No. 559. per H.M.S. Dartmouth.

ENCLOSURES.

Duplicates. (Originals per Oreum 10/12/9.)

Despatch No. 559.
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.C., Liverpool.

Originals.
1. Despatch No. 559.
2. Journal for November.
4. Remarks on accounts.
5. Remarks on stores.
6. Store Indent No 549.
8. s.s. Falkland Manifests.
9. s.s. Falkland General Average Statement.
10. Mrs Peace - Board account.
11. Coasting Insurance.
13. Parcel Receipt - W. Harding.
18. Correspondence.

Jas. Houston to Louden, Connell & Co.
Colonial Government.

19. Specifications:

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<th>Mark</th>
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Duplicate, 1918 Hides.

| L   | 23   |
| L85 | 15   |
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20. Mrs Peace's Millinery account.

21. SPECIFICATION - SHIPMENT FOR DUNDEN.
Sir,

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

1. Cables exchanged are confirmed as per copies enclosed.

2. Mr Slaughter came into Stanley to meet Mr McBean who travelled through on the Oceana, 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 Bean’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.

3. Mr Goddard and family arrived safely on the Oceana. 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 "Orcades".

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 1/4d per hour instead of 1Id and 1/3d 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 6% 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 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:

Apart 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, 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\textsuperscript{a} to 6\textsuperscript{b} 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.

When at Barns in 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. Mr. Cameron is selling to them his total surplus, and I now learn that Holmested & Blake and Jean & Johnson 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.
On the top of Mendocino, 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 Indenica 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. Bean was here the question of securing a shipload of 150 horses for the farm was discussed, and it was arranged for Mr. Bean, 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 13th 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 Peters on the Samson and Hym. I brought Peters in from Goose Green to make a thorough inspection of the Hym'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. A new funnel and a new smoke box are now being fitted to the Hym, 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. Oreoma, and at once entered upon his duties. Copy of his agreement 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 Manning, who also arrived by the Oreoma, 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. Kelton 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 success-
ful 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. 1197. 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 Baling Factory
Selstreif with 250 tons @ £10 or £11 per ton, on
her return to Stanley. By present trip of the Falk-
land 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 Greece 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 Race's boarding expenses while she was waiting in Stanley for repatriation, and the bill referred to of £11. 8. 6. should not have been charged to the account of Mr. Race. The bill came in fully two months after the departure of Mrs Race, and was inadvertently charged to the wrong account, and was not noticed until recently. The amount mentioned should be credited to Mr. Race 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.M. 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 'Grooms 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 Nicholls 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 idea 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 'Huendes', and the goods for Mr Vere Fidler 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 'Huendes' 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 'Huendes' 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 'Huendes' 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.
39. I have to thank the Board for granting me leave of absence this year, and I will accordingly sail by the 'Orion', due here about the 9th May according to the latest advices.

40. I am particularly pleased to note from your cable of the 9th instant that the Milling Machine has been shipped on the 'Kenuta'.

41. The cutter mentioned in Para. 16 above was safely delivered at North Arm by the last trip of the 'Falkland'.

11th February, 1920.

42. Since writing the foregoing your Despatch No. 1198 per a.s. Tucuudes has been received.

43. 1198 - 3. In spite of what Sutneres 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.

44. 1198 - 4. Mr. Paterson 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. Paterson 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.

45. 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 Groger, 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.

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 quit the 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 memorandums 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 3/- 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. Taters, 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 Earnslaw Harbour.

40. 1198 - 18. No repair work either to the Arrow Harbour or the Swan Inlet houses would make them fit for human habitation. The rebuilding of the Arrow 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.
all but of the tussock some 1500 bundles, and part of the oats 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.

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 1/3d. 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 hulk-age 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 canned meats by the 'Buendes', 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 LEIBN gave the charges to be made on Clients' Accounts as £6, 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, 20/1/30. 14.

error before this.

I am,

H.M.S. Southampton 9th March 20

560.

Dear Sir,

Your obedient servant,

Manager.

I enclose accounts for the ending Sth December, 1919, showing a net profit of £24,623. 4. 4, a decrease of £12,974. 6. 0. on the year 1918. The accompanying comparative statement will show the result of the individual accounts.

The drop in farm profits is entirely due to the small transfer from the breeding stock as compared with the previous year. It will also be remembered that the 1919 wool clip fell short of that of 1918 by 285 bales; this has, however, been more than counter-balanced by the actual returns realised for produce estimated last year. Expenses are now or less the same in spite of the heavy increase in taxation, the new Land Tax being £3,195. 7. 4, against an export duty of £96. The expenditure on livestock is much less at £376. 13. 7, but the returns for livestock sold are also less by a similar amount. I trust my estimate of 265,000 ft. for 1695 bales of wool will be more than realised. No unsold skins or hides have been included in the valuation.

The Secretary,

The harvest looks well but the actual result will reduce these hopes.

LONDON.
H.M.S. "Southampton" 9th March 20

560.

Sir,

I enclose accounts for the Year ending 31st December, 1919, showing a net profit of £94,624, 14. 0, a decrease of £12,671, 6. 6. on the year 1918. The accompanying Comparative Statement will show the results of the individual accounts.

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 realised. 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

I have gone well into the Stock and written some down £1500, which is really a reserve. Adding 10% to invoice prices of goods on our stock sheets does not
decrease in the Gaming 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. Apart 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 Huenes, 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:

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Sales and Deliveries.

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 £5755.14. 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
nearly cover actual charges. Take the last three shipments of the year:

"Kenuta" Invoices £16186. Charges £1800.
"Junin" " 9952. " 1218.
"Orcoma" 7217.17. " 1500.

£27782.17. £4512.

- 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 £2396.11. 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.
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<td>1919: 5996.7.8.</td>
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<td>1918: 1899.15.2.</td>
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<td>1918: 477.17.4.</td>
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<td>1918: 182.6.11.</td>
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STANLEY, 31st December, 1919

DECREASE OF PROFIT: £671.6.6.
ENCLOSURES:

2. Profit & Loss Account.
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.
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.
22. Details of Store Deliveries to Farm.
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, 30/1/20.
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 Sale of Sheepskins lost.
Specifications.

Originals:

1. Despatch No. 561.
3. Statement on accounts.
4. Remarks on accounts.
5. Store Indent No. 559.
6. Remarks on Stores.
7. Falkland Manifests, Voyages 4 - 7 G.
8. West Store Cash Vouchers January & February.
10. Coasting Insurances January & February,

Specifications.

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The Reprints of our works are not available.
H.M.S. Southampton.

12th March, 20.

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. Buendes. I have arranged with the Pacific Steam Navigation Company at Valparaiso for the shipment of a further 1200 bales by the ‘Kenua’, 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 ‘Junina’ or the ‘Bogota’ which, you advise, are being sent in here by the R.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 men, mostly from the jetty, going out at Stanley pay day as weekly allowance of two shillings. The object in paying an extra two our allowance to avoid an all-round increase of pay on the works, the 10/- being merely to show the distance they sustain through being away from Stanley. The number of labourers of the works would only work on the tools and would only be available for sending, which will be so many as the number of men needed.

In accordance with the instructions of the Board, the Secretary of the Board of his engagement,
The Secretary,

LONDON.
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. In 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 those Stanley men, and Mr Slaughter would not agree to this.

The 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 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 £51,17. 0. while waiting for an opportunity to come to Stanley. This was promised to him by Mr Slaughter at the time of his engagement.
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 1/6 instead of 1/5 in referring to the proportion of the homeward freight which goes to cover Hullage 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.
ENCLOSURES. (Only).

HEADQUARTERS. (Originals per H.M.S. Southampton, 15/3/20.)
Despatch No.560. (Accounts).
Despatch No.561.
Remarks on accounts.
Statement on accounts.
Remarks on Stores.
Store Indent No.550.

Sir,
Coasting insurance.
Trade produce per Samuel & Gaundolin
Report on Darwin Telephone Line.
Specifications.

I now have for deliv--agement your despatches Nos.1199
and 1200, dated 28th January and 25th February respectively.
2. Cash Book for February.
3. Remarks on Stores.
4. Store Indent No 551.
5. Remarks on accounts.
11. Sundry Tariff Loan Dividend Request Forms.

