 11.	37. 3. 10.	900. --. 1.	
	7378. 2. 10.	6761. 11. 4.	1088. 5. 5.	65. 12. 8.
				6. 11. 6.

Decrease of profit 230570. 12. 1.

Stanley, Falkland Islands.
31st December, 1920.

ACCOUNTS 1920 - - - COMPARATIVE STATEMENT.

<u>RECEIPTS</u>	<u>1920.</u>	<u>1919.</u>	<u>Increase</u>	<u>Decrease</u>
Rent	349. --. --.	334. --. --.	15. --. --.	
Interest & Commission	3360. --. 9.	774. 7. 1.	2585.13. 8.	
Insurance	701. 1. 4.	401. 8. 6.	299.12.10.	
Store	11734.10. 1.	13199.17. 6.		1465. 7. 5.
Farm	7475.15. 5.	84624.14. --.		77148.18. 7.
Mail Agency	2365.12. 4.	1986.16. 6.	378.15.10.	
Lighterage &c.	5443.15. 1.	62.12. --.	5381. 3. 1.	
	31429.15. --.	101383.15. 7.	8660. 5. 5.	78614. 6. --.
<u>EXPENSES</u>				69954. --. 7.
General Charges	602. 5. 4.	535. 1. 4.	67. 4. --.	
Consumption	542. 3. 7.	511. 1. 5.	31. 2. 2.	
Buildings	1696.16. 1.	1890.15. 2.		193.19. 1.
Fencing	203. 2. 9.	477.17. 4.		274.14. 7.
"Samson"	323. 6. 3.	182. 6.11.	140.19. 4.	
Furniture	5. 1. --.		5. 1. --.	
Stanley Office	3168. 3.11.	3127. 5. 4.	40.18. 7.	
Sundry Debtors	837. 3.11.	37. 3.10.	800. --. 1.	
	7378. 2.10.	6761.11. 4.	1085. 5. 2.	463.13. 8.
				616.11. 6.

Stanley, Falkland Islands,
31st December, 1920.

Decrease of profit £70570.12. 1.

No. 580, per "Ortega" -- dated 28th July, 1921.

ENCLOSURES.

(Balance of Annual Accounts for 1920; first part forwarded No. 577.)

Despatch No. 580.

1. Balance Sheet for 1920.
2. Profit and Loss Account 1920.
3. London Office Cash Account at 31st December, 1920.
4. Deposit Account -- items outstanding 31st December, 1920.
5. General Summary of Stock on hand, 31st December, 1920.
6. Remainder of Stanley Journal, December, 1920.
7. Abstracts of the Farm Account.
8. Abstracts of the Farm Account -- Auditor's copy.
9. Stanley Office Account -- details of Salaries etc, 1920.
10. Comparative Statement, 1919 and 1920.

of coal at Darwin and House Green. Mr. Slaughter has been asked whether he can find detailed records of the consumption at Darwin for the last 3 years, but I do not see how such a return will be of much assistance to you. Mr. Slaughter reported to you as far back as last November the steps he had taken for obtaining a supply of coal for domestic consumption at Darwin.

4. 1921 - 5. The despatch on Accounts by this mail shows that altogether we have had to write off over £37,000 on

The Secretary,

LONDON.

No. 581, per "Ortega", 4/8/31.

the Canning Account. When dealing with this account in November last I had to take the debit balance as the start of my calculations as that was the figure shown in the ledger. There is a balance of 21.

"Ortega" 8th August, 21.

581. Brecht's claim for £375 1 0. In the account of this I sent you by last mail a copy of a letter and a statement.

Sir, the subject of the account for 1920 is as follows:

1. I wrote last per "Sorata" which left on the 14th ultimo. The original of your despatch No. 1210 per "Burdale" has been received through Messrs Maclean & Stapledon. As this with other letters was enclosed in a case of sundries which they were sending down by the "Orita" I was not aware of its arrival in time to acknowledge by the "Sorata".

2. 1210 - 8. The renewal of the P.S.N.C. Agency as from 17th April, 1920 is noted. From the copy of their letter detailing the terms it appears that we are to receive an Agency allowance of £50 per annum. Kindly let me know if this will be paid in England or whether we should take credit in our account at this end.

3. 1210 - 10. We have entirely anticipated the necessity for economy in every direction especially in the matter of coal at Darwin and Goose Green. Mr Slaughter has been asked whether he can find detailed records of the consumption at Darwin for the last 8 years, but I do not see how such a return will be of much assistance to you. Mr Slaughter reported to you as far back as last November the steps he had taken for obtaining a supply of peat for domestic consumption at Darwin.

4. 1211 - 5. The despatch on Accounts by this mail shows that altogether we have had to write off over £37,000 on

The Secretary,

LONDON.

every sheep personally in a small pen and ruddies each and that he selects as being in sufficiently good condition. These are afterwards parted out through a race, and in nearly every case Mr Slaughter goes through them himself.

No. 581, Per "Ortega", 8/8/21.

2.

the Canning Account. When dealing with this question in November last I had to take the debit balance of £104,000 as the start of my calculations as that was the actual figure shown in the ledger. There is still the matter of Brecht's claim for £879. 1. 0. to be settled. A propos of this I sent you by last mail a copy of a letter sent to them on the subject of the account for casings supplied last year.

5. 1211 - 6. You write that my suggestion as to laying up the "Palkland" after the produce had been collected is not favoured as it would mean that during that time there would be no service to the outports. I was fully aware of that fact but when there is no inward freight to be earned such trips must result in a heavy loss. We are between two fires in the running of the "Palkland": there is no mail contract to compel her to go to the West, and the nominal owners of the steamer, Messrs Lowden, Connell & Co. expect her to make a profit on every trip. If trips now are bound to result in a loss how could I justify such to Messrs Lowden, Connell & Co?

6. 1211 - 9. As regards inferior timber a plank was at Mr Dean's request sent to you by the "Oaklands" but I really cannot say when it arrived. The timber sent by the "Oruba" is of decidedly better quality than we have had for a very long time. For some years reports were sent about the quality of wood, but without much practical result. The foreman carpenter has been present when most of this last consignment was discharged and he is much impressed by the improvement.

7. 1211 - 10. When sheep are required for the Stanley Butchery the overseer of the Section supplying them handles every sheep personally in a small pen and ruddles each one that he selects as being in sufficiently good condition. These are afterwards parted out through a race, and in nearly every case Mr Slaughter goes through them himself

before they are despatched to Stanley. No calculation of weight can afford any guide as we have ewes in at odd times, especially in the spring. These ewes are not in poor condition but are of course lighter in actual weight than wethers.

8. 1211 - 12. I will take the opportunity of informing the Governor that the Company proposes to build a slip when finances permit. As regards compelling the whale catchers to use the Government slip you write, "how this is to be done remains to be seen" adding that the Merchant Shipping Act gives no power to compel a vessel to use a slip or dry dock, but if you will refer again to my despatch you will see that I reported that the renewal of the whaling licence would be conditional upon the companies agreeing to use it for their catchers. The Merchant Shipping Act has nothing to do with it - moreover all these vessels are under the Norwegian flag.

Now that the price of whale oil has slumped so heavily it is doubtful whether many whaling companies will operate this next season. You would be able to ascertain from Norway whether this is so, but your remark in 1211 - 39 that they have little or no liquid resources to fall back on indicates that it is very problematical.

When the Marine Superintendent has completed the landing of all the recent consignments of cargo I will get him to sound the harbour to the eastward and send a plan of the soundings. The only foreshore that we possess is the fenced in portions near the East and West jetties.

9. 1211 - 15. You have misinterpreted my remark in 570 - 17 as to the effect of the depreciated purchasing value of the sovereign. Possibly, instead of writing "we must not lose sight of the fact . . ." I should have said "the men do not lose sight of the fact . . ." I did not suggest that the Company should be expected to make the loss good, but simply quoted the fact as one of the factors in the wages question.

10. 1211 - 17 & 19. I am at a loss to understand your question "do you not think that the launch "Plym" is somewhat of a luxury and that it would be wiser to endeavour to sell her to the coast?" Knowing that the "Samson" is hors de combat it surely is not seriously suggested that we should dispense with the "Plym". How could we accept the P.N.N.C. Agency without some boat capable of moving lighters and hulks? - and especially when they have just lately had three steamers within a week bringing nearly 1500 tons of cargo. My opinion as to the "Samson" and the "Plym" was clearly expressed in 572 - 26, namely that when possible they should be replaced by one wooden tug boat about one-half the size of the "Samson". When that becomes feasible by all means endeavour to sell the "Plym".

11. 1211 - 21. Mr Roberts arrived by the "Orita" and is with the men attending to the discharge of cargo from the lighters. This will barely be completed before the arrival of the "Ortega" with a further 100 tons, and when all this current work is done Mr Roberts will be asked to go into the question of the "Lady Elizabeth". Without a diver the only way to inspect the bottom is to expose it by heaving over, and Mr Roberts will have to decide whether this is feasible.

12. 1211 - 22. I engaged Jay to work at Fitzroy when Shrimpton was dismissed but did not suppose that the Directors expected me to report this or any other case in which I find it necessary to engage a hand. His wages are higher because there is no house at present at Fitzroy, and I could not get anyone else to work for less.

13. 1211 - 26. Mr J.W. Dean will be glad to learn that there will be no surcharge on coasting freight on Pebble Island produce. During the past season they have given every possible assistance to the steamer.

14. 1211 - 27. I regret that there is no vacancy here

which could be offered to Runacres - we certainly cannot afford at present to create any post for him and he is leaving for the Coast by this steamer. He asks me to convey his thanks for the Bonus of £50.

15. 1211 - 30. When Mr Moir returns I have no doubt that a good many of our employees will avail themselves of the offer of 3% on deposits.

Since the correspondence on the subject of commission for purchase of cash we have had more than sufficient cash balance, and had enough to enable us to pay the half-yearly instalment of the Land Tax and the heavy Customs Duty per "Oruba" as well. Our cash requirements have diminished considerably of late, mainly I think from the fact that station hands have not been in a position to save much money, with the result that clients' and our own cheques are less.

16. 1211 - 32. I may explain here my reason for cabling you on 29th July the stock of coal on that date. The P.S.N.C. cabled that the "Huanchaco" sailing on 20th August would call here, and an assumption was justified that you or Lowden's would ship coal. My despatch 578 - 10 is not likely to reach you until the end of August, and I am anxious that you should not lock up a large sum of money in coal. Consequently I cabled to let you know that we have 150 tons here and asked you not to ship more than the "Falkland" would require. The 150 tons we have should last us for about 12 months, unless it is drawn upon by the "Falkland", and possibly in a year's time it will be cheaper.

17. 1211 - 34 & 44. I cannot refrain from expressing regret that so much has been expended upon furniture for the Manager's House, and that my endeavour in January to stop the purchases failed. The articles specified in my list of October last are needed, but I said then that renewal of carpets was "out of the question", and it is really

mortifying to see that there has been such a large expenditure on these that could have been postponed until better times. The wording of your paragraph would indicate that tea and sideboard cloths were included in my list, but these were not asked for.

18. 1211 - 36. Mr Paeke sent me a copy of his application to the Governor for his consent to transfer the Fitzroy and Port Louis property, but so far I have not heard the result. All this legal business will be attended to as soon as possible. The Government officials, like ourselves, are very busily occupied on the unusually heavy mass of mail matter.

19. 1211 - 37. I am afraid that our typewriters may not make much of a success of 8 carbon copies, and I would be obliged if you would ascertain whether there is any mechanical appliance that would be of service in this way. You are aware that the energies of the Stanley Office are severely strained at mail time, and to get 8 really legible copies from a single typing is nearly impossible. We have not time to type out a second copy of the Despatch, and I should have thought that the extra copy might have been obtained by taking a press copy off the original on its arrival in London.

As regards Mr Slaughter's letter, I have to keep back two copies, one for subsequent mail and one for record in the Office. If you require 7 copies, that means taking 9 in all, which is impossible at one typing. Can you not relieve us of some of this work by having them copied in London?