I have here before me a copy of Miss Wilson's 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.

[Signature]
6th April, 1920.

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. Cables exchanged are confirmed as per copies enclosed.

1. 1199 - 5. The faintly pencilled of last season’s rent is incomprehensible. I can only say that gross carelessness must have taken place in the supervision. You cannot from Hill’s letter discuss matters altogether outside the question.

2. 1199 - 6. I am very glad to hear from Messrs. Allen and Cobb.

3. 1199 - 7. 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 "Orcoma" to discuss the matter with Mr. Arthur Caldon 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. 1199 - 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.
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. 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 £222.8.6. as a result of the excess purchase of air 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 Northern 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 "Jumin", 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 "Cromer" for 900 tons wool and sheepskins, 70 tons Tallow, and 20 tons Hides, she came here with space for only 335 Bales; fortunately the Kenuza was still here loading, so that I had an opportunity to ask Valparaiso
to allot the lost space in the 'Oromu', to the 'Kenuta', to which they consented. As you can understand, the loading of steamers in Port William means lighterage, and the 'Oromu' 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. Even so, and we should kill at least 30,000.

12. 1200 - 10. It is quite true that Flagging or rushes for Tallow casks have always been sent out, which I should have known. I am at present engaged in shipping sheep.

13. 1200 - 16. I have just learnt from the P.S.N. Company at Valparaiso that the next Mail Steamer calling here is the 'Orta', 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.
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 ‘Jumin’ 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 Mr Race 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.

DUPILICATES. (Originals per ORN. 2373/20.)
Journal for Jan and Feb.
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.
12. Correspondence — Mrs. Solis & her husbands greet.
13. SPECIFICATIONS.


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3. It does not appear that the campaign of April that he does not appear that the campaign of April to reach the Islands so soon.

14. Canning operations, owing to the shortage of labour, will be prosecuted, Mr. daughter estimating that they will not finish until about the end of May. The Falkland has now lifted the exception of those from Speedwell, Lively, and Bleaker Islands. The Falkland is bound for 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 coal and skins in for.

The Secretary,

LONDON.
shipments 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, 1200 Tasses Canned Meats, and over 500 Barrels of Tallow. The "S.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 "Indies 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 Cable exchanged are confirmed as per copies enclosed.

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 36th 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.
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 I." , 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. I am, Sir,
Your obedient servant,

for Manager.

ENCLOSURES

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

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

ORIGINAIS

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.
10. Coasting Insurances.


TR  9  8

The Secretary.

May 15.
Sir,

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 Laflonia, 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 Coasting Insurances, as far as I am aware, animals shipped per Galapagos from ports other than Stanley, have not been insured. I am taking this matter up with Mr Wair.

I enclose McNicoll’s report on the hull of the Plym, which has been up on the Government slip for
to husband our supplies of coal we had sold, at £10. per ton, 136 tons to the Norge Hauling Company, and 179½ tons to the Nor Hauling Company. We have now stopped all sales.

8. 1202 - 5. I note that a compromise has been made with Mr Race, and that payments which are eventually to be charged to Fearn 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 McNicol'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 Renate shipment of 486 tons. They have now used up the balance, and our own stock has been augmented by 475 tons ex "Jueende".

17. I regret to report that J. G. Joppy, 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
564, per "Junin", 24/5/20.

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 Nicholls' valuation of buildings, fences etc. still remaining on Great, Swan, Haugeless and Tysen 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 missing 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 3 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.)
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.

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.


H.H. 11 9
F.T.C. 8 85
F. 8 87
G.S. 124
B.N. 90 4
H.G.C. 88
N.A. 16
S.C. 8
J.H.N. 110
J.Mail 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.
7. Store Indent, 554.
8. Coasting Insurances.
10. Donkey Boiler, Great Britain.
12. s.s. Falkland Manifests, Voyages 9,10,11 0.
15. Canning—Goose Green sheets.
16. Resume of sheep killed and Credit Notes.
17. Falkland Islands Shipping Report.
19. Falkland Islands Gazette, April & May.
20. Life Insurance Claims, (3).
21. Shortage Claim, (Lamb Brothers.)
22. Stock Inspector's Reports, and Annual Stock Returns.
23. Correspondence—Lowden, Connell & Co.

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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 follows:
- Sugar, rice, maize, oats, pollard. All nil.
- Flour, 110 bags with orders on hand.
- Butter, 1 month's supply.
- Paraffin, 150 cases.

In view of the 'Cista' not arriving 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 was ordered as we heard the exchange was very high, and we were fully expecting vessels to arrive in the near future. Sailing advices from various sources have been most contradictory.

The Secretary,

LONDON.
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 "Luendes" 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.

Sir,

Your obedient servant,

I am, etc.

P.S. I attach a list of sailings cabled to us since the 29th March.
565 per score, Miller 457 per...

Frank Miller

1st July, 565.

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.

Cables exchanged are confirmed as per copies enclosed.

I was relieved to get your cable of the 31st May, stating that the Evandes 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).

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. Numeroses, when in Stanley, also informed me that he had omitted to report that the Tallow scales, titless wagon scale and too detors were unnecessary, and that the Tallow shooks which were purchased from the Brecht Company were quite useless, and that he has had to scrap them.

His remarks on the fertiliser 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 Numeroses.

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. Gundies which should arrive here on the 16th instan.

5. When Mr. Slaughter was in Stanley for a few days I asked him to report to the Board on the condition of the Hainin 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 Hainin 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 weeks' notice to get her Farm, Pitroy North, the condition of which has been going from bad to worse, into working war; 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 a new one is required he would recommend a small Cocker boiler with external uptake, similar to the Smithy boiler, about 4 ft diameter with a working pressure of 5 lbs to the square inch.

8. The 'Hafnia' 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 Hiker Creek Cookhouse will be sent out next trip for erect 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 Wiss. It has been found necessary during the last two years to promise Stanley men employment after the grazing 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 the 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
if the "Luenges" 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 1900 bales and 1700 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.

12. 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.
ENCLUSES. (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.
Resume of Sheep Killed.
Stock Sheets, 1919.
Report on Hull of Flym.
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 1930.
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.
Fflferage Claims etc.
s.s. Falkland, Manifest, Voyage 126.
Falkland Islands Shipping Report.
Falkland Islands Gazette, May.
Falkland Islands Magazine, June.

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5th July, 1920.

THE SECRETARY,

LONDON. Last Thursday left by the "Prance Vike" which sailed on 5th July.

Dear Sir,

The steamer arrived on 11th July, bringing your two letters. 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 £3 per day for accommodation.
- Expenses from Steamer to Hotel, correctly made, and Hotel to Steamer, fares on launch, etc.
- Taking the rates paid out by Messrs. London £10.0.0.

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

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

Yours faithfully,

[Handwritten note:]

Write the Chancellor, private.

Letter dated December 1920 recommending that her alimony claims be pressed.

The alimony to the contrary.

W. Slaughter's credit June 1920.
The lifting of the Island ended 15th July, 20.

"Pieder".

Sir,

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

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

3. 1203 - 3. 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 "Piedere", which has unfortunately been perpetuated in the two following shipments per "Kennet" and "Ormonde".

The Junio" Bills of Lading have been correctly made out. I think the original mistake arose through our taking the rates cabled out by Messrs London, Connell & Co. as the new rates, and I have received a letter from the C.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 committed 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.
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 Rumacres' 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
I

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

per "Buendes", 15th July, 1920.

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 intended

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 experi­

enced by the payees in cashing them on the Coast or at

Buenos Ares 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 "Buendes" 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, Is. 2 ½ d., and the flour has risen from 44/8

to 52/8. I infer that they are unable to understand their

accounts.

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
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 "Orido".

14. 1904 - 1. I very much regret to hear of Mr Goddard's illness, and trust that treatment in hospital soon restored him to health.

15. 1904 - 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. 1904 - 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. 1904 - 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 31st 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 31st 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 £1.6. 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-
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.

I am,

Sir,

Your obedient servant,

[Signature]

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

ENCLOSURES.

DUPLICATES. (Originals per "Franz 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.
7. Establishment of Wages, Quarter ending 30th June.
9. s.s. Falkland Manifest, Voyage 13 G.
10. Statement of Mr Milward's Expenses.
12. Correspondence.

Maclean & Stapledon.
Pacific Steam Navigation Co. Liverpool.

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The Secretary,

LONDON.
Sir,

I beg to confirm my last Despatch, No. 566, which left by the s.s. Guanches 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 Brita is again clearing Stanley of all produce, viz.: 1034 Hales of Wool, and 76 Hales Sheepskins. I shall have ready for the Guanches, 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.
shall cable you to ascertain whether any grain can now be obtained from the United Kingdom.

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 coal 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 Wallron, but will enquire into the matter at once.

6. 1205 - 6. The P.S.N.O. have charged us £5. 10. 0. per ton on the shipment per "Duendes" from Montevideo, making the usual freights of £8.10.0. and £12. 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 £8. 3. 345 per ton—an increase on the usual freight of this commodity of £1. 3. 345 per ton. Now this one 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. 12. 7 up to £114. 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 250 tons by the "Renata" from Montevideo, but later had to reduce this amount to 150 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 that I had the message sent out to be slaughtered by
3. 1205 - 3. I am glad to learn that you have left for the west Falklands, I then want all possible
and hard-wood posts, of which we are very badly in need.
Previously we had been able to obtain wood from Monte-
video 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 I. 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 discon-
tinuance 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 rewire the whole line in
view of the Company's acquiring Mr. Scott's Land. It
will be possible to make use of the Ridgeway 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. Scott's Land, and I note
that Mr. Hugh Harding will continue to manage the property
until further instructions are received.

13. 1205 - 13. 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. F. Bonner, Manager for Messrs Geo. Bonner & Company Ltd, requests me to put forward his name as an applicant for the lease of Great and Small 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 £150 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-island 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. "Oriza," 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 "Orite", 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 navvy 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 Bremet Company's casings, as I do not know the position of this business.

I am,

Sir,

Your obedient servant,

for Manager.

I am sure,

James Mackie.

Debbie Island.

Remonde Society.

Mrs Willard, Punta Rumes.
No. 567, per "Orta", 20th August, 1920.

DUBLICATES. (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.)
5. Store Ledger Balances.
7. Stanley Bonus List, 1919.
8. Remarks upon Accounts.
10. Remarks on Stores.
11. Store Indent, No. 555.
13. Return of Materials used at Goose Green.
14. Return of Camp Wages, June Quarter.
16. s.s. Falkland Manifests, Voyages 14 G and 15 G.
17. Falkland Islands Shipping Report.
20. Falkland Island Gazettes, July and August.

Correspondence:

James Mackie.
Webble Island.
Menendez Behety.
Mrs Milward, Punta Arenas.
No. 567, per Orta, 20th August, 1920.

ENCLOSURES (Continued).

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The next session, telling that he had been to the slaughter house, and therefore prefers that nella be done at home, as the second for that reason, and that it would not be used in fencing and other work, which requires more care in the present state. The British minister has asked to consider the foot-and-mouth disease, and you should not take him. It has been decided to export the cattle, and to arrange with the British minister of the home office, and the Indian government, to consider it also to export cattle from India. I do not think that you should export or ship cattle unless you are sure that you can obtain cattle in the United States for export. There is no possibility of obtaining cattle from the United States and those obtained from Australia.

The SARGENT.

LASHON.
I beg to confirm my last Despatch, No. 567, which left by the R.M.S. 'Orilla' 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.
4. I regret to have to report the death of Mrs. Orissa 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 Fort Louis.

6. The Heaving-down of the 'Bafonia', 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 'Bafonia' is the largest schooner which has been heave 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 'Junie', 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 Chilian authorities, as I understand that it should have been landed at Valparaiso for transmission via the mines.

I am, Sir,

Your obedient servant,

for Manager.
8th October, 19—

Sir,

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

1. 1206 - 1. 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.

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. His cables for clearance.

4. 1206 - 4. The supplies which I ordered by the "Duendes" will last us until about the beginning of December. H.M.S. as to settle.

9. Currency is still very scarce in the Colony. Be good if you will send out £3000. (Two thousand pounds) in 10. Bank of England notes.

The thirty men have all been landed at the quarantine station in good condition. As soon as
5. 1206 - 6. I observe that the wire for the Stanney - 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 C.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 C.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 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
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 Falklands should be in before the "Huanchaco" sails, with the last of the Island produce, viz., about 60 bales of wool from Charrles. Stanley will then again be clear of produce with the exception of hides.

I am, Sir,

Your obedient servant,
Nos 568 and 569, per 'Duanebaco ', 8th October, 1920.

ENCLOSURES.

DUPLICATES (originals per 'Orta', 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.

ORIGINALS

1. Despatches Nos. 568 & 569.
2. Cash Books for August and September.
5. Remarks on Accounts.
6. Remarks on Stores.
7. Store Indent No. 557.
9. Cash Vouchers, West Store, August and September.
10. S.S. Falkland Manifests, 16 and 17.
12. Farm Bonus List 1919.
13. Report on Schooner 'Laffais'.
14. Tillerage claims.
15. Establishment and Wages, quarter ending 30th September.
17. Falkland Islands Gazette, September.

Correspondence.
1. From S.S.N.G. Liverpool, re Claims.
2. To Loudon Connell & Co.

SPECIFICATIONS

Mark       Book   Skins    Tallow
M.Y.        36     4      4
B.           2      2
S & B        179    6      6
J.H.D        31     5      5
J.H.D.       30     13     13
S.I.         1

1st Shipment
8th October, 1921

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.
569, per Monachaco, 8th October, 1920.

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

COPY OF FURTHER COMMUNICATIONS WITH

1. Statement on accounts, additional.
2. Store indent No. 557. (Additional)
4. Letter to the Secretary.

In view of increased purchasing, conclusion of the above insufficient. Perhaps the latter.

4. The reply was lengthy, covering a great deal of ground.

In the absence were lengthy letters of the correspondence. The main conclusions of the above.

To the effect of the reply.

5. The reply was lengthy, covering a great deal of ground.

In the absence were lengthy letters of the correspondence. The main conclusions of the above.

The reply was lengthy, covering a great deal of ground.

In the absence were lengthy letters of the correspondence. The main conclusions of the above.
SIR,

Mr Creagh wrote you last per Ruanchaco which left on the 9th October.

2. 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 Ruanchaco, 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. 132/90/9 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. 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 Crita 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, 10/11/20. 3.

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.

11 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

canning this year to afford us an opportunity of

reconciling 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 £98,799, 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. 1s. 0d., 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 realise much more than £74,000.

on the following rough estimate.

14800 cases mutton at say 60/- nett. £44,400.
(after allowing claims for short
(weight, &c.)

140 cases extract at say 3/6 lb. 4,000.

about 330 tons tallow at say £60 nett, 13,000.

600 H/s skins £20 per h./-. 12,000.

Sundry hides, say 600.

74,000.

du stores on hand 7,000.

£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.
The earnings of the Falkland will be considerably curtailed by the suspension of Canning operations. On the basis of a moderate estimate of 16,000 sheep from the west, and 30,000 from the East Falkland Farms her gross earnings at existing rates would be -

460 tons material Stanley - Goose Green, £25/-, £575.

15000 live sheep St Howard - Egg Huf, £2/-, £1500.

Less 5% 115: £2160.

7300 cases meat & Goose Green - Stanley, 450 tons @ £5, £2250.

170 tons tallow Goose Green - Stanley, £25, 3100.

Less & hulitage, £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 & hulitage, £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 Fort 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
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 any way possible to find her some remunerative employment elsewhere, say on the Brazilian coast, for that period. The Argentine (and soon, Chilian 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.

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 F.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., K.C., J.G., D & S. etc. marks settle the freight direct with the F.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 F.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 possibility of chartering a small Salem. It should
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 F.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 30th 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 F.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 steamer. We should
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 steer 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. Macke 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 had been condemned time after time, but Mr. Macke 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 2d 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 carcases, 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 carcases 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
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 east 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 30 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.