20. 1211 - 39. Copies of the Douglas Station Account for 1920 and first half of 1921 are being sent to Mr Ansdell by this mail as directed, and a draft on Messrs Jacomb Hoare & Co. for the balance due on 30th June is enclosed herewith.

No. 581, per "Ortega", 8/8/21. 7.

21. 1211 - 40. The account of the proceedings of the meeting at the Colonial Office is very interesting, and the opportunity afforded of bringing to the notice of the Department the serious condition of the sheepfarming industry will doubtless have a good effect.

22. 1211 - 42. This has been communicated to Mr Anning and Mr Elliott through the Camp Manager.

23. 1211 - 43. Most of the Station managers have been to Stanley recently, and from conversations with them I am convinced that all are fully alive to the necessity for curtailing expenses to the lowest possible figure. It must be remembered that until the accounts arrived and balances for 31st December last were calculated I was entirely in the dark as to how anyone stood. In fact it will not be until we have been able to get out the balances for 30th June that I shall be in possession of information as to the state of every client's account.

24. 1211 - 44. I take it that this paragraph has been written for purpose of record. It describes accurately the practice that obtained during the whole period of the tenure of the management of the Chairman down to myself in 1917. On the expiration of Mr Houston's term there was no opportunity of effecting replacements.

25. 1211 - 58 and 1212 - 10. Mr Peters's Agreement is, as you say, quite clear, but what I wanted to know was whether what he told me as to his conversation with you and Mr Houston was correct, and consequently whether the Directors would be willing that his contract should terminate in April, 1922. It seemed possible to save the wages of a certificated Engineer for a while, but as your despatches now stand Peters's Agreement is regarded as terminating 5 years after the Armistice - that is, 11th November, 1923.

26. 1212 - 11. The Board's instructions as to Port Stephens and Port Howard accounts will be carried out. As regards

No. 581, per "Ortega", 8/8/21. 8.

Cameron's and Greenshields's accounts, the former's account shows a credit on 30th June of £228, and the latter has been settled to that date by the draft on Messrs Jacobb Hoare & Co. enclosed with this despatch. But on the question of lien you evade the point I put in 576 - 4. You tell me to obtain a lien although in that despatch I quoted you the Ordinance providing for preferable liens on stock and produce, and pointed out that it was at least doubtful whether the managers here were empowered to execute them. Fortunately there is no immediate necessity to secure any lien, but the above point must be decided before I could demand any such lien here.

27. 1212 - 12. If you refer to the 4th paragraph of my letter of 18th March to the Colonial Secretary you will see that I quoted there the rate of commission on Money Orders, and it was, I believe, this argument that raised the Governor's ire so much, for in discussing the letter with him he remarked very contemptuously, "when you are discussing freight rates with the P.S.N.C. you don't bring up Parcel Post Rates." I replied that the point was perfectly germane, and that as regards parcel post rates I knew that some rubber companies had found it cheaper to send their rubber by parcels post than as freight. Mr Gresham and myself discussed whether we ask you to send out Money Orders, but we have held quite a large cash balance, and apart from that fact it would only have caused more bitterness. I have not tested whether the Treasury would accept British Treasury notes as legal tender, but they pass current in the ordinary way here.

28. 1212 - 15. I regret that we have not been able to send you by this mail complete information as to sheepskins.

29. 1212 - 16. Petrol is at present stored quite by itself in a small isolated shed. Unfortunately this is a wooden shed as we have no mason in Stanley to put up a stone

No. 581, per "Ortega" 8/8/21. 9.

or brick building. The stock is now 36 cases only and there is very little prospect of renewing the supply in the near future.

30. 1214 - 7. Messrs Lowden, Connell & Co. have written me direct as to the instance of unnecessary steaming of the "Falkland" in Port Louis. I had no knowledge of the incident before and will go into it with Captain Owen on his return from the West. It is doubtful if he will be back before the "Ortega" arrives as he has been detained by bad weather in East Falkland ports, has lost one of the crew (presumed drowned) and has been instructed by Messrs Lowden, Connell & Co not to incur overtime. I will reply direct to Messrs Lowden, Connell & Co. and send you a copy of the correspondence.

31. 1214 - 2. You are of course entitled to your opinion as to the means by which the decision of the Colonial Office was obtained reducing the reputed acreage of Lafonia but I am a member of the Executive Council. The Colonial Office decided that no refund of overpayment would be allowed.

32. The P.S.N.C. have now passed most of our outstanding claims and you will see in our account with them by this mail that we are credited with the sum of £329. 8. 4. as per detailed list enclosed.

33. I have discussed the question of the "Gwendolin" with Mr Roberts and Biggs and, after considering the matter from all points, decided to telegraph to you recommending that she should be run for the present at any rate as she is, under sail alone, using her for the nearer ports, and leaving the more distant ports to the schooner fitted with the auxiliary motor.

The case presents itself as follows:-

- (1) The vessel is 50 years old.
- (2) She is the fastest craft in a light wind that we have ever had here.

(3) The cost of altering her and installing a motor would cost something like £1000.

(4) The motor engine would displace some 30 bales of wool, or, say, 20 tons of cargo space.

(5) We are not quite able to guarantee that the installation would be a success. We know that she would do from 18 to 24 trips per annum according to whether used for near or distant ports, and that she should be run for about £2000 a year.

In view of this I would strongly recommend trying her for say a year or so as she is, we risk nothing and lose nothing by doing so, and the experience gained from the running of the other proposed vessel with auxiliary motor would enable the Directors to judge whether it would pay to instal one in the "Gwendolin" also. Should the Board, however, decide to try the experiment at once, we would, of course, do our best over the installation.

34. As regards the immediate future of the coasting work I imagine that the "Falkland" will continue running for a while, at any rate until say next February or March. This should enable her to earn enough to wipe out the deficit and would ensure our shipping some 3000 - 4000 bales early in the year. If you are able to place here by that time a schooner with auxiliary motor capable of carrying nearly 200 bales we could cope with the work for the remainder of the season with that and the "Gwendolin". You would then have practically up to October 1922 to purchase another motor schooner or decide to try and carry on with the "Lafonia" in addition under sails alone.

As regards the "Falkland" herself the Chief Engineer has told me more than once that the boiler wants overhauling and that the steam pipes are badly in need of repair. Whether he has written on the subject or not to Messrs Lowden, Connell & Co. I do not know; however, the

No. 581, per "Ortega", 8/8/21. 11.

periodical Boiler Survey has to be ^{made} arranged as soon as it can be arranged.

ORIGINALS

35. We have managed to get out the half-yearly accounts of Holmsted Blake & Co.Ltd, Dean & Company, and J.L.Waldron Ltd, and are sending the same to you by this mail as this may result in the latter two paying you the amounts of their debit balance.

I am,

Sir,

Your obedient servant,

Manager.

- 5. Store Indent No. 555 with carbon copy
- 6. Remarks on Stores No. 555
- 7. Camp Manager's Report dated 5th August, 1921
- 8. Farm Bonus Dist. 1920
- 9. Establishment & Wages Quarter ending 30th June, 1921 (Camp.)
- 10. P.I. Gazette, 1st August.
- 11. P.I. Magazine, August, 1921.
- 12. P.S.N.C. Account to 4th August, 1921
- 13. Memoranda for Secretary
- 14. West Store Cash Voucher, July, 1921
- 15. Half-yearly Account, Holmsted, Blake & Co Ltd.
- 16. Half-yearly Account, Dean & Company
- 17. Half-yearly Account, J.L.Waldron Ltd.
- 18. Half-yearly Account, Greenhields Brothers (Carbon only.)
- 19. P.I. Shipping Report.
- 20. Correspondence:- (1) Lowden, Connell & Co.
- (2) E.S.N.C. Liverpool.

SPECIFICATIONS

Mark.	Wool.	Skins.
Heart.	211	7.
F	11	

DUPLICATES (Originals per "Sorata" 14th July, 1921.)

Despatch No. 579.
Statement on Accounts.
Remarks on Stores.
Specification shipment per "Sorata" 14/7/21.

ORIGINALS.

1. Despatch No. 581.
2. Statement on Accounts.
3. Remarks on Accounts.
4. Cash Book, July, 1921.
5. Store Indent No. 566 with carbon copy.
6. Remarks on Stores No. 566.
7. Camp Manager's Report dated 5th August, 1921.
8. Farm Bonus List, 1920.
9. Establishment & Wages Quarter ending 30th June, 1921 (Camp.)
10. F.I. Gazette, 1st August.
11. F.I. Magazine, August, 1921.
12. P.S.N.C. Account to 4th August, 1921.
13. Memoranda for Secretary.
14. West Store Cash Voucher, July, 1921.
15. Half-yearly Account, Holmsted, Blake & Co. Ltd.
16. Half-yearly Account, Dean & Company.
17. Half-yearly Account, J.L. Waldron Ltd.
18. Half-yearly Account, Greenshields Brothers (Carbon only.)
19. F.I. Shipping Report.
20. Correspondence - (1) Lowden, Connell & Co.
(2) P.S.N.C. Liverpool.

SPECIFICATIONS.

Mark.	Wool.	Skins.
Heart.	211.	
F	11.	1.

The Secretary,

LONDON.

No. 582, per "Orcana" 8/9/31

582

8th September,

21

"Orcana"

Sir, it came to the same thing. I was glad to hear him however. I wrote last per "Ortega" which left on the 10th August, and received on that day your despatch No. 1215 dated 13th July.

2. 1215 - 2. The payment of bonus @ 5% only against 15% for previous years which resulted from the misreading of the mutilated telegram has indicated fairly well to the employees that any bonus will depend entirely upon the year's results. They all know what a slump there has been for all sheep farmers, and I doubt if any expect to receive a bonus next year.

3. 1215 - 3. At a recent ^{stated} interview the Governor referred to the letter of 17th May to the Colonial Office, and read the last paragraph which runs as follows:- "I am to add that my Directors will do all that lies in their power to meet the present crisis, and will be grateful for any suggestions that your department may think fit to make."

This was referred to the Governor for his suggestions, and he in his turn asked what I suggested. To complete the circle of futility I suppose it only remains for me to ask what you would suggest, but I refrain.

Mr. [unclear] told the Governor that when that letter was written there was a strong probability that we might not

The Secretary,

LONDON.

No. 582, Per "Oreana", 8/9/21. 2.

be able to sell a bale of wool, and in such a case with no prospect of being able to borrow from our bankers, and having already raised £55,000 by debentures at 8%, we should have had no money to pay wages, much less land Tax. I should then have been compelled to inform him that we could not pay this for the farmers - he said it would have been up to them to explain that to him, but I replied that it came to the same thing. I was glad to tell him, however, that the situation had been saved for the time being by the advent of German buyers and it is interesting to note that this was shortly afterwards confirmed by a wireless telegram that he received. We then discussed the question of deferring payment of land purchase instalments; he thought that no one farmer should receive special treatment, but that all should be treated alike if possible. There is no urgency at present but should any case arise I feel sure that he will meet it as far as possible.

more 4. 1215 - 4. The Governor does not like my suggestion to give up the strip of land from the Murrel to Sparrow Cove, as for one thing it would entail a large outlay for fencing. He thinks that we ought to give up Sparrow Cove altogether and I repeated what I had told him before that that was the only piece of hard ground on the station, and the loss of it would spoil the whole property. moreover, we had fenced off the point and planted tussac. He said that we had done this only after he had mentioned the matter, but I told him this was hardly so, for it had been contemplated for a long time and we only awaited the chance of landing the material. He said he would like to write Mr Packe about it and I replied that it would be better if he did, for Mr Packe knows more than anyone else about that land and its value to the Port Louis Station.

I said that perhaps a piece running North & South fenced off by a line from the head of Weir Creek to Berkeley Sound might be arranged. he said he would prefer that

to the other suggestion. Finally I told him that I did not feel competent to discuss the matter until Mr H. C. Harding returned, and presumably the Governor will write to Mr Packe. Perhaps Mr Packe would say whether it would be less detrimental to us to give up Port Harriett point, for the Governor seems determined to have something. This would be more convenient for Stanley and would mean much less fencing.