Properly, there is still so much the difficulty. 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. With a preface it is necessary to explain that the Colonial Office has sent instructions that the Revenue and Expenditure of the Falkland Islands 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 since he has been in office, The Export Duty levied on whale oil per barrel to 3d up to 1915, and 3½d from 1916 to October 1919, when it was increased to 1/6, the revenue accruing from the
extra 1/4d 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 shy 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 £500 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
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 Bowden, 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 128 ft long with 33 ft beam, which had been an armed trawler, then 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 £3 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 not 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 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, saying 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
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 more 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 and I am sure, be taken as fairly accurate, source: The very high.

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 lines: Falkland, complaints of prices of stores, attempted re-construction of the Bertha wreck, imposition of tax on the 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 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 good seeing a steamer going round the Islands without some course, control or interference by themselves. But it may be as well to record here our discussion as to the general policy.
Again, 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 7%. 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.

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
of the farm arrangement in view of the proposed extension of Mr
Travers's Firroy property.

There are certain outstanding considerations -
time to perfect the new one and make necessary some
and yards.

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

(2) The wool-shed at Firroy is very old and should similarly
and be replaced. Need of supplying more money to those, too,
we should gradually shift those offices to Goose Green.

(3) We have at Goose Green a large establishment comprising
useful buildings, several comparatively new dwelling
houses, sheds, rail system, coolhouses, and especially
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 clip at Yarrab is quite played out and must be
renewed. It ought not to be built on the same site, or
as that is on the government reserve which we hold only
at short lease.

I think the same 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 Firroy 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
Harbour and Walker Creek sections and build the 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. Mr. Slaughter, who agrees that it is a serious consideration of his views on the matter, has been anxious that the design for the new sheds at Goose Green should be completed, and the existing ones taken down as soon as possible. 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.

The question of canning is still of some importance, the shearing and dipping being carried out at Goose Green, and if, as seems not improbable, canning is resumed 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.

To bring some over from Chile, taking that, we may have some 14,000 sheep to our present farm south of the Wickham Heights, but it is necessary to retain the Pitroy property and to charter a schooner to bring sheep to this property. There is no further notice of present condition, making under present conditions, four shearing stations.

The scheme will possibly in time entail the building of a new shed at Goose Green, for the purchase equivalent of the sovereign in

letter.
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 & Stapleton inform us that the cost price at Rio de Janeiro is 70 per lb., with freight (25 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 it in any manner 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. e asked Mr. Moir to select half-a-dozen representative camp hands' store accounts, and compare 1912 with 1913. 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 a man saved, say, £30 in 1912, he must now save £60 to be in an equally good position, for the purchasing equivalent of the sovereign in
1920 is about 8/- compared with that of 1914. The principal items in Mr Moir's list of prices show increases as follows:

- Flour, per 140 lbs, £1.5.0. to £3.5.0.
- Tea, per lb, 1.6d. 3.6d.
- Sugar, per lb, 3d. 1.6d.

Clothing advanced to 3 or 4 times previous cost.

The following telegram is quite certain that we cannot increase the upperselling price of flour without giving some increase in pay wages, and when I asked the administrator to undertake to get H.M.S. Seymou th to bring some over from Chile, I undertook that we would sell this at the landed cost plus only our overhead expenses at 7d.

I have now been informed by an enlargement in the question of Sir Douglas Young addressed some very strong letters to Mr. Houston about the selling price of flour copies of some were sent to you at the time, and others are enclosed for your information.

The wages and expenses of the Fitzroy and Fort Louis stations were charged to Mr. Parker's account for some time after April 30th, but we have now opened a new account termed 'Fitzroy Estate', to which all expenses incurred since 30th April will be transferred. The details are nearly all arrived at, but a few items cannot be settled without seeing Mr H. C. Harding who will come from Port Louis into Stanley one week-end shortly. We will give you full information by the Cort's mail. Seeing that the Company is deriving no profit from this station this year, the out-of-pocket balance of Fitzroy Estate account will be carried forward to 1921.

Captain's invitation to go round with him. I shall then your telegram of 11th October arrived the new jetty at Port Louis had been constructed to about half the proposed length. Mr H. C. Harding has seen Mr
I have received a telegram from Mr. Scott of N. S. L. Slaughter as to the age marks of the lambs, and have come to
agreement, taking the price of the two lambs as one as above
arrangement about this.

19. Mr. Slaughter has now secured two men locally here at present, and the Directors have formed notions of
as travelling teachers, Goodwin and Watson. You will
what price they would ask, I should be glad to have for
no doubt be glad to be relieved of the necessity of send-
ing a man out.

20. Mr. Gresham’s agreement expired on the 17th
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.

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 carriers to increase
all fares from here to Punta Arenas and Valparaiso by 50.
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, £38. Second, £18. Third, £12.


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 Junín arrives. H.M.S. Dartmouth will take
a mail to Montevideo.
25. We received a telegram from Mr. Scott of Tuntas, asking the price of the tug 'Samos' 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.

26. 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 mail before the 'Junin'.

10. Return of Camp Fogg - I am, Sir,

Your obedient servant,

Manager.
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 570.
Remarks on Stores.
Pilferage Claims.
Report on LaFonia.
Specification per Huanchaco.
Letter to Secretary, re Brecht Co.

ORIGINALS:
2. Cash Book, October.
5. Remarks on Accounts.
7. Remarks on Stores.
8. Stanley Ledger Balances, 30th September.
11. s.s. Falkland Manifest, 18, 19, and 20th.
12. Coasting Insurances, October.
13. Resume of Pilferage Claims.
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 1/3 shares not received.
22. Dam - death certificate.
23. Proposed circulars re Coasting and Homeward freight.
25. Memo. re Manager's House and furniture.
Enclosures, No.570 per H.M.S. Dartmouth, 29/11/20.

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.


Postmaster for parts return on the 7th instant.

32. Correspondence. Instant your Despatch No.1287 per:
   F.I.C. to S.S.C. Liverpool (2).
   F.I.C. to R. Grant. on the Great Britain is not in very frequent condition.
   F.I.C. to R. Kent Ltd. of opinion that we can carry on the Line.
   F.I.C. to Government re Bertham wrecks require it only then sending a steamer as it is only expedient.

33. Specifications:

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All orders for Bertham has just lately come to Stanley to hear a general overhaul of machinery, and he is now working on the order of the “Mys”. Unfortunately he broke the back plate fitted very badly in place.

It is now the likelihood being only 4 or half the original.

F.I.C. 234

May 23rd: Sir Houston apparently omitted to inform clients that a increase would be made in the rate on interest in accordance with our instructions in 1198/23, and, it may be only at the end of August that a circular report by Mr Crookes.

The increased rate will be charged on from January 1st, 1st.
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 "Hydra". Unfortunately he finds the back tube plate fitted 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.

6. 1207/30. 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 "Bansom" 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 hulls and lighters, so that a Marine Superintendent, as such, would have only the very light duties of keeping the hulls' 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 shames well; fortunately, after the "Huanchaco" 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 "Bansom" 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 "Bansom" 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, then 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 "Bansom", 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 "Bansom" 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. McNicol 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. 1907/21. 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. 1907/22. 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. 1907/23. The Government authorities sent no reply at all to Mr H.C.Harding's 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. 1907/26. 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,
apt 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. Lang:
"Manufacturer of Ladies' and Girls' costumes, etc.
Factory at 131 Houndsditch; show room at 361 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 Pach's account to date with adjustment of amounts payable by him up to 30th April last.
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 alpaca during 1930, in which are included the 70 bales D H and 81 bales W C of the new clip, shipped by the "Junin".

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, Cumnall & 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. Cuming 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 "Queendas" 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.

13. I regret to say that the breaking 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 today from Punta Arenas, and, Themz, 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. See over.
21. Runacres 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.

F.I.C. to P.E.M.C. Liverpool with copy of c/o 9/12/20.
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 Herkner's 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.
Resume 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.
Shipments per "Junin" Dec, 1920.

ORIGINALS:

1. Despatch No. 571, 22/12/20.
5. Remarks on Accounts.
7. Store Indent No. 559.
8. Remarks on Stores.
10. s.s. "Falkland" manifests, 21 & 22, G. & 23, G.
11. J.R. Long's Invoices. (Vide Despatch.)
15. Pilferage Claims.
19. Correspondence:

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:

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20. Medical Subscriptions — Speedwell & Lively Islands.
21. Memo re Farm Cadets Anning & Elliot.
22. A.P. Runacres Agreement.
H.M.S. "Weymouth" 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 Lianso, 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 Benner, 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.
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 P.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 "Orla" 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 "Hafnia", 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 seriatim:

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
store, 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 disadvantage 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 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
weather conditions. We regarded the "Falvina" as being under-powered, and her build with light draft forward was more suitable for being motor driven than the "Iafonia" 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 25 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
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 coaling 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
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. 1808 - 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 Mire 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.
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 x"
"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 suicit 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 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
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 Herkiots, 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 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 1886, he cannot be much over 50.

24. The new Governor, Mr Middleton, arrived in the "Orta" and so far has given a good impression. It will of course take him some considerable time to become at all 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 Ur
The official rates fixed by law for lighterage from one vessel to another are:

- 1.50c per bale of wool or shee skins.
- 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 5s 6d 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 transhipping cargo from the U.K. into lighters is 5s 2.10c per cubic metre, with demurrage after 5 days of 5s 15 per day for 100 ton lighter; 5s 20 per 300 ton lighter, and 5s 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
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 F.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 570/33 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 333 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 Fort 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.
37. 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.

38. 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.

39. 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.

40. 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 M.M. Dean is going by her to Montevideo.

I am,

Sir,

Your obedient servant,

[Signature]

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Mr. Harding

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

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" Manifest, 1, 2 and 3 N.
10. Cash Vouchers West Store, December and January.
11. S.S. "Falkland" Account (To be forwarded to London, C & Co.)
16. Williams Jennings's Record of service.
17. Plan of "Samson's" Boiler.
21. Dr. H. W. B. Harding's Certificate - Dr. H. W. B. Harding.
22. Bentley's code - Additions.
25. Letter to Mr. Goddard from Major Greedhouse.

Correspondence:

Copy of circular re "Falkland".
- Mr. W. S. Scott, Santa Fe, New Mexico.
- Mr. Goddard, "Samson" together with Capt. Goddard's report to Government re wool crisis.

Specifications.

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s.s. "Duendes" 573

3rd March, 21.

Sir,

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

1. 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.

2. 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 - 3½% 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 ½% over Bank Rate, but we are charging here ¾% 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 360 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 £35 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.
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 it will fetch.
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. Lacke to pull this down and ship the material to Fitzroy, but Mr. Lacke 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
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 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/- per box.

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
the "Falkland" 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 day days expire on 17th March.

14. The "Duendes" brought me letters from the U.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 16th, and it looks as if the U.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.
ENCLOSURES

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

Despatch No. 572
Remarks on Accounts
Statement on Accounts
Store Indent No. 560
Remarks on Stores
Camp Manager’s Report 3/3/21
‘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. Assistant Camp Manager’s Report February 31st
9. Farm Lambing and Shearing 1st Return
10. Fitchery and Fort Louis, Shearing 1st Return
11. Coasting Insurances, January
12. Velterage 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 Torch
22. Correspondence

P.I.C. to P.S.N.C., 2nd March
P.I.C. to Lowden, Connell & Co., 2nd March

Letters—H. Brookhouse to E.B. Goddard
H. Brookhouse to Edison Phonograph Company
W.A. Harding to P.D. Home

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Svend Pouyn.

11th March, 21.

Sir,

My last despatch left per "Buenos" which sailed at daybreak on the 6th instant.

1. Your telegram of February 25th instructing us to send a provisional Profit & Loss account for 1920 arrived only on the 7th 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.

2. 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.

3. 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.

4. I have received telegrams from the Managers of the Ormen and Nor Whaling Companies to the effect that in a few days they will be telegraphing that the Corcovado will be available in a few days time. The rejoicing on this occasion will be rather amusing.

5. 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 forward 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 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 staying 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.

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

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<td>5. P.I. Shipping Report</td>
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<td>6. Indent for Charters</td>
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<td>7. Specification - &quot;PENGES&quot; shipment</td>
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Sir,

I am, your obedient servant,

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.

2. Statement on Accounts.
4. s.s. "Falkland" Manifest 6 H.
5. F.I. Shipping Report.
6. Indent for Chartres.
7. Specification = "DUENDES" shipment.

I 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 F.S.F. 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 calculated by you.

The Secretary,

LONDON.
Whaling Steamer.

Whaling Steamer. in' Is postponed. I think we could not be effect by installing oil engine for the

24th March, 21.

Sir,

I wrote you last per "Svendfoyn" which should have caught the "Arianna" 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, 1443 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 F.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.
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 keeping of fires during intervals for meals.

(4.) We do not require power on the hulk now for discharging the "Falkland" whose dorriets 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
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 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 S.N.C. that the sailing via the Straits of the "Ortega" has been cancelled as she has to replace the "Ortega" 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 Hoare 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 STERNER, 24/3/21.

ENCLOSURES.

DUPILCATES. (Originals per Whaler via Montevideo.)

Dispatch No. 574.
Statement on Accounts.

ORIIGINALS.

1. Dispatch No. 575, dated 24th March, 1921.
4. Remarks on Accounts.
5. Store Indent No. 563.
6. Remarks on Stores.
7. Specification - Barque, "Oaklands".
8. Remarks on ships per "Duendes" and "Oaklands".
9. Accounts, Barque, "Oaklands".
12. s.s. "Valkyria" Manifest, 7 H.
13. Lamb Marking Return (Complete).
18. Correspondence - Colonial Secretary re Commission. Registrar re J.H. Dean's Estate.

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"Falkland" Manifest.
Store Indent No. 563.
Remarks on Stores.

Specification - Barque, "Oaklands".
Remarks on ships per "Duendes" and "Oaklands".
Accounts, Barque, "Oaklands".

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 5% we should recoup ourselves £160 out of the total charge of £500. It is very fortunate that the annual instalments for land purchase are secured by the Judges with a certain land and estate purchase.
Sir,

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, today.

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 £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 to leave the Colony with scarcely any prospect of obtaining passage. The Governor consequently cabled to the V.S.N.C. 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

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 Laflonia 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 Laflonia from the chart in nautical measurement; and the Admiralty calculated it to be 531,000 acres. An order of the Governor in Council has been made fixing the acreage of Laflonia 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 "Governor" 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
643


3. 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 F.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.

Enclosures

DUPesSATES (Originals per Whaling Steamer, 24/3/21 - 2nd Goose Green.

Despatch No. 575.
Remarks on Accounts.
Statement on Accounts - East and West Stores.
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.
4. Store Indent No. 562.
5. West Store Voucher, Cash, March, 1921.
6. Stock Returns, Pitary and Port Louis &c.
7. s.s. "Falkland" Manifest, voyage 8 N.
8. Station Account, W. K. Cameron.
9. Station Account, Greenshields Brothers.
11. Correspondence:
   With Col. Government re Commission.
   With Col. Government re Acreage of Lafonia.
ENCLOSURES. (Part Annual Accounts, 1920.)

1. Inventory of Stores at Darwin Harbour and Goose Green.
2. Inventory of Stores at North Arm.
4. General Summary of Stock on hand.
5. Balances due to and from men in Camp.
7. " Building Material "
8. " Fencing Material "
9. " Canning Material "
12. List of Store Debtors.
13. Remarks on Store Debtors.
14. List of Butchery Debtors.
15. Auditor's Certificate.
17. Details of Store Deliveries to Farm.

3. All the Pitcairn and Port Louis property has hitherto been insured for a total sum of £2,000 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 by several persons who use acetylene lamps. As we are not able to ship this by the S.S. Alpha, steamer laced some of the Captains of the whaling steamers if they would bring some to Pitcairn Island. The Secretary,

LONDON.
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 sheep farmers 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 £9300 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 3 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 14s. 6d. 6.

6. I have heard nothing further from Punta Arenas as to any offer for the "Sorata." 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 "Falkland," which is sufficient for the collection of the last 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 those 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 as we have been able to prepare sending the arrival to your account for December last. These are sent under separate ...
improve the cattle. He is leaving 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 Mule 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 leasehold. The Government should, of course, defray the cost of fencing off.