5. 1215 - 8 & 10. I am very glad that the Board decided not to purchase the "Venus" (?), for judging from the photographs she would never have done for this coast.

6. 1215 - 9. Upon the receipt of your despatch I cabled asking you not to guarantee Sullivan House to Mr Neave, adding that we could let him have an unfurnished house, and might arrange to lend him some furniture. As Mrs Creece had to go home by last mail the Chief Storekeeper's house adjoining the West Store is empty and this would be more convenient for him for getting across to the Naval Depot. Everything is so uncertain at present that we ought not to fetter ourselves in any way as regards Sullivan House.

7. We finished about the end of August all work in connection with the heavy shipments by the "Oruba" etc., and your telegram of 31st August informs us that the "Huanchaco" will bring 770 tons of coal. This seems a very large quantity - enough for the "Falkland" for over 12 months, and we have 150 tons of our own on hand.

8. The "Falkland" completed a trip to the West Falkland on the 15th August, and a few days later the deck hands were paid off. The periodical boiler survey on the main and donkey boilers, due some months back, is being held and the main boiler found to be in good condition except near the manhole doors. I enclose copy of letter to Messrs Lowden, Connell & Co. in which I have dealt with the question of unnecessary steaming.

We horsed out the West Falkland mail letters ex

"Ortega" to Darwin, whence they were taken over to the West in the Port Stephens cutter.

9. We have had such a spell of unusually bad weather that Mr Roberts has not been able to take soundings to the Eastward to test suitability for a slip way, but he has utilised this time employing the navvies in overhauling the equipment of the schooners in case they have to go into commission.

SAILS. Both schooners are fairly well off for these, which, though old, have been kept in good repair, but in the event of schooners running regularly some new ones will be required before long. They could be made here but I do not know how the local cost would compare now with what sails cost to make at home. The "Lafonia's" rigging will mostly have to be renewed, but we have a good deal of rigging salvaged from the "Malvina" in good order which will come in for this.

CREWS. As regards masters we can try local men for a start and now that we have a marine superintendent who will command confidence it would be a good opportunity to place the masters and crews of the schooners under his immediate control. Osborne, who commanded the "Lafonia" for many years is leaving Pebble Island - he was always slow in starting and I fear that the years he has spent on an island will have made this worse rather than better. But he is very careful and knows the coast well, and might be given a trial. We ought to be able to man two schooners with local men for there are a fair number of unemployed and possibly some who have sailed on the "Falkland" would go in schooners again.

EQUIPMENT. If a new schooner is purchased she will presumably be supplied with a full set of flags and a chart of the Islands.

The flags originally supplied for the "Lafonia" and "Gwendolin" are in such bad condition that there is

No. 582, 8/9/21, per "Orcana", 5.

nothing for it but to have a new complete set of signalling flags for each. We have Red Ensigns here.

Each of the three schooners should have a complete set of all the small enlarged local charts of the Islands. A list is enclosed showing what we have here now, but possibly some of these are obsolete. We should be glad if you will make up three complete sets. As these are not required very often they need not be linen backed.

There are no binoculars here for either schooner, and I think that each vessel should be provided with a pair of good night glasses with a wide field.

Please send at the same time for the Office one each of the latest charts of Stanley Harbour (inner), and Stanley Harbour with Ports William & Harriett (Admiralty number 1774.)

The intention of the Government to have a steam vessel of their own capable of coasting to the West has now taken definite shape, and the purchase from the Admiralty of a steam drifter has been approved. The boat purchased is a wooden drifter built at Lowestoft about 3 or 4 years ago; length 86 feet; breadth 19 feet; depth 10 feet; coal consumption 4 to 5 tons per 24 hours steaming at full speed.

In giving me these particulars the Governor asks specially that they should not be made known in South America.

The cost is £1000 plus something like £1500 for re-conditioning; and to this has to be added the cost of getting her out, which will make the total probably £5000 to £6000.

The Governor's general idea of the matter is - Primarily, to have something which will enable the Government to work, not merely to protect, the seal rookeries round the Islands. In the early part of this year over 900 sealskins were taken by Chilian poachers and landed at Punta Arenas, there being no secrecy as to their having been

taken from the Falklands? Secondly, he thinks that the Government should have some means of their own of communicating with the West Falkland, especially in view of the probability that we shall have to revert to schooners. He told me that he has no intention whatever of carrying cargo and that he would not propose to run the steamer on a timetable, for this would enable seal poachers to time their raids on the rookeries when the steamer was in Stanley. She would be available for taking out mails and carrying passengers, and he holds a fairly strong view that the West Falklanders deserve more facilities from the Government in this way. He hopes that the proceeds of the sealing will go far towards meeting the annual cost of running the steamer, but this is problematical.

Of course one feels that this will most likely be a big annual expense to the Colony, but for years the Government have hankered for independent means of communication, and successive Governors have advocated this. Mr Middleton said that the subsidy asked by Mr Houston for a mail contract for the "Falkland" was £1800 per annum, and presumably in his correspondence with the Colonial Office he contends that this expense would be saved, and that the extra expense to the Colony would be only what the steamer's running costs beyond that sum. If the value of an inter-colonial mail service is appraised at £1800 it is possible that they might make up the balance with the passage money and proceeds of sealing.

With these arguments he is able to make out a good case to the Colonial Office, and in view of the fact that they had favourably considered the project for a much larger vessel of the trawler class it would be useless to offer any opposition. There is no doubt that they mean to have something, and if one can succeed in inducing them to moderate their plans to the least expensive, it is all that can be hoped for.

No. 582, per "Orcana", 8/9/21. 2.

So far as we are concerned it leaves us all the coasting trade except passengers, and we could not contend that schooners provide adequate facilities in this way. Most people here, after being used to steam for the past few years, view with horror the prospect of having to revert to schooners for travelling round to the West, and one cannot be surprised at this feeling. Consequently, if we did protest against the extravagance of a Government steamer we should certainly have public feeling against us to that extent. The loss of passage money to schooners would be inconsiderable, we shall no doubt get some passengers, especially from the West Falkland to Stanley when a moderately quick passage can be expected. The mail contract hampered the "Falkland" very considerably, and with schooners it would be the same. Before the days of steam, when we ran the mails by schooner, it would often happen that the schooner would be lying loaded and ready to sail, but had to wait a day or two for the mails. Naturally, she often missed a fair wind and probably lost many days through a delay of 24 hours.

On the whole, therefore, I feel that as the Government were determined to have some vessel of their own this is the least detrimental to us. We can continue to do all the cargo carrying work and shall not be hampered by delays for mails.

11. So far as I am able to judge at present our wages bill compared with 1920 should show the following decreases:—Camp, £3000; Stanley, £800. The bonuses paid this year are also less by £800 and £700, so that the total decrease is well over £5000.

In connection with this I may add that we shall recover a fair amount of the Stanley wages for work done for the Government. I reported that the labourers had been employed for some weeks on the track from Stanley to the Head of the Bay; since then the carpenters have done various

jobs for the Government, and are now occupied on the repair of their steam launch "Penguin" as I contracted to carry out these repairs for £470. I do not expect to make much out of it, but wanted to show the Governor that he can get work done by our men cheaper than by having carpenters out from England. It means that the revenue was saved the enormous expense of building houses for men from home, and their passages.

12. I have not been able to get on with the registration of the transfer of Mr Packe's property to the Company. The Governor says that it will be necessary to have all the deeds out here, especially the leases which must be endorsed. I offered to telegraph for them, but he suggested waiting, as soon as this mail has left I will see him again, as, if a telegram has to be sent, it should reach you some days before the departure of the "Orita".

13. The question as to whether it is necessary for the masters of our schooners to be certificated ought to be threshed out and some definite conclusion arrived at. We have never been compelled to have a certificated master when the schooner has been coasting, but if she had to go outside the limits of the Colony a certificated man was always placed in charge.

The Merchant Shipping Act 1894, Sec. 92, amended by section 56 of the Merchant Shipping Act 1906 stipulates that every British foreigngoing ship and every British home-trade passenger ship must be provided with a duly certificated Master, and, if of over 100 tons, with a certificated mate in the case of a hometrade passenger ship - a hometrade passenger ship is defined as any hometrade ship employed in carrying passengers. But I understand that in 1914 the Merchant Shipping (Convention) Act was passed and in Part 2, Section 14, a passenger steamer is held to mean a steamer which carries more than 12 passengers.

If a vessel carrying less than 12 passengers is

at not less than

Wages,	£1200
Overtime,	400
Victualling,	550
Deck stores,	200
Insurance,	250
	£ 2300

If you require to earn in addition £3 per day for depreciation and sinking fund it will be necessary to budget for a revenue of £2400 per annum each.

In estimating earnings we may eliminate any passage money, for with the Government steamer running our receipts in this way would be negligible.

The amount of outward freight earned on stores by the "Falkland" from July 1920 to 30th June, 1921 may be taken as a fair guide. She carried 1325 tons and received £2974, making an average freight of 32/6 per ton. Since then the rates have been reduced by 15%, reducing the average to 27/6, and are now as follows:

To Berkeley Sound & Fitzroy,	per ton,	£	16	8
Lively Island & Chaiseul Sound,		1	1	8
Other East Falkland Ports,		1	5	
Speedwell Island,		1	10	
Fox Bay & Port Howard,		1	15	
Other West Falkland Ports,		2		

At these rates, averaging 27/6 per ton, the total earnings on 1325 tons of cargo would amount to £2500, or £800 for each schooner.

Excluding the shipment per "Huanchaco" in October 1920 the wool and skins shipped by 6 steamers amounted to 7756 bales weighing 2082 tons, which gives an average weight per bale of 601 lbs. Probably the produce shipped by the "Huanchaco" consisted of lighter bales and we shall be quite safe in estimating the average weight per bale

back on page

No. 582, per "Orcena", 8/9/21, 9.

not a passenger ship our schooners would be simply home trade coasting vessels and consequently would not be required to have a certificated Master. The "Lafonia" is 94.70 tons nett register and the "Gwendolin" 85.85. The Merchant Shipping Act 1894 is applied to this Colony *mutatis mutandis* but, although any amendments subsequent to 1900 have not been specially brought into force here, the Government would no doubt regard them as binding.

Could you ascertain whether coasting schooners at home carrying not more than 28 passengers are allowed to sail without a certificated Master? If so we could quote that and endeavour to obtain a similar ruling definitely for our schooners here.

14. I have gone into the question of coasting earnings and have tabulated information to enable us to estimate what freights should be charged in order to make schooners pay. The first point is - what will it cost us to run the "Lafonia" and "Gwendolin" in these days of higher wages and all-round expenses?

Wages. The minimum would be £100 per month, as follows:-
Master, £18 - £19; Mate £14 - £15; Cook, £12; 5 deck hands at £11 each. And we should probably incur further expense for overtime as this principle is now general on all ships; we may call this another £100 per annum.

Victualling. I have no data on which to form any estimate but think that this should be done for, say 3/6 to 4/3 per head per day, equal to £550 per annum.

Deck Stores and Renewals. These may be put at £200 per annum for a year or two at all events as sails and running gear are by no means new.

Insurance. On a valuation of £2000 the premium at 12 guineas per cent would amount to £250 per annum.

Therefore, omitting the matter of depreciation and reserve sinking fund, the annual cost may be reckoned

No. 582, per "Oreana" 8/9/21.

of wool and sheepskins at 576 lbs. In the last two years of collection of produce by schooners the "Lafonia" and "Gwendolin" brought in about 3000 and 2700 bales respectively. I take these figures for purposes of calculation of a year's receipts and expenses, although if we have an auxiliary schooner in addition there might not be enough work, in the season of canning, to keep all three fully occupied for a whole year.

If ocean freights come down, a through freight of \$12.16 8 per ton weight or 17d (one and three eighths) per lb might be divided into \$5.15. 0 for the U.S.A.C. and \$4.1. 8 for coasting. This would give us 7/16 d (seven-sixteenths) per lb for coasting, equal, per bale of 576 lbs, to 21/- of which bulksage would take 4/-, and the schooner 17/-.

The schooner's total earnings would then be:

	Freight on Produce	Freight on Stores	Total	Running expenses	Loss
Lafonia	2550	800	3350	3400	50
Gwendolin	2295	800	3095	3400	305

We should probably make up this deficit by freight on tallow and hides, by economies in working, or by some increase of freight on outward stores. Outward mixed cargo really entails more labour in loading and discharging than bales of wool and sheepskins, the local freight on which is, by the "Falkland", an allround \$3.10. 0. per ton, and I see no reason why there should not be slightly increased. If, however, this is not considered desirable we must in the last resort reduce the depreciation and sinking fund.

Your obedient servant,

At the same time I should point out that although the item of \$1100 for depreciation and sinking fund is a

large proportion of the calculated running expenses of £3400, we ought to show a good margin for this reason, namely; our own produce is all nearer to Stanley than clients' and therefore collected at much less expense, but at the same time, this produce is paying the same freight to the schooners as the clients' collected at greater expense. A large proportion of any profit consequently comes from our own pocket, namely, the Fama, and clients' produce will be paying only the bare cost of collection.

I have gone into all this detail in order to demonstrate that, in the consideration of rates of freight it will not be safe to estimate the coasting proportion at less than 7/16d (seven-sixteenths) per lb for schooners.

15. I understand that if a schooner is purchased in North America you proposed to load her with timber for here. Would it not be better to load her with cases of kerosene - freight on this from Montevideo is now 5/- per case. Could a supply of petrol be sent in the schooner, as we have no means at present of importing? We have so much timber here now that I would deprecate your sending any more.

16. Since writing para. 12 I have seen the Governor again, and cabled you yesterday for the leases of the Fitzroy and Port Louis lands.

17.

11th September, '21

The "Orcana" will arrive at daylight tomorrow. Since Mr Slaughter's letter was received we have had a further fall of snow accompanied by hard frost. The foremen at Port Louis and Fitzroy report by telephone that our losses on these sections are quite light.

I am, Sir,

Your obedient servant,

Manager.

No. 582, per "Oreana", 8/9/21.

696

ENCLOSURES.

DUPLICATE (Original per "Ortega" 8/8/21.)

Bill of lading for shipment per "Ortega".

ORIGINALS.

1. Despatch No. 582.
2. Remarks on Accounts.
3. Statement on Accounts.
4. Remarks on Stores.
5. Store Indent No. 567 with carbon copy.
6. Journals, June and July, 1921.
7. Camp Manager's Report, dated 5th September.
8. West Store Cash Voucher, August.
9. Stanley Ledger Balances, 30th June, 1921.
10. Battle Memorial Committee - Letter and Chart.
11. s.s. "Falkland" Manifest, 13 H.
12. Falkland Islands Shipping Report.
13. P.S.N.C. Account, 31st August, 1921.
14. List of charts on hand.
15. Envelope addressed A. Morrison & R. Grant.
16. " for James Houston (Private matter.)
17. " addressed The Secretary.
- 18 Correspondence - Lowden, Connell & Co.
Colonial Government.
F. Browning, Manager, B. Browning.
19. Confirmation of cables.

Specifications.

Mark. no one event. Wool. ade any definite application. There
J.L.W. doubt that 3. stance from the Government should
E.E.M. be sought as 5. set resources - once you place yourself
J.B. their hands y 100. subjected to all sorts of inquiry

The Secretary.

LONDON.

"Huanchaco"

583.

21st September,

21.

Sir,

My last Despatch left per "Orcana" on 12th September. I received on 12th September your Despatch 1216 of 8th August, and on the 19th instant your Despatch 1217 per "Huanchaco".

2. 1216 - 2. Your news as to the wool market is certainly more cheering, and I assume that as soon as there is a reasonable certainty of better prices you will instruct me as to forwarding the balance of the last clip. I should like to have heard how the "Oaklands" cargo turned out, both as regards tallies and stowage, but possibly this information will follow later. Apropos of the outlook generally I have had a further talk with the Governor since writing paragraph 3 of my last despatch. He said then that if the question of assistance to the farmers from the Government became urgent he would be prepared to formulate some scheme for loans on mortgage, but he desired to avoid any repetition of past experience he has had in other Colonies. Similar questions had arisen and a good deal of trouble taken to prepare schemes for loan, and he had then found the time and trouble wasted as no one eventually made any definite application. There is no doubt that assistance from the Government should only be sought as a last resource - once you place yourself in their hands you are subjected to all sorts of inquisi-

The Secretary,

LONDON.

tion and it becomes very difficult to get out of their clutches.

3. 1216 - 4. We shall certainly be glad to have the opportunity of trying the lower grade oil in the Stanley motor boat, taking the year through her consumption is a little over a gallon a day. If you will send out a cask for trial we will report as soon as possible how it answers.

4. 1216 - 7. I note that owing to the frequent changes in the bank rate you will strike an average rate in charging interest on freight. In all probability it would be advisable to adopt the same principle for debiting interest on clients' accounts; if you agree, would you advise us at the end of the year what rate you have decided upon. It would be as well to have this by cable in order that we may be in a position to complete the interest as soon as possible after the end of the year.

5. 1216 - 8. The additional 5% bonus will now be paid and the opportunity will be taken to warn all employees that it is improbable that there will be any bonus at all in respect of the present year's operations.

6. 1216 - 12 and 13. There does not appear to be any prospect of an early reduction in freights. Officers on the P.S.N.C. boats have said that they are now running at a loss in spite of high rates, the fact being that there is so little cargo offering. It cannot possibly pay them to send the mail boats here for the small tonnage now being carried, but they probably think it wise to retain all they can with a view to the future.

7. I postponed commenting upon the list of Insurances on the Company's property in the hope of being able to go over the camp items personally with Mr Slaughter, but as the Policy is renewable in January next, the question had better be dealt with at once.

The general question governing the policy to be adopted with regard to insurance was discussed some years

ago in Despatch 977/16, and the Managing Director there laid down the general lines on which we should insure, expressing the opinion that, generally speaking, when the property is isolated and the Company does not stand ~~in~~ to lose much by any one single fire, they might take the risk themselves, placing these risks in our own underwriting fund.

Acting upon this, all shepherds' houses were excluded from the Royal Policy, but in 1919 these were again placed with that Company. A year ago the Chairman expressed the opinion that these should be insured by ourselves and the matter was mentioned in London Remarks on Accounts of 20th January. But as these are still included in the Royal Policy I gather that the Board have decided not to insure these ourselves, and this view is supported by the fact that the camp houses taken over from Mr Packe are also placed with the Royal, although I suggested on the list that they should be insured in the F.I.Co's own fund. The new Policy, however, does not seem to have been scrutinised or referred to Mr Packe as suggested in my memorandum of April last, for the Policy describes the furniture in the Manager's house at Fitzroy as being the property of Mr Packe and states that the house is occupied by Mr R.S. Felton, who died a year and a half ago. Whether the Directors have decided to place all insurances out or not I still think that the view expressed in despatch 997/16 is correct, and that it is not necessary to insure Camp houses with any outside Company, for in the past 30 years

the only casualty we have had in shepherds' houses was the Tranquilidad house in 1919. In that case the chimney was known to be defective, but instead of rebuilding it a stove pipe was led into the chimney and resulted in the house being burned down. All these camp houses might well be insured by ourselves, also some isolated houses in the settlements, the Stanley smithy and contents, the "Flora", cutter and dinghies at North Arm, and Mr Roberts thinks that it is not worth while to place out the risk of fire on the lighters

(5 at \$900 each). I enclose a new list of all property and have suggested certain revisions of the amounts.

8. 1214 - 5. You will have received Mr Roberts's report on the slipway at Montevideo.

Mr James Crichton gave him a letter of introduction to Mr Stella asking him to procure admission for Mr Roberts to the Government yard and also Mr Miller's but although Mr Stella was away Mr Roberts was able to make a thorough inspection of the latter's slipway. Mr Roberts did not leave the letter of introduction to Mr Stella, but Mr Crichton communicated with him direct; his letter must either have considerably misled Mr Stella, or the latter must have misinterpreted it altogether, for he has sent a letter to Mr Roberts, copy enclosed, from which you will see that he is under the impression that we possess a fleet of 30 whalers which we wish to slip and repair at Montevideo!!! This business is somewhat unfortunate for you will see that Mr Stella approached the Uruguayan Government and induced them to give further facilities to the whaling steamers and to grant a rebate of import duties on all materials used for repairing them. Apparently the Uruguayan Government are very anxious that the port of Montevideo should not lose this trade.

9. A few days after his return Mr H.C. Harding went round all the Sparrow Cove and Saddle Hill ground so as to be prepared for a discussion with the Governor as to the land he wants us to give up for cattle grazing. Apparently the Governor does not want to spend much on fencing, but this is inevitable unless a large block is given up, and this we cannot be expected to agree to. Mr H.C. Harding thinks that the only offer we should make would be about 2 square miles of the South-west corner of the Saddle-back ground, entailing some 3 miles of fencing. He says that this land is about equal in quality to the Stanley Common and should be capable of supporting about 100 cattle - the land adjoins

Bender's, and if, as is probable, the Government eventually resume possession of Moody Valley Farm, they would have about 9000 acres in one block. I am sure that Mr Packe is quite right in saying that the Government would never part with the foreshore of Port William, but his lease extends until 1936.

Apropos of this and the question of the Government acquiring Sullivan House and paddocks I would refer again to 577/9 where I reported that the Governor had hinted at our giving up the lease of Admiralty lands where the Stanley mutton sheep are grazed. I see that the lease of this expires in May, 1925. Seeing that it is not improbable that the Government may ask the Admiralty to lease the land to them on the expiration of our tenure I think that we had better hold on to the paddocks to the westward of Sullivan House as a standby for keeping butchery sheep. McGill rents these at short notice, together with skin shed and the slaughterhouse which the Board of Health condemns periodically, but is afraid to enforce as they think it would give us a monopoly of selling mutton in Stanley.

10. On the question of the transfer of Mr Packe's leases to the Company, the Government have written to Mr Felton as follows:-

"I am directed by the Governor to transmit to you
"a copy of a letter dated 20th March, 1921 from Mr Vere
"Packe in which application is made for the approval of
"the transfer of ^{the leases of} certain Crown lands.

"2. I am to request that you will be so good as to
"furnish in the first instance a copy, duly authenticated,
"of the instrument recording acceptance by the Falkland
"Islands Company Ltd of the obligations of Mr Vere Packe
"under the leases to which reference is made."

I have written to the Colonial Secretary (copy enclosed) to the effect that the Company has not so far as

I am aware executed a special instrument accepting the obligations for the reason probably that the acceptance of the leases entails the acceptance of the conditions under which they were issued and the obligations which they impose.

The Governor has not made any reference to this in conversation, and it rather looks as if obstacles are being raised. I am beginning to think that, if it is in any way possible it would be very desirable that either we or Mr Packe should complete the purchase of the land without delay, but this would mean an outlay of about £12,000 (twelve thousand pounds). I suppose that Mr Packe has in England the letter from the Colonial Secretary admitting his title to purchase the land?

11. I have gone over all items of furniture with in Sullivan House with Mr H.C. Harding, and made a fair valuation. Excluding some articles which Mr Packe wishes to retain, the value of the furniture may be taken at a level £500. The only persons competent to make an independent valuation are Mr Biggs and Mr Creece, and I will await your reply as to whether the figure of £500 is accepted on both sides, or whether either desires a further valuation.

12. I have noted all that you write in Despatch No. 1217. there is nothing calling for any answer from me at present.

13. The "Huanchaco" is delivering 620 tons of coal on Messrs Lowden, Connell & Co's account - she had a further 150 tons on board for the Admiralty Wireless Station, but the Captain received instructions by cable at Montevideo not to deliver this quantity. The "Huanchaco" will take the produce we have on hand - 332 bales of wool and 5 bales sheepskins, for which specifications and Bills of lading are enclosed herewith.