In view of the delay of the "Surata" I think it as well to send you such of the annual accounts for 1930 as we have been able to prepare pending the arrival of your account for December last. These are sent under separate
11. Your telegram instructing me not to ship tallow, bellies, pieces or britch arrived too late to stop the latter. 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 inquire 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 'Avenelion' 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 H.S.N.O. 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. "Selwold", 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.
6. Store Indent No. 564.
7. Remarks on Stores.
8. Establishment and Wages paid, March Quarter.
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.
16. s.s. "Falkland" Manifests, 9 and 10 H.
17. Falkland Islands Transport Co. Ltd - Account, March Qtr.
18. Falkland Islands Shipping Report.
19. Photographs, porch to Manager's House.
23. Letters addressed to E.B. Goddard.
24. Cablegrams confirmed.

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Sir,

My last despatch left per s.s. "Cerevado" 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 R.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 navvy 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 Secretaty.

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 recovered. 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.

6. When I wrote at the beginning of March (573/9) as to flour I feared that we might have been left with a rather
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 350,000 acres 1½d 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 R.J. Pataluga pays 163d, W.K. Cameron and Mrs Robson 382d per sheep as against Hill Cove 3.35d, Port Howard 4.65d, Port Stephens 5.13d and Jock Brothers & Co. 5.24d. The Company's contribution is 3.69d 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 1832 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.
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 such 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,  
(Dumdes, February, 1930.) £ 4.10.10.

Interest for 18 months @ 7½, say 10. 2.

Storage per ton, 4/- per annum
6. 0.

£ 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. Peter'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 £300 odd has not been settled yet?

14. I have to acknowledge the receipt of the follow-
ing:-

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

Letters per "Oruba" on the 9th instant.

Despatch 1213 per "Gorata" 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 discharging 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 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 U.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 3 years, inferior quality of timber, weight of Stanley butchery sheep, slipway etc. etc. The question of the "Gwendolin" referred to in 1277/45 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,
ENCLOSES.

DUPICATES. (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 & Fort Louis Insurance List.
Specification, "Corcovado" shipment.
Specification - S 70 wool, 5 skins.

ORIGINALS.

1. Despatch No. 577.
2. Statement on Accounts.
3. Remarks on Accounts.
4. Cash Books, April, May and June.
5. Journals, April and May.
8. Stock Returns, 1921.
9. West Store Cash Vouchers, April, May and June.
11. List of Store Debtors, 30th June, 1921.
12. List of Butchery Debtors, June 30th 1921.
15. " " " " Messrs Lowden Connell & Co. with letter.
17. s.s. "Falkland" Manifests, 11 and 12 H.
19. F.I. Magazines, May, June and July.
20. Mr Peters's report on Goose Green machinery.
22. " " " " " Camp, 31st March.
23. Lloyds' certificate, 1 B/- wool, Carcass Island.
24. Correspondence.
Correspondence:


25. Confirmation of cables.

<table>
<thead>
<tr>
<th>Specifications</th>
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<tbody>
<tr>
<td>Mark.</td>
</tr>
<tr>
<td>-------</td>
</tr>
<tr>
<td>D-H</td>
</tr>
<tr>
<td>N.A.</td>
</tr>
<tr>
<td>L</td>
</tr>
<tr>
<td>J.H.W.</td>
</tr>
<tr>
<td>D &amp; S</td>
</tr>
<tr>
<td>J.H.D</td>
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<tr>
<td>J.H.D</td>
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<tr>
<td>D.H.</td>
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<td>P.H.</td>
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<tr>
<td>F.B.</td>
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<td>S.B.</td>
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<td>H.W.</td>
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<td>B</td>
</tr>
<tr>
<td>R.B.C</td>
</tr>
<tr>
<td>W.E.D</td>
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<td>S.I.</td>
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</table>

Goose Green specifications of Tallow, season 1921.
Mr. Roberts, the Sarina Superintendent, arrived by the "Orita".

The "Sorata" will arrive this afternoon, taking all the produce we have. Amongst the few D.H. letters were your letters which have been kept back in accordance with your instructions.

Sir,

I wrote last per s.s. "Orita" which left about midnight on the 13th instant, and have to acknowledge the receipt of your despatch 1214 which was to hand the following morning.

2. I cabled you yesterday to the effect that your telegram of 13th June arrived mutilated, the word "CBER" (10%) having been transmitted as "CBER". In decoding I naturally looked down "CER" in the code and assumed that the word intended was "CBER" (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 578/3 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.-

<table>
<thead>
<tr>
<th></th>
<th>1919</th>
<th>1920</th>
</tr>
</thead>
<tbody>
<tr>
<td>Farm</td>
<td>£1376</td>
<td>£564</td>
</tr>
<tr>
<td>Stanley</td>
<td>1162</td>
<td>424</td>
</tr>
</tbody>
</table>

The Secretary,

LONDON.
3. Mr Robert, the Marine Superintendant, 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 bitches 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,

Manager.

1. Despatch no. 579
2. Statement on Accounts
3. Remarks on Scores, 585
No. 579, per "Sorata", 14th July, 1921.

ENCLOSURES

DUPULICATES. (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' 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.
Sir,

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.

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. 3.10 has likewise been written off the Farm account. Two sets of abstracts have been made, one 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:

<table>
<thead>
<tr>
<th>Year</th>
<th>Sales</th>
<th>Deliveries</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>1918</td>
<td>£45326</td>
<td>£26501</td>
<td>£71827</td>
</tr>
<tr>
<td>1919</td>
<td>51447</td>
<td>42434</td>
<td>93871</td>
</tr>
<tr>
<td>1920</td>
<td>75936</td>
<td>35949</td>
<td>111885</td>
</tr>
</tbody>
</table>

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 o.i.f. values of every article, and I propose that at the end of the current year the stock should be valued at o.i.f. figures, possibly deducting a small percentage for probable wastage or depreciation.

With falling values these o.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.
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 £300 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. "Falkland" 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 £3365.12.4. - increase £373.15.10.**

7. **"SAMSON" loss £323.6.8. - 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.

Expenditure was kept down to necessary work. In 1921 the account will probably be higher.

9. FENCING £293.2.9. - decrease £274.14.7.

Probably too we shall have to spend more on this account this year.

10. GENERAL CHARGES £605.5.4. - 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 £3163.3.11. - increase £407.18.7.

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
(store) £750; Farm £500; Mail Agency £250; P.J. Transport Co. Ltd £250; Lighterage £250. The re-imbursement 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. SUNDARY 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 £300.

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.
but at present it cannot by any possibility be regarded as an asset.

I am,

Sir,

Your obedient servant,

Manager.
<table>
<thead>
<tr>
<th>RECEIPTS</th>
<th>1920</th>
<th>1919</th>
<th>Increase</th>
<th>Decrease</th>
</tr>
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<tbody>
<tr>
<td>Rent</td>
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<td>334.</td>
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<tr>
<td>Interest &amp; Commission</td>
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<td>774.7</td>
<td>2585.13</td>
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<td>300.12</td>
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<tr>
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<td>11734.10</td>
<td>13199.17</td>
<td>1465.7</td>
<td>5.</td>
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<tr>
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<td>7475.15</td>
<td>84624.14</td>
<td>77143.18</td>
<td>7.</td>
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<td>1986.16</td>
<td>379.15</td>
<td>10.</td>
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<td>Lighterage &amp; c.</td>
<td>5443.15</td>
<td>68.12</td>
<td>5381.3</td>
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| TOTAL RECEIPTS | 31429.15 | 101383.15 | 8660.5  | 5.      | 78614.6 | 6.5 | 69954.7 | 7. |

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<td>535.1</td>
<td>67.4</td>
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<td>542.3</td>
<td>511.1</td>
<td>31.2</td>
<td>2.</td>
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<td>Buildings</td>
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<td>1890.15</td>
<td>2</td>
<td>193.19.1</td>
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<tr>
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<td>203.2.9</td>
<td>477.17</td>
<td>4.</td>
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<td>&quot;Samson&quot;</td>
<td>323.6</td>
<td>182.6</td>
<td>140.19</td>
<td>4.</td>
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<tr>
<td>Furniture</td>
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<td>5.1</td>
<td></td>
<td></td>
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<td>3168.3</td>
<td>3127.5</td>
<td>40.18</td>
<td>7.</td>
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<tr>
<td>Sundry Debtors</td>
<td>837.3</td>
<td>37.3</td>
<td>800.</td>
<td>1.</td>
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</table>

| TOTAL EXPENSES | 7378.2 | 6761.11 | 1085.5  | 2.     | 468.13 | 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.
5. General Summary of Stock on hand, 31st December, 1920.
7. Abstracts of the Farm Account.