I am,

Sir,

Your obedient servant,

Manager.

ENCLOSURES.

DUPLICATES. (Originals per "Oreana" 12/9/21.)

Remarks on Timber ex "Oruba" and "Scrata"

ORIGINALS.

1. Despatch No. 583.
2. Remarks on Accounts.
3. Statement on Accounts.
4. Remarks on Stores.
5. Store Indent No. 568.
6. Camp Manager's Report dated 19th September, 1921.
7. Darwin Coal Consumption (letter, Slaughter to Harding).
8. Notes on Insurances.
9. F.I. Gazettes, September 1st and 16th.
10. Copy P.S.N.C. Account dated 20th September.
11. Specification shipment per "Huanchaco" which arrived during
12. Correspondence - Slipway - Juan B. Stella, my interview to discuss Mr Lacke's leases - Colonial Govt.
13. Confirmation of cables.
14. Letter addressed P.D. Home.

The Secretary,

LONDON

"Orita"

584.

17th October, 21

Sir,

I wrote last per "Huanchaco" on the 21st ultimo.

2. Further correspondence with the Government on the subject of the transfer of the Packe property is enclosed. I do not quite understand the attitude of the Governor as to this, for he has in conversation regarded the transfer as a fait accompli, and, in fact, treated it as such by asking us to give up Sparrow Cove for grazing. Up to the present I have not answered the last letter which arrived during my absence at Fitzroy, nor have I sought any interview to discuss it. The Governor seems to resent the deed having been executed before formal permission to transfer was asked, and at one interview said "Mr Packe has not thought fit to detail the leases which he wishes to transfer". I replied that these were all recited in the deed, and handed it to him to read, which he did fairly carefully. I do not think that he means in the end to refuse sanction, but that he is possibly working off a little resentment and demonstrating that the Government must be consulted. I do not care to ask for a special interview, for he may think that he has frightened us - if the question crops up casually one could discuss it and say that the matter is rather at an impasse, for the Governor holds that his approval must be obtained before a transfer can be made, but he will not give

The Secretary,

LONDON.

this until he is informed of the terms.

I cannot very well ask what reply is being sent to Mr Packe's letter and feel that unless the Governor himself broaches the subject I had better wait until I hear from the Directors. At any rate this hitch enables me to shelve the question of giving up land for grazing, and if the Governor refers to this again I shall be able to say that it is obviously impossible for me to discuss it whilst the land belongs to Mr Packe.

Perhaps it is fortunate that the management of Mr Packe's property both as regards accounts and actual working has been kept quite separate.

3. The "Gwendolin" made a successful trip to Fitzroy with sundry material collected from Sullivan House. I originally planned to go on to Mare Harbour so that Mr Roberts could have a look at the "Bertha" wreck and cargo but so much had to be done to put her in commission that there was not time for more than the bare trip to Fitzroy. The "Gwendolin" had been laid up for so long that a considerable amount of work was necessary before she was ready for sea; floors were taken up, ballast all cement washed, rigging and running gear overhauled and renewed where necessary, and a new water tank built into the forecastle.

4. Your telegram of the 11th October instructing the "Falkland" to proceed to Buenos Aires arrived on the 13th and coaling was put in hand at once. I approached the Governor and arranged for her to call at Fox Bay and Port Howard en route for Buenos Aires, taking out to the West their accumulated mails, and the "Falkland" was to receive £100 for this. She would also have taken some 100 to 150 tons of cargo for those ports. On the 15th a telegram arrived from John Wright and Son, Buenos Aires, "Falkland quite impracticable definite". It is strange that Messrs Lowden Connell & Co should have telegraphed definite instructions before having ascertained that the

repairs could actually be carried out.

5. In order to minimise the running expenses of the high power Wireless Station the Admiralty have instructed that messages will be despatched from here on Mondays, Wednesdays and Fridays only; see copy of letter enclosed.

I am,

Sir,

Your obedient servant,

Manager.

1. Despatch No. 584
2. Statement on Accounts
3. Remarks on Accounts
4. Cash Books, August and September
5. Journals, August and September
6. Store Indent, No. 584
7. Remarks on Stores
8. Camp Manager's Reports dated 1st & 19th October
9. Return of Establishment & wages paid, Stanley and Camp, quarter ending 30th Sept.
10. Fare Bonus List (End 5)
11. West Store Cash Voucher, September
12. Darwin Carpenter's report, 30th September
13. Falkland Islands Gazette, 1st October, 1921
14. Falkland Islands Magazine, September and October
15. Copy of P.S.N.C. Account, dated 19th October, 1921
16. Falkland Islands Shipping report
17. schooner "Gwendolin" Manifest
18. Chart showing positions of houses etc.
19. Memoranda for the Secretary
20. Letter to W. Markham Dean Esq.
21. Letter to E.H. Goddard Esq.
22. Correspondence:
 1. Colonial Govt, re leases Mr Wake's land
 2. Colonial Govt, re leases Govt Reserves
 3. Re transmission wireless messages
 4. Lowden Connell & Co.

Confirmation of cables.

Specification.

<u>Mark.</u>	<u>Hides.</u>	<u>Tallow.</u>
8	18	2.

No. 584, per "Orita", 17th October, 1921. (sailed 19th).

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ENCLOSURES.

DUPLICATES. (Originals per "Huanchaco, 22/9/21.")
Supplementary Statement on Accounts.

ORIGINALS.

1. Despatch No. 584.
2. Statement on Accounts.
3. Remarks on Accounts.
4. Cash Books, August and September.
5. Journals, August and September.
6. Store Indent, No. 569.
7. Remarks on Stores.
8. Camp Manager's Reports dated 14th & 19th October.
9. Return of Establishment & wages paid, Stanley and Camp, quarter ending 30th Sept.
10. Farm Bonus list (2nd 57)
11. West Store Cash Voucher, September.
12. Darwin Carpenter's report, 30th September.
13. Falkland Islands Gazette, 1st October, 1921.
14. Falkland Islands Magazine, September and October.
15. Copy of F.S.N.C. Account, dated 19th October, 1921.
16. Falkland Islands Shipping report.
17. schooner "Gwendolin" Manifest.
18. Chart showing positions of houses etc.
19. Memoranda for the Secretary.
20. Letter to W. Markham Dean Esq.
21. Letter to E.B. Goddard Esq.
22. Correspondence.
 1. Colonial Govt, re leases Mr Packe's land.
 2. Colonial Govt, re leases Govt Reserves.
 3. Re transmission wireless messages.
 4. Lowden Connell & Co.

Confirmation of cables.

Specification.

Mark.

Hides.

Tallow.

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assured me that none of the public works schemes that had been advocated would be commenced, and he is thoroughly convinced of the necessity for every economy. It is very difficult to gauge the intentions of the Colonial Office but I believe that I am correct in thinking that Mr. Middleton was told before leaving England that the Falkland Islands "Falkland" via Buenos Aires. 31st October, 21.

585. of the Falkland Islands and that the balance of the revenue derived from the Dependencies after meeting the expenditure Sir, Dependencies proper could not be allocated to the

I received per "Orita" on the 19th instant your despatch No. 1218.

2. 1218 2. The telegram which it was intended to despatch on the 8th June was not sent. Mr H. V. Cobb who asked us to send the message cancelled it at the last moment. Recorders are made out at the same time as the telegrams, but the junior clerk who writes these was not informed that the message had been cancelled. The inadvertence is regretted.

3. 1218 - 5. Although we succeeded in disposing of considerable quantities of high priced provisions we have still on hand a fair amount of material such as iron and wood, the present values of which must be considerably lower than their invoice cost. Seeing that the cost of baling hoops has fallen from £54. per ton to £15, the value of the iron roofing that we have on hand must have dropped in somewhat similar proportion. I stated in despatch 580/3 that in taking stock at the end of this year we would value everything at the actual c.i.f. cost, but it would appear that we can scarcely hope to sell some of these goods at anything like the figure they actually cost us. I should be glad to receive the Board's instructions as to what percentage should be deducted at stocktaking to cover the depreciation in value.

4. 1218 - 6. From what the Governor has lately told me he evidently realises that in the present condition of the wool market it is impossible to increase taxation. He

The Secretary,

LONDON.

assured me that none of the public works schemes that had been advocated would be commenced, and he is thoroughly convinced of the necessity for every economy. It is very difficult to gauge the intentions of the Colonial Office but I believe that I am correct in thinking that Mr Middleton was told before leaving England that the Falkland Islands proper should raise sufficient revenue to meet the expenditure of the Falkland Islands and that the balance of the revenue derived from the Dependencies after meeting the expenditure of the Dependencies proper could not be allocated to the ordinary Colonial Revenue.

A table of revenue and expenditure was drawn up and presented to the Legislative Council showing Revenue and Expenditure of the Falklands and Dependencies as under -

	<u>Falklands.</u>			<u>Dependencies.</u>		
	<u>1920</u>	<u>1921</u>	<u>Estimated.</u>	<u>1920</u>	<u>1921</u>	<u>Estimated.</u>
Revenue	26897	29945		32576	85566	
Expenditure	30864	39661		28454	74694	
Deficit	3967	9716	Surplus	4122	10872	

Further details of these figures will be found in statement enclosed. If therefore the instructions are to be carried out to the letter the Falklands would be faced with the necessity of finding considerable extra revenue, but our contention is that the Dependencies should contribute largely towards the cost of the central administration, for unless the industry is regulated by the Falkland Islands Government it would very soon be ruined by indiscriminate slaughter of the whales.

I should imagine that one half of the time of the officials is occupied in whaling matters, and I told the Governor that many projects, the Town Hall for instance, would never have been embarked upon had it not been for the prospect of increased revenue from whaling, and that if this revenue is withheld the Falklands are saddled with all sorts of commitments.

I am sure that the Governor and the officials agree that the Dependencies should contribute largely, but there is little doubt that the Colonial Office urged that more revenue should be raised from the Falklands proper and that they proposed to retain the surplus revenue from the Dependencies as a fund for Research work. No one is able to say who has the handling of this fund, and doubtless the officials of the British Museum or some other scientific body regard it as a purse of Fortunatus into which they can dip their hands at will. Probably too it is the British Museum authorities who have foisted upon us the so-called "Scientific Department" for which the estimated expenditure for 1921 amounts to £1275.

I am glad to say that the Governor is giving me an opportunity of expressing my views as to the amount which the Dependencies should equitably be called upon to pay towards the cost of the central administration, and that I hope to be able to submit a memorandum to him shortly.

You ask why the small farmers should receive some relief and write that it would be very easy to show that the general good derived from the small farmers is practically nil. This may be so, but it depends upon the point of view. So far as the Government is concerned the direct contribution from the small farms in proportion to their size is much greater than from the large farms. Had we continued to rent the two sections 35 Bluff Cove and 38 Fitzroy instead of surrendering the leases years ago to enable them to be run as two small farms, we should have paid the same rental as Mr Packe pays for Sparrow Cove section, namely £25 per annum, whereas the Government have for years received nearly four times that rent from each of these small farms. Moreover, they are paying Land Tax now on acreages of 15400 and 15100 as against 6000 only for Sparrow Cove. You will understand that I am presenting the case from the Government point of view which, unfortunately, is the only one that they can or will see.

5. 1218 - 7. Messrs Lowden, Connell & Co. did not send any invoice or statement showing the cost of the coal shipped per "Huanchaco", and I have had to remind them that these documents are required to enable us to clear through the Customs.

6. 1218 - 8. The new Babcock boiler was placed under cover, and the necessary repairs to the chimney stack and stays carried out long ago.

7. 1218 - 9. The deeds of Mr Packe's property arrived all in order, but the matter is now in abeyance until an answer to my last despatch arrives.

The lease of West Cove Reserve expires on 16th April, 1922, and it would be as well if Mr Packe would send in to the Governor a formal application for the renewal. As the lease is here perhaps Mr Packe would send the application through this office in order that the lease may be enclosed with his letter.

8. 1218 - 10. Upon the receipt of the annual accounts you will have learned that £37,400 had to be written off as the loss on Canning for 1919 and 1920 instead of £20,100, and it is more than probable that still more will have to be written off yet. This will reduce the profit on Canning for the 9 years to about £30,000, but no one can estimate the loss occasioned to the Farm during those years by the withdrawal of labour for canning work. Had that labour been available for the necessary repairing work on the Farm itself we should not now be confronted with tumble down fences etc. And we have at Goose Green a lot of buildings that are out of use, costing us a very appreciable sum per annum for maintenance, both at the Depot and in our lighters.

9. After considering the question of the slip from every point of view Mr Roberts strongly advocates the simple platform of hard wood framing, and double wooden cradle for hauling up - in fact, practically the same as designed on plan No. 158. This plan was forwarded to you originally in

1912, despatch 417/4, and for convenience of reference a copy of the paragraph is sent herewith. This would be the least expensive form of a slip, besides being quite as effective as an elaborate design involving rails, wheels and iron castings for cradle mountings. So far as I understand the slip at Punta Arenas is still worked on this principle, and the slip which Mr Roberts saw at Montevideo is quite similar though possibly simpler, as there is not even any cement filling between the wooden framing. Mr Gresham saw one at South Georgia constructed on the same principle, and there is a small one at Bahia Blanca of similar design.

A further advantage of this plan is that you can ~~haul up~~ build it either as small or as large as you like, and, by using leading blocks, haul up as many vessels as it will accommodate to any position required. No skilled labour need be imported, and heavy expense for rails and ironwork, and experts' fees would be obviated.

10. Mr Neave informs us that the preliminary work of constructing the foundation of the Admiralty Oil tanks will be carried out by the Admiralty, and that Messrs Clayton have a contract to construct the tanks. As you will no doubt be in communication with Messrs Clayton I shall be glad if you will advise them not to send all material by one steamer, but to split it up into as many shipments as possible - I am assuming that they will ship by the P.S.N.C. You might point out that our lighterage accommodation is limited, and furthermore that the wharf at the Naval Depot is not very large; consequently, if they would split up their shipments, sending first the materials that are wanted first, we should avoid congestion both at the Depot and in our lighters.

11. It is very regrettable that a fortnight's delay has been caused to the "Falkland" by the telegram from Messrs Wright and Son in Scott's Code, of which we have no copy here. The words decoded from Bentley's Code happened by almost a miracle to translate into an intelligible message. Had it

No. translated into something ambiguous or nonsensical I should of course have cabled back for a message in clear. It was unfortunate again that your explanatory telegram despatched from London on the 22nd was not delivered until the 27th.

Coaling was resumed immediately and the arrangement with the Governor for a call at the West Falkland en route was renewed. Although this deviation will cost 2 days, the advantages of the call at the West cannot be gainsaid - the West Falklanders will receive their accumulated mails and will have an opportunity of sending letters to England, the first they have had for two and a half months. Messrs Lowden Connell & Co should not raise any objection on the score of expense as the Government are paying a subsidy of £100 and the freight on cargo should be quite £ 150 in addition.

I fear that we cannot get much of a return cargo by her - we have a fairly big stock of flour and cereals and can afford to live from hand to mouth in that way now that outward mails are regular, and, moreover, prices are more likely to fall than to rise in the immediate future.

The Engineer does not like to leave without about 200 tons of coal on board for the round voyage, and although this seems to me to be somewhat excessive I will not take the responsibility of making any reduction in the quantity. Coaling consequently takes some time - we were delayed by a heavy gale on the 28th - but we hope to get her away tonight and trust that she will arrive at Buenos Aires in time to send this mail by the R.M.S. P. steamer due to leave there for England on the 11th November.

I am,

Sir,

Your obedient servant,

Manager.

No. 585, per "Falkland", 31/10/21. 7.

P.S.

12. With the probability of reverting to the collection of wool by schooners instead of the "Falkland", the question of a new boiler, or an oil engine instead, on the "Great Britain" becomes urgent. As previously pointed out, the discharging of wool into the hulk is now done entirely by the "Falkland's" own winches and derrick, so that the hulk's boiler and winch is used only when loading produce into the P.P.S.N.C. steamers, but with schooners running we shall require it at least once a week. The last we heard from you was your paragraph 1212/9 of 25th May last, informing us that you were still pursuing enquiries. We really ought not to run the risk of using the boiler any longer than can possibly be helped. Mr Roberts is strongly in favour of an oil engine plant which would save coal, water and overtime, and would lessen the risk of fire on the hulk.

Manager.

ENCLOSURES

DUPLICATES per "Orita", 17/10/21 were sent via Valparaiso.
ORIGINALS.

1. Despatch No. 585.
2. Camp Manager's Report, 27th Octr, 1921.
3. Statement on Accounts.
4. Remarks on Accounts.
5. Store Indent, No. 570.
6. Remarks on Stores.
7. Stanley Ledger Balances, 30th Septr.
8. Statement of Colony's Estimated Revenue & Expenditure.
9. Extracts from Despatches re Slipway.
10. Correspondence -

Lowden Connell & Co.

Letter to P.D. Home.

On page 7 of the Estimates for 1921 a statement is given showing the allocation of expenditure between the Falkland Islands proper and the Dependencies, the totals, exclusive of Research Fund, being £39,560 and £2,194.

The latest published Customs Returns (Governor Young's Minute to the Legislative Council of 19th August, 1919) show that the values of exports of sheepfarming products of 1918 from the F.I. proper and of whaling products from the Dependencies were £340,600 and £1,711,600 respectively.

On the basis of the gross values of the actual productions of the two industries, therefore, sheepfarming products are paying towards the cost of administration £39,560 out of £340,600 and whaling products £2,914 out of £1,711,600, or in other words for every £100 worth of produce sheepfarming pays £11.12.3, and whaling 12s 7d only.

The whole of the products of sheepfarming are shipped to the United Kingdom in British bottoms, and I believe that the bulk of that of whaling goes to foreign countries in foreign bottoms.

Of the imports into the Falkland Islands exclusive of Dependencies, 80% is purchased in the United Kingdom, whereas the bulk of the imports into the Dependencies, exclusive of coal, comes from foreign countries.

It will not be denied that but for the fact that the Dependencies were attached to the F.I. and whaling thus made subject to regulation under a settled Government, whaling operations would have been open to all comers. This must unquestionably have resulted in indiscriminate slaughter of whales and the waste of everything but the most remunerative part of the carcasses, ending in all probability in the extinction of the industry in the course of a few years. With the prospect of increased revenue from whaling several projects were undertaken during Governor Allardyce's term of office, notably the Town Hall, now Government Offices costing about £14,000. If the bulk of the revenue from whaling is now with

Pensions. Dependencies pensions should of course be borne

drawn, or is reduced to the proportion indicated in the printed statement above quoted, it is not too much to say that the taxpayers will regret that the whaling industry was ever started.

Seeing that the industry has been regulated and no doubt preserved by such regulation through the medium of the machinery of Government of the Falkland Islands, the contribution from the industry to the cost of central administration should, irrespective of the large profits actually derived, be on a most generous scale. And the fact that British Trade derives no benefit, directly or indirectly, from the whaling operations, whereas the whole business resulting from sheepfarming is done with the United Kingdom, adds to the injustice of making the latter bear such an undue proportion of the local taxation.

So far from the contribution from whaling being on a generous scale it is not levied on a fair one even, for it is not paying out of pocket expenses incurred. The cost of stationery and telegrams is all borne by the Colony, whereas I would venture to prophecy that fully two-thirds of the telegrams despatched refer exclusively to whaling. And if all Government officials were able to say how much of their time is occupied on whaling questions and how much on sheepfarming questions, the proportion would probably be two to one. An abstract of the telegrams sent might afford some guide.

If the Dependencies are regarded as a separate entity, let them have their own Staff - Governor and officials and all machinery of Government, but if this is not practicable they should surely pay their full proportion of the cost of administration.

The attempt to keep separate accounts and at the same time to include all in one set of estimates and in the same statement of revenue and expenditure, appears to me to result in much confusion, or, at any rate, a lack of clearness. This would be obviated by having separate estimates for the F.I. proper and the Dependencies.

Taking the items of expenditure on page 7 of the Estimates

1. Pensions. Dependencies pensions should of course be borne

- by the Dependencies.
- 2 & 3. Governor and Colonial Secretary. The whole of this expenditure is charged to the Colony although it includes stationery, telegrams and printing, of which probably two-thirds or three-fourths appertain to whaling.
- 4 & 5. Treasury Customs and Audit. Under this head the only charge borne by the Dependencies is the salaries of the officials there, but do not the Treasurer and the Collector and his clerks have to deal with the revenue received from the Dependencies and incorporate with their accounts? Of course it must be so, and the Dependencies should bear their share.
6. Port and Marine. It would be useful to have a statement of the total vessels boarded in Stanley by the Harbourmaster and Health Officer, discriminating between whaling vessels attended to and others. A division of the cost of the Department in that proportion would be a fair one, whereas it is at present all charged to the Colony. Probably the boarding of whaling vessels entails most of the overtime incurred.
7. Legal. The West Falkland Magistrate spends a large proportion of his time in the whaling regions, and it is safe to say that his magisterial work on the West Falkland is nil.
- 8 & 16. Police Prisons Military. These may be taken together as being departments which are not productive of remunerative work, but are of a preventive nature and necessary. In the event of any serious trouble in the Dependencies the services of these departments would be requisitioned (one occasion did, I believe, arise a year or two ago), and the Dependencies should bear their share in the maintenance of the forces to which they might at any time find it necessary to appeal.
9. Medical. Includes heavy cost of maintenance of Hospital, the benefits of which cannot be appraised in pounds shillings and pence. It is in the nature of insurance and might at any moment prove of incalculable value to the Dependencies or the Colony, and the former should bear its share of the cost of upkeep.
- 10 & 11. Education. Ecclesiastical. Are almost exclusively for

the F.I. proper, but are 'welfare' services which are desirable in most communities. If the Dependencies are treated as a part of the community here they would naturally make some contribution.

12. Transport. Each naturally pays for its own items

13. Miscellaneous. Represents sundry items of necessary or useful public expenditure of which the Dependencies should pay a share.

15. 18. Savings Bank. Scientific. Are so far proper to the F.I. only, but may at some time include services to the Dependencies.

17. Post Office. Deals with all letters whether from Dependencies or Falklands. The whaling steamers which call at Stanley are dependent upon the services of the officials. A moiety of the cost of ocean mail service should certainly be borne by the Dependencies for a regular mail service between the Home and the Colonial Government is vital for the negotiation and regulation of whaling. It is true that of late years no subsidy has been paid, we have, however, had a mail service which has been provided by the trade of the sheepfarming industry, the products of whaling contributing nothing in kind towards it, but reaping a share of the benefit.

19. Currency Note Expenses. F.I. notes are now used in the Dependencies.

22. 23. Public Works. All questions relating to public works in the Dependencies are passed through this department, and some proportion of the cost of personnel should be borne by the Dependencies.

Research Fund. Very little seems to be known generally about the research fund, and information on the following points would be of interest.

(1). What revenue has actually been credited to this 'Fund'?

There is a discrepancy in the published Minutes to the Legislative Council of Sir Douglas Young, dated 19th August, 1919 and Mr Martin, Administrator, dated 1st November, 1920. The first Minute runs: "To finance this fund (Research Fund)

"it is proposed to increase from 1st October, 1919 the
 "Export Duty on Whale-oil and Seal-oil from 3^d a barrel
 "to 1s 6d a barrel and to pay into the fund the increased
 "duty at the rate of 1s 2^d on every barrel of oil exported."

The latter reads:— "This sum of £5000 representing
 "approximately 3^d per barrel of the export duty expected
 "from oil in 1921 might with propriety be transferred to
 "the Revenue of the Colony proper."

Does this mean that the 3^d has been credited to the
 Research Fund? If so it is a distinct violation of Sir Douglas
 Young's implied undertaking to the Legislative Council a year
 before that the 3^d would continue to be credited to
 general revenue. This matter is important as concerning the
 sanctity of a Governor's promise to the Legislature.