The Secretary,

[Signature]

London,

[Date]
Sir,

I wrote last per "Sorata" which left on the 14th ultimo. The original of your despatch No. 1210 per "Bordale" has been received through Messrs Maclean & Stapleden. As this with other letters was enclosed in a case of sundries which they were sending down by the "Ortega" 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 vessels that have been personally in a small way and riddles each year;

The Secretary,

LONDON.
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 £379. I.O. to be settled. A proposal 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 'Falkland' 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 'Falkland': 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. L211 - 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 L211 - 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. L211 - 15. You have misinterpreted my remark in 520 - 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 heroic de combat it surely is not seriously suggested that we should dispense with the "Plym". How could we accept the P.S.N.C. Agency without some boat capable of moving lighters and hulls? - 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 "Orta," 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 Runners - 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 Lacke sent me a copy of his application to the Governor for his consent to transfer the Pitarcy 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 3 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 3 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 Jacob Hoare & Co. for the balance due on 30th June is enclosed herewith.
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 curtailling 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 - 53 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 - 13. The Board's instructions as to Port Stephens and Port Howard accounts will be carried out. As regards
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 Jacob Hare & 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 parcel 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
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 F.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.
The cost of altering her and installing a motor would cost something like £1000.

The motor engine would displace some 30 bales of wool, or, say, 20 tons of cargo space.

We are not 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 install 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
periodical Boiler Survey has to be arranged as soon as it can be arranged.

35. We have managed to get out the half-yearly accounts of Holmested 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,

P. I. Gazette, 1st August.

F.I. Magazine, August, 1931. Manager.

P.S.N.C. Account to 4th August, 1931.

Memoranda for Secretary.

West Store Cash Voucher, July, 1931.

Half-yearly Account, Holmested, Blake & Co. Ltd.

Half-yearly Account, Dean & Company.

Half-yearly Account, J.L. Waldron Ltd.

Half-yearly Account, Greenhields Brothers (Carbon only.)

F.I. Shipping Report.

Correspondence:-(1) Leaden, Connell & Co.

(2) P.S.N.C. Liverpool.

Specifications:

<table>
<thead>
<tr>
<th>Mark</th>
<th>Wool</th>
<th>Skins</th>
</tr>
</thead>
<tbody>
<tr>
<td>Heart</td>
<td>211.</td>
<td>1.</td>
</tr>
</tbody>
</table>
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.
5. Store Indent No. 566 with carbon copy.
6. Remarks on Stores No. 566.
9. Establishment & Wages Quarter ending 30th June, 1921 (Camp.)
10. F.T.Gazette, 1st August.
11. F.T. Magazine, August, 1921.
13. Memoranda for Secretary.
15. Half-yearly Account, Hesters, Blake & Co. Ltd.
17. Half-yearly Account, J.L. Waldron Ltd.
18. Half-yearly Account, Greenshields Brothers (Carbon only.)

20. Correspondence— (1) Lowden, Connell & Co.

(2) P.S.N.C. Liverpool.

SPECIFICATIONS.


Heart. 211. 

F 11. 1.
be able to sell a bulk of wool, and in such a way with
no prospect of being able to borrow from our bankers, and
having already invested £500,000 by December 30th
should have had no money to pay wages. 8th September,
1891.

I should then have been compelled to inform the bank
that I could not pay this for the farmers. He said it would
have been up to them to explain that to him, but I replied,
Sir, it came to the same thing. I was glad to tell him
however, I wrote last per "Durata" which left on the 10th
August, and received on that day your despatch No. 1215
dated 18th July, was shortly afterwards confirmed by a
2. 1215 - 2. The payment of bonus at 5% only against
1½ for previous years which resulted from the misreading
of the mutilated telegram has indicated fairly well to all
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. I do not like my suggestion in
3. 1216 - 3. Last a recent interview the Governor
referred to the letter of 17th May to the Colonial Office,
and read the last paragraph which runs as follows: "Govern-
ors", 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. Planted town. He said
that we had. 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. Jackson told the Governor that when that letter was
written there was a strong probability that we might not
have land and its value to the Port Louis station.

The Secretary,
LONDON.
be able to sell a tale 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 8½, we
should have had no money to pay wages, much less Land Tax.
I should then have been compelled to inform him that we
would 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 instal-
ments, 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.
4.12.15. 4. The Governor does not like my suggestion
to give up the strip of land from the Murril 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 tallow. 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. Lacke about it and I replied that it would be better
if he did, for Mr. Lacke knows more than anyone else about
that land and its value to the Fort Louis Station.
I said that perhaps a piece running North & South
fenced off by a line from the head of Neir Creek to Berke-
ley 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 Harriet point, for the Governor seems determined to have something. This would be more convenient for Stanley and would mean much less fencing.

5. 1215 - S & 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 horsecut the West Falkland mail letters ex
Fortegan to Darwin, whence they were taken over to the West in the Fort 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
8/9/21.

Per Orcana, —

nothing for it but to have a new complete set of signalling
flags for each. We have Red Ensigns here.

probability that Each of the three schooners should have a
told complete set of all the small enlarged local charts of
and the Islands. A list is enclosed showing what we have
there now, but possibly some of these are obsolete. We
should be glad if you will make up three complete sets.
She.

as these are not required very often they need not be
possessed.

West Falkland. There are no binoculars here for either schooner,
and I think that each vessel should be provided with a
go pair of good night glasses with a wide field.

but this is pt. 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
Gov. number 1771.) shared for independent version ofcoast
charts and more.

10. 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
prest 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.

colonial mail. In giving me these particulars, the Governor asks
that especially they should not be made known in South America
and proceeds.

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
they to £6000. The Governor's general idea of the matter is
any. Primarily, to have something which will enable the Government
some 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

Luna 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 time table, 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.
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, £300. The bonuses paid this year are also less by £300 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 an 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 Jacke'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 Act 1906 stipulates that every British foreign-going 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 hometrad passenger ship—a hometrad passenger ship is defined as any hometrad 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:

<table>
<thead>
<tr>
<th>Category</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Wages</td>
<td>£1,000</td>
</tr>
<tr>
<td>Overtime</td>
<td>100</td>
</tr>
<tr>
<td>Victualling</td>
<td>500</td>
</tr>
<tr>
<td>Deck Stores</td>
<td>300</td>
</tr>
<tr>
<td>Insurance</td>
<td>200</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>£2,800</td>
</tr>
</tbody>
</table>

If you require to earn in addition 33 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 32½ per ton. Since then the rates have been reduced by 15%, reducing the average to 27½, and are now as follows:

<table>
<thead>
<tr>
<th>To Berkeley Sound &amp; Piercy</th>
<th>3 - 16.8</th>
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</thead>
<tbody>
<tr>
<td>Lively Island &amp; Chalcedon Sound</td>
<td>1 - 1.8</td>
</tr>
<tr>
<td>other East Falkland ports</td>
<td>4 - 6.5</td>
</tr>
<tr>
<td>Speedwell Island</td>
<td>1 - 10</td>
</tr>
<tr>
<td>Fox Bay &amp; Port Howard</td>
<td>2 - 15</td>
</tr>
<tr>
<td>other West Falkland ports</td>
<td>2 - 15</td>
</tr>
</tbody>
</table>

At these rates, averaging 27½ per ton, the total earnings on 1325 tons of cargo would amount to £2500, or £300 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 60½ 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...
not a passenger ship our schooners would be simply house trade coasting vessels and consequently would not be required to have a certificated Master. The "Lafonia" is 94.76 tons net 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 that as binding.

Could you ascertain whether coasting schooners at home carrying not more than 12 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 £240 per annum.

Therefore, omitting the matter of depreciation and reserve sinking fund, the annual cost may be reckoned...
No. 582, per "Coeana," 8/9/31.

Large proportion of the wheat brought in was of wool and sheepskins at 576 lbs. a

In the last two years of collection of produce by schooners the "Jovia" and "Gwendolin" brought in about 6000 and 2700 bales respectively. I take those 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 for canning to keep all three fully occupied for a whole year.