(2) If this 3^d per barrel has been credited to the Fund
 some doubts are excusable as to what other items may not also
 have gone to it, and it would be interesting to know the total
 amount and details as to how it is made up.

(3) Where is the Fund, and who controls it?

(4) If the bulk of the revenue from the Dependencies is re-
 tained for the Research Fund and an inadequate contribution
 made towards the total expenditure of the F.I. and its Depen-
 dencies, the result will be that the sheepfarming industry
 becomes in ^{effect} a large contributor to the Research Fund. That is
 to say that sheepfarming, a British industry, would be paying
 for research work and development of an industry conducted by
 aliens and contributing nothing towards the revenue or trade
 of the British Empire.

Stanley, Falkland Islands,

5th November, 1921.

The Secretary,

"Oruba"

7th November,

21.

586.

Sir,

I wrote last per s.s. "Falkland" which left on the evening of 31st October for Buenos Aires, calling at Fox Bay and Port Howard en route. I learned by wireless that she left the latter port at 5 a.m. on the 4th instant so that she should arrive at Buenos Aires about the 10th in time for her mail to catch the "Aruguay" due to leave for England the next day.

2. I mentioned in para. 4 of my last despatch that the Governor had asked me to express my views as to the amount which the Dependencies should contribute towards the cost of the central administration of the Colony. I have now sent in a memorandum, ...

3. The "Gwendolin" left Stanley on 27th October with almost a full cargo of material and stores for Darwin, including the lorry, tractor, plough etc. On the return voyage she put in at Mare Harbour to allow Mr Roberts to have a look at the "Bertha" timber. Mr Slaughter went down in her from Darwin, and Mr H.C. Harding rode over from Fitzroy in order that they might discuss together what would be the best way of tackling the logs.

They came to the conclusion that there would be no difficulty about the carting provided that it undertaken at the time of the year when ordinary work is not interfered with. Mr Slaughter said that he could spare horses and a bullock team with a teamster about shearing time when the

The Secretary,

LONDON. Both and Mr Roberts's remarks are enclosed without

animals have recovered in condition from the winter, but it will be necessary to have a schooner on the spot at the same time.

At the nearest place for shipping there is a long shelving beach where there is only one spot where logs can be floated at high water; consequently, at low water it is necessary to have horses and labour to drag the logs out sufficiently far to float off to the schooner.

At the commencement of shearing we shall in all probability be running wool in by the "Gwendolin" from Darwin and Walker Creek in order to keep those sheds clear - that is assuming that the "Falkland" has not returned by that time - and in this case we cannot spare the schooner for any other work. Whether we can do anything in December and January will therefore depend upon this and the labour supply. Mr Slaughter says that the earliest time that he will be able to do anything with farm labour will be February or March.

Three logs which had washed over to Mare Harbour were brought to Stanley by the "Gwendolin" and we are shipping one by the "Oruba" now. Mr Roberts informs me that these three logs have been badly knocked about and split, and the log sent you is consequently not a fair sample. It will be interesting, however, to learn from you what the value is, in order that we may decide whether it will pay us to ship home the best logs and utilise the remainder here. There are over 200 cedar logs washed up on the beach now and fairly near to the hard ground; the rosewood logs are still in the ship, being stowed at the bottom on account of their weight. The ship is full of sand, and the only way of recovering the logs now in her would be by blowing the whole wreck up, for it would be impossible to dig them out.

I very much wished to go out myself in the "Gwendolin" but could not get away on account of despatching the "Falkland".

4. We have considered the question of the "Lady Elizabeth" and Mr Roberts's remarks are enclosed. Without

a diver there are only two ways of sighting the damage to the bottom - heaving down or beaching; and you will see that Mr Roberts regards the latter as being the more feasible and less expensive. But even this cannot be carried out without considerable expense and labour, and if the Directors still desire this to be done, I should be obliged if you would send out the purchase blocks, leading blocks and wire that Mr Roberts asks for. It is doubtful whether the information he asks for from the builders as to the vessel's curves of stability can be obtained, but if this is procurable it would assist Mr Roberts in the heeling over.

5. Mr Slaughter asks me to explain that as he arrived back from Mare Harbour only on the night of the 4th instant he was unable to get a mail to Stanley in time for the "Oruba", which will doubtless leave on the 7th. He has nothing special to report until after lamb marking.

I am,

Sir,

Your obedient servant,

Manager.

P.S. Since writing paragraph 2 the Governor telephoned me thanking me for the memorandum and asked me to await further figures and information from him before communicating it to anyone. All I had to go upon was some figures for 1918 published in the Gazette and he wishes me to have some more recent information.

ENCLOSURES

DUPLICATES. (Originals per "Falkland" to B/A, 31/10/21.)

Despatch No.585,
Camp Manager's Report, 27th Octr.
Statement on A/Cs.
Remark on A/Cs.
Store Indent No.570.
Remarks on Stores,
Stanley Ledger Balances to 30th Sept.

ORIGINALS.

1. Despatch No.586.
2. Cash Book - Octr.
3. Statement on Accounts.
4. Remarks on Accounts.
5. Store Indent No.571.
6. Remarks on Stores.
7. Cash Voucher - West Store, Octr.
8. Marine Supdt's Report re beaching "Lady Elizabeth".
9. Specification. D.H. 45 B/s Wool.

Stanley
Nov 1921

1027 - 28. 10th April, 1907. Bonus or 10% to be given to all on permanent staff on salaries and wages earned. Industry should take care to be given. No precedent.

1028 - 29. 6th August, 1907. Bonus payable only to monthly servants, all farm servants monthly - not to those paid by the hour.

1033 - 3. 20th November, 1907. Amount paid for bonus to be apportioned to different departments.

1105 - 3. 29th May, 1912. Remarks on necessity for advancing the arguments of Stanley labourers - decides to give bonus letter written by 29th May - willing to consider extension of bonus to day labourers.

1106 - 20. 21st June, 1912. Directors decided to extend bonus to all in the service whether paid by the month or by the hour, but the latter must have served for 180 days. This term may, at the discretion of the Manager be increased to 200 days.

1109 - 3. 31st August, 1912. No reason for giving bonus to those who have left the Colony. Excludes men who leave at beginning of season, camp men who have not worked for more than half a year, or who have been dismissed. Bonus to Stanley labourers to be calculated on actual wages earned.

1126 - 19. 12th November, 1913. The 180 days rule not to apply to men on monthly or yearly wages.

To Camp Manager 12th October, 1916. The 186 (sic) days limit increased. Applies only to Stanley, and not to Farm hands.

(3) Any other cases are also included in the 186 days limit. Custom of the Colony is to give bonus to men who have worked for more than half a year, and who have not been dismissed.

(4) This is perfectly true, and is probably the strongest argument against the extension of the bonus to men who have worked for more than half a year, and who have not been dismissed. The fact that the bonus is given to men who have worked for more than half a year, and who have not been dismissed, is a strong argument in favour of the extension of the bonus to men who have worked for more than half a year, and who have not been dismissed.

Stanley
Nov

1921

TAXATION of the SHEEP FARMING INDUSTRY.

The question as to the form which the taxation of the sheepfarming industry should take has been discussed at various times during the past 25 years, and it is proposed in this memorandum to state the arguments for and against the three systems suggested, namely -

1. Export Tax on Wool (and other products).
2. Land Tax.
3. Poll Tax on sheep depastured.

1.

EXPORT TAX.

The arguments against this form of taxation are set forth in a letter written by Mr Cobb, dated 25th October, 1915, and are shortly as follows:-

- (1) The tax acts as a restraint on trade.
- (2) It is variable in amount, in that the quantity of wool produced depends upon weather and other conditions.
- (3) It is unjust to farmers, and a premium on bad farming, for the greater the weight of wool produced by good farming, the more tax will the farmer pay, whereas the farmer who lets his sheep run down by neglect is let off lightly.
- (4) The actual weight of wool exported may be questioned, and the institution of a Government Weighing Machine would result in vexatious delay and expense.

In reply to the above it may be said:-

- (1) This argument applies to most taxation, especially that on liquor - if there were no tax, trade in liquor would increase enormously.
- (2) Many other taxes are also variable in their yield, notably Customs Duties on liquor and tobacco, and especially Probate Duties.
- (3) This is perfectly true, and is probably the strongest argument against this method of taxation. At the same time, unless the tax were so heavy as to constitute a high percentage of the value of the wool, it would scarcely deter any farmer from getting as much as he possibly could from his flocks.

To refrain from doing so because he had to pay a small tax on the increased weight would be like "cutting off one's nose to spite one's face".

- (4) The Colonial Government for many years accepted the weights declared by the sheepfarmers, and on the one occasion when the weight was questioned, it was found from the account sales that the weights which had been declared and tax paid exceeded the actual weight of the wool sold.

2.

LAND TAX.

The arguments in favour of this are:-

- (1) Land being the prime source of wealth should be taxed at the source or root, leaving the farmers to do the best they can with it.
- (2) A Land Tax is a simple clean tax, easily calculated and collected.

The first argument as an abstract principle is unassailable, but when you proceed to apply it to the Falkland Islands you are confronted with anomalies and inequalities.

Taxation must be either specific or ad valorem, and in either case must bear some relation to the value of the commodity taxed. Consequently, if you impose a tax on land your tax must bear some proportion to what the land is capable of producing, and this depends upon its extent and quality. Therefore your tax has to be based upon the area or its value, or a combination of both. In the Falkland Islands you are immediately confronted by the fact that there is no information available as to either.

To meet the difficulty in early days the Surveyor General parcelled out land in sections or large blocks, giving allowances for sand and water, mountainous and boggy land, thus making up a fair average, giving quantity where the land lacked quality.

It is admitted that to survey the whole Islands would be a rather ruinous expenditure, and if a survey were undertaken merely to define the areas for taxation, there would still

be the question of allowances to be made for unproductive land.

Therefore it would seem that however correct the Political Economist may be in holding that land should be taxed at the source, there are very real practical difficulties in applying this to the Falklands where the acreage is an unknown quantity, and it is practically impossible to define "value" which in modern days has been divided into so many classes of value, such as prairie, agricultural, site and so forth.

The second argument in favour of land tax would be indisputable if you were in possession of definite information as to acreage and value. In the absence of these, an equitable tax is not possible.

3.

POLL TAX on SHEEP.

This system has been mooted although never officially discussed.

The arguments in favour are:-

- (1) The farmer would be taxed according to what his land is capable of producing.
- (2) A good farmer would not be penalised, and there would be no premium on bad farming, for the tax on a good wool-producing sheep would be no more than on a bad sheep. Farmers would therefore be encouraged to increase the average weight of wool per sheep.

The arguments against this method are:-

- (1) The tax is variable in amount.
- (2) There may be a difference in opinion as to when the count of sheep should be taken.
- (3) The numbers given may not be accurate.

As to (1). The Government Annual returns give the total sheep depasturing in the Islands for the last 5 years as:-

1915	701,268.
1916	689,904.
1917	696,975.
1918	699,368.
1919	669,996.

The variation in the total is not so great as to rule

out this method for that reason alone.

(2) The Stock Ordinance compels every farmer to declare the number of sheep depastruing on 1st May, and the above statistics are compiled from those figures.

(3) The fact that these returns have not varied appreciably shows that farmers have in the past given fairly accurate figures. But it may be urged that they had no interest in doing otherwise when taxation did not depend upon those figures, and that they might understate the numbers of their flocks when these numbers were required for taxation purposes. With reference to this I would point out that past experience has shown that farmers did not understate the weight of wool when taxed for export, and that they could be trusted not to attempt to evade taxation if based on the number of sheep.

In a small place like the Falklands any such attempt is bound to become known, and the Government have a stock inspector armed with full powers. If any farmer were suspected of giving false returns a threat to have his sheep numbered in the middle of the winter would be quite sufficient deterrent, and most farmers would overstate their numbers rather than run the risk of having to gather all their flocks in winter time.

The Poll Tax on sheep is not open to so many objections as have been preferred against the other two forms of taxation. It is, in fact, so equitable that whatever weight there may be in the argument as to the unreliability of the numbers is more than balanced by the absence of any other objection.

Furthermore, if it is desired to conform to the principles of Political Economists the following contention would appear to be perfectly valid:— seeing that sheepfarming is the only use to which the Falkland Islands land can be put, the number of sheep depastured represents the productivity of that land, and a tax based upon the sheep is in effect a tax upon the land itself.

No. 587, per "Oreoma", 30th November, 1921.

from top to bottom, and it seems as though we shall have to provide some new sails when we run these new boats. By the way, you will find that you have slightly misquoted "Oreoma" regarding the proposed motor installation. 30th November, 21.

587.

8. 1219 - 13. It is very unfortunate about the "Kosher", the price of which appeared to be reasonable.

Sir, 1219 - 14. So far I have not received any reply from you on I wrote last per "Oruba" which left at daylight on the 8th November, and have to acknowledge the receipt by that steamer of your despatch No. 1219 of the 5th October. The 2. 1219 - 3. The stock as at 31st December 1920 was not as you surmise valued on a c.i.f. basis, for you will see that a percentage was added for freight and charges, and I wrote that it was proposed at the end of the current year to value on c.i.f. figures, which are now calculated as each shipment arrives. I am glad that you will give me definite instructions as to the deduction to be made at the end of this year by way of allowance for falling values. Instructions as to apportionment of Stanley Office expenses have been noted to 3. 1219 - 10. We have managed on most occasions to send the necessary copies of despatches, and to make extra copies of Mr Slaughter's report, and we will continue to do this when time permits. At the same time I wish to thank you for arranging if necessary to do with less copies by circulating.

4. 1219 - 12. The "Gwendolin" has taken out a quantity of material, including season's bagging etc. to North Arm, proceeding thence to Fox Bay with mails, Port Howard and San Carlos North. She will bring in the balance of last year's clip (pieces, locks etc.) from North Arm, and tallow from San Carlos. She had a mishap on the way out, her mainsail splitting

The Secretary,

LONDON.

8. 1219 - 17. Your instructions with regard to interest on freights charged in account sales are noted. 9. 1219 - 18. With the sheep which arrived in the "Oruba" we have been able to get to all our own stations sufficient baling material for the shearing, which commences about today.

No. 587, per "Oreoma", 30th November, 1921.

2.

from top to bottom, and it looks as though we shall have to provide some new sails when we run these schooners again. By the way, you will find that you have slightly misquoted me as regards the proposed motor installation.

5. 1219 - 13. It is very unfortunate about the "Marion Mosher", the price of which appeared to be reasonable.

6. 1219 - 14. So far I have not received any cable from you on the subject of clients' accounts and can quite appreciate that it is almost impossible to formulate definite instructions. It practically comes to this, that the Directors must trust the Manager in the Islands to exercise intelligent caution in the treatment of each individual client. The worst accounts on our books are the cases in which the owners have drawn large sums in London, leaving insufficient funds from which to defray the cost of working the farms here. It is stated that Mr Alec Morrison will be on the "Oreoma" on his way to Chile, and we have a statement of his account ready to hand to him.

7. 1219 - 16. As mentioned in 582/14 I had hoped that the P.S.N.C. rate would have come down to £8.15. 0. per ton so as to enable us by running schooners to quote a through rate of 1 3/8 d (one and three eighths) per lb. The present P.S.N.C. rate is just 1d per lb, and as pointed out in the above quoted despatch we require 7/16ths d for the schooners and shipping - the through rate would therefore have to be 1 7/16 per lb, or £13. 8. 4. per ton weight. A correspondent in Punta Arenas writes me under date 22nd October - "The first Kosmos boat is due here today with some 4,000 tons for this port, and will take wool for London via Hamburg at 40/- per ton. It is quite certain that the P.S.N.C. and other lines will have to come down in their rates."

8. 1219 - 17. Your instructions with regard to interest on freights charged in account sales are noted.

9. 1219 - 18. With the hoops which arrived in the "Orita" we have been able to get to all our own stations sufficient baling material for the shearing, which commences about today.

No. 587, per "Orcoma", 30/11/21.

3.

10. I should be obliged if you would cable me as soon as any definite decision as to the future of the "Falkland" is arrived at. In 581/34 I wrote that she would probably continue running until March next, and that we could then complete the coasting work for the coming season with the "Gwendolin" and the "Lafonia". Replying to this in 1219 - 13 you point out that the proposed purchase of the "Marion Mesher" had fallen through, and it was evident that the "Falkland" must carry on for the present. Even if the "Marion Mesher" had been bought the "Falkland" would still have had to carry on for a few months both in order to secure wool for two early shipments and to wipe off as much of her deficit as possible, but your paragraph does not deal with the vital point as to how long she is to continue. By the end of April or May she should be able to collect the bulk of the produce, and if I knew that she would be taken off after that the "Gwendolin" would be kept running concurrently so that the collection could be completed by April, and one schooner would suffice for the winter work, especially as the Government steamer will take out the mails.

What I wish to impress upon the Board is that the Manager here should have long notice when the change from steam to sail is to take place, for it is evident from the recent experience of the "Gwendolin" that the schooners must have some new sails, and it would be folly to commence the extensive work required on the "Lafonia" until it is quite settled that she must go into commission again. Moreover, ~~with~~ with the demand for labour on Admiralty work, and for the manning of the Government patrol boat we should have to import some labour for the manning of the schooners.

11. The Darwin mason is now building a shed for storing petrol at the East end of the enclosure in front of the Office, the end of the shed being about 3 feet from the beach. The shed will be of stone and brick, with concrete roof and iron door, no wood whatever being used in the construction.

12. The acetylene light which was purchased for the Sea Lion Island some 10 years ago is now being erected on William Point.

13. All the whaling companies which operated in the South Shetlands and South Orkneys have come down this year, but I understand that only two companies are working in South Georgia.

14. The Governor asked me to call and discuss the memorandum referred to in my last despatch, dealing with the contribution which the Dependencies should make towards the cost of central administration. He pointed out that some of my conclusions were erroneous, but realised that the only figures I had to go upon were some years old. A copy is enclosed for record as the memorandum explains a statement that I have more than once made, that unless the Dependencies' contribution is a very appreciable sum, it is the taxpayers of the Islands who really contribute considerably towards the Dependencies Research Fund. The Governor is dealing with this question in an extremely able and fair way, and is doing his utmost to secure justice for the Colony. We may rest satisfied to leave it in his hands. I take the opportunity to enclose a copy of a short memorandum on the subject of the taxation of the sheepfarming industry.

15. I regret to say that the question of providing a larger and more powerful launch than the "Plym" for moving hulks and lighters cannot be delayed any longer. Our acceptance of the P.S.N.C. agency implies an undertaking to provide plant adequate for towing lighters and despatching their steamers, and we cannot reasonably contend that the "Plym" fulfills this condition. The "Oreoma" now due is bringing over 400 tons of cargo, which we must take delivery of in Port William, and should the weather be anything like what we have had for the past fortnight we shall be running grave risk of a disaster with the "Plym" and the lighters. Peters has reduced her pressure to 90 lbs, and even at that reduced pressure the man

ENCLOSURES

who drives her here is very nervous. I would not recommend spending money on her, certainly not on a new boiler; we ought to replace her altogether by a larger boat with more power, using the motor boat just for conveying the labourers, and as a despatch boat.

3. Statement on Accounts.
4. Remarks on Accounts.
5. Store Indent No. 572.
6. Remarks on Stores.

I am,

Sir,

Your obedient servant,

7. Camp Manager's Report, 28th November.
8. Memorandum re Sheepfarming Industry Manager.
9. do re Outward Bills of Lading.
10. Shipping Report.
11. Pilferage Claims.
12. P.I. Gazette Novr, 1921.
13. P.I. Annual Stock Return, 1921.
14. P.I. Magazine Novr, 1921.
15. P.S.N.D. account, copy of.
16. Statement of Division of Expenditure - P.I. + Dependence.
17. Farm Landmarking Returns 1921.

ENCLOSURES.

DUPLICATES. via Andes. Receipt herewith
B/L for 1 cedar Log.
Indent No.571.

ORIGINALS.

1. Despatch No.587.
2. Journal for October.
3. Statement on Accounts.
4. Remarks on Accounts.
5. Store Indent No.572.
6. Remarks on Stores.
7. Camp Manager's Report, 28th November.
8. Memorandum re Sheepfarming Industry.
9. do re Outward Bills of Lading.
10. Shipping Report.
11. Pilferage Claims.
12. F.I. Gazette Novr, 1921.
13. F.I. Annual Stock Return, 1921.
14. F.I. Magazine Novr, 1921.
15. P.S.N.C. account, copy of.
16. Statement of Division of Expenditure - F.I. & Dependence.
18. Farm Lamb marking Returns 1921.

The Secretary,

LONDON.

that we can rely upon for the probability the P.S.N.C. at Valparaiso will be as sufficient to warrant their return to the

"Orcorn"

4. Three catchers having

1st December,

21.

588. arrived last night - 1st Dec.

steamer "Gouverneur" had been

Sir, number in somewhere to the

This steamer, which should have arrived at 10 a.m. yesterday was unable to make the port owing to a heavy fog occasioned by a strong easterly wind. She arrived at 3.30 p.m. yesterday, 30th November, and I have received your despatch No. 1220. away to the

2.5. We received yesterday a radiogram from Captain Owen as follows: "Drydocked 28th. Bottom excellent condition.

"Expect sail December 8th." Copy of letter from Messrs Lowden Connell is enclosed.

3. A telegram arrived yesterday from the P.S.N.C. at Valparaiso as follows: - "La Paz due yours homewards beginning January, Ballena early February. What wool will you have ready?" Copy of our reply is enclosed; with the "Falkland" away it is difficult to estimate cargo for 2 steamers so early as the beginning of January and February respectively. A large quantity of cargo for clients has arrived including season's material; we must send this out at once both in order to clear our lighters and to deliver to them the material which is indispensable for the season's shearing, and this means a long voyage right round the West Falkland soon after Christmas. The "Falkland" will be able to lift a full load from Choiseul Sound by Christmas and this is all the produce.

The Secretary,

LONDON.

that we can rely upon for shipment by the "La Paz". In all probability the P.S.N.C. at Valparaiso may not regard it as sufficient to warrant their sending her here.

4. Three catchers belonging to the Odd Whaling Company arrived last night with the news that the whaling factory steamer "Guvernoren" had been wrecked on the night of 28th November in somewhere to the North of Volunteer Point. There was quite a thick fog and the Master reports that he was just about to heave to for the night when the ship struck. All the crew, some 130, were saved, and have been brought to Stanley by the catchers. We are hoping to get about half of these away in the "Orcoma".

5. The Government patrol boat arrived at midday today, just in time to send the crew home by the "Orcoma".

I am,

Sir,

Your obedient servant,

Manager.

Yours faithfully,

Secretary

PRIVATE

The Secretary

Esq.

2nd November,

31

PRIVATE

Dear Sir,

W.A. Harding, Esq.

Port Stanley

Dear Sir,

I received by the Graham your letter of the 28th inst. on the subject of the management of the Colony. At the last meeting of the Board the question as to whom it would be desirable for you to hand over the Colonial Management to Mr. Gresham was under consideration. As you are aware it was the original intention of the Directors that Major Broadhouse, had he proved suitable, would have succeeded to the office as from 1st March next. This having proved impossible it was considered that Mr. Gresham should be appointed from that date and he was informed accordingly.

In view however of the certainty that times of exceptional difficulty will have to be faced in the near future, I have been instructed by the Board to say that the Directors will be glad if you can see your way to remain in supreme charge for at least six months longer than was intended. When your decision on this proposal is to hand the Board will be able to say what arrangement had best be made with Mr. Gresham in the interregnum.

Yours faithfully,

Secretary.

Here which he is in England.

Yours faithfully,

Manager.