If ocean freights come down, as through freights of £12 16s. 8d. per ton weight or less (one and three-eighths

per lb) might be divided into £3 15s. 6d. for the coasts and £4 18s. 0d. for coasting. This would give us 7 1/6

(seven-sixteenths) per lb for coasting, equal, per bale

of 576 lbs., to 21/- of which hulksage would take 20/,-

the schooner 17/,-

The schooner's total earnings would then be:

<table>
<thead>
<tr>
<th>Freighter</th>
<th>Freight</th>
<th>Total</th>
<th>Running</th>
<th>Sinking</th>
</tr>
</thead>
<tbody>
<tr>
<td>Lafonia</td>
<td>2250</td>
<td>800</td>
<td>3050</td>
<td>3400</td>
</tr>
<tr>
<td>Gwendolin</td>
<td>2395</td>
<td>300</td>
<td>3095</td>
<td>3400</td>
</tr>
</tbody>
</table>

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

hulls of wool and sheepskins, the local freight on which

since Mr. Atherley's letter last received we have had a further rise, by the Falkland, an all-round £3 10s. 0d. per ton, and I see no reason why there should not be slightly in

desirable those sections are quite light

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 Fara, 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 "Oceana" 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 foreman at Port Louis and Fitzroy report by telephone that our losses on those sections are quite light.

I am, Sir,

Your obedient servant,

Manager.
No. 582, per "Ortega", 8/9/21.

ENCLOSURES.

DUPLICATE (Original per "Ortega" 8/9/21.)

Bill of lading for shipment per "Ortega".

ORIGINALS.

1. Despatch No.582.
2. Remarks on Accounts.
4. Remarks on Stores.
5. Store Indent No. 582 with carbon copy.
8. West Store Cash Voucher, August.
9. Stanley Ledger Balances, 30th June, 1921.
11. s.s. "Falkland" Manifest, 13 H.
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.

Specifications.

Mark. Wool.
J.L.W. 3.
E.E.M. 5.
J.B. 106.

The Secretary.

LONDON.
Sir,

My last Despatch left per "Oceana" on 12th September. I received on 12th September your Despatch 1216 of 8th August, and on the 19th instant your Despatch 1217 per "Huanahaco".

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 tallow 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 cash 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
indicated the general lines on which we should insured, expres-
sing the opinion that, generally speaking, when the property
is isolated and the Company does not stand 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. Racke are also placed with
the Royal, although I suggested on the list that they should
be insured in the R.A Co.'s own fund. The new Policy, however,
does not seem to have been scrutinized or referred to Mr. Racke
as suggested in my memorandum of April last, for the Policy
describes the furniture in the Manager's house at Pitzroy as
being the property of Mr. Racke 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
Rendel'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 Williams, 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 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 £3,000 (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 Greece, 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,

[Signature]
No. 583, per "Huanchaco", 21/9/21.

ENCLOSURES

DUPLICATES. (Originals per "Oreana" 12/9/21.)
Remarks on Timber ex "Oruba" and "Scrata"

ORIGINAIS
1. Despatch No. 583.
2. Remarks on Accounts.
3. Statement on accounts.
4. Remarks on Stores.
5. Store Indent No. 568.
7. Darwin Coal Consumption (letter, Slaughter to Harding).
8. Notes on insurances.
11. Specification shipment per "Huanchaco". Has arrived.
12. Correspondence - Slipway - Juan B. Stellm. Any interview to discuss it.
13. Confirmation of cables.

The Secretary,

LONDON.
this until he is informed of the reason.

I cannot very well ask what remedy is being put to Mr. Sacke’s letter and feel that unless the Government immediately broaches the subject I had better wait until I hear from the Directors. As it may take time longer than 17th October, I may have to write 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 us to discuss it until the land belongs to us.

Sir,

I wrote last per "Huanchaco" on the 31st ultimo.

2. Further correspondence with the Government on the subject of the transfer of the Sacke 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. Sacke has not thought it 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 a telegram arrived from John Wright and Son, James Airey, quite impracticable definite. It is strange

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 breaches 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.
No. 584, per "Orita," 17th October, 1921. (sailed 19th.)

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.
5. Journals, August and September.
7. Remarks on Stores.
8. Camp Manager's Reports dated 14th & 19th October.
9. Return of Establishment & wages paid, Stnley and Camp,
   Quarter ending 30th Sept.
10. Farm Bonus list (2nd 51)
11. West Store Cash Voucher, September.
13. Falkland Islands Gazette, 1st October, 1921.
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.
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:

<table>
<thead>
<tr>
<th>Mark</th>
<th>Hides</th>
<th>Tallow</th>
</tr>
</thead>
<tbody>
<tr>
<td>8</td>
<td>12</td>
<td>2</td>
</tr>
</tbody>
</table>

The Secretary.
"Falkland" via Buenos Aires.

31st October, 1918.

585.

Sir,

I received per "Orita" on the 10th instant your despatch No. 1218.

2. 1218 - 2. The telegram which it was intended to despatch on the 8th June was not sent. Mr. B. V. Cobb who asked us to send the message cancelled it at the last moment. Records 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 - 3. 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 hoope has fallen from £54. per ton to £15, the value of the iron roofing that we have on hand must have dropped somewhat in a similar proportion. I stated in despatch 589/3 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.

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:

<table>
<thead>
<tr>
<th>Falklands</th>
<th>Dependencies</th>
</tr>
</thead>
<tbody>
<tr>
<td>Revenue</td>
<td>Revenue</td>
</tr>
<tr>
<td>1920</td>
<td>1921 Estimated</td>
</tr>
<tr>
<td>26397</td>
<td>29945</td>
</tr>
<tr>
<td>Expenditure</td>
<td>30864</td>
</tr>
<tr>
<td>Deficit</td>
<td>3967</td>
</tr>
<tr>
<td></td>
<td></td>
</tr>
</tbody>
</table>

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 "Huanchaos", 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 Lache'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 Lache would send in to the Governor a formal application for the renewal, as the lease is here perhaps Mr Lache 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.

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 a 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 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
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 on 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.
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.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.
ENCLOSURES

DUIDICATES per "Crita", 17/10/21, were sent via Valparaiso.

ORIGINALS

1. Despatch No. 585
2. Camp Manager's Report, 27th Octr, 1931
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 £160 worth of produce sheepfarming pays £11 12 3, and whaling 12s 9d only.

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
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 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 seriatim:

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 pertain 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 Harbormaster 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 Hospitals, 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.

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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 3½d a barrel
"to 1s 6d a barrel and to pay into the fund the increased
"duty at the rate of 1s 2½d on every barrel of oil exported.

The latter reads:— "This sum of £5000 representing
"approximately 3½d 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 3½d 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 3½d would continue to be be credited to
general revenue. This matter is important as concerning the
sanctity of a Governor's promise to the Legislature.

(2) If this 3½d 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 an 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.
7th November, 1921.

Sir,

I wrote last per s.s. "Tarkinnd" 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 "Aruguey" 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 Portroy 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 was 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 sheep were ready to go...
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 "Gruba" 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".

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 Mars 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.
ENCLIOURES

DUPLICATES. (Originals per "Pamland" to B/A, 31/10/21.)
Despatch No. 585,
Camp Manager's Report, 27th Oct.
Statement on A/Cs.
Remarks on A/Cs.
Store Indent No. 570.
Remarks on Stores.
Stanley Ledger Balances to 30th Sept.

ORIGINALS.
1. Despatch No. 586.
4. Remarks on Accounts.
5. Store Indent No. 571.
6. Remarks on Stores.
8. Marine Supdt's Report re beaching "Lady Elizabeth".
1927-28. 16th April, 1927. Hon. of the to be given to all
the members of the staff on salaries and wages earned.

Vi. No assessment.

1927-28. 6th August, 1977. Bonus payable only to monthly
employees and not to farm servants monthly - not to those
paid by the hour.

1928 - 29. 30th November, 1928. Amount paid for bonus to be
appropriated to different departments.

1929 - 30. 30th May, 1929. Remarks on necessity for advancing
the supplies by Stanley labourers - decides to give bonus
letter written by the Hon. only willing to consider extension of bonus
to day labourers.

1930 - 31. 30th June, 1930. 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
18 days - this term may, at the discretion of the
Manager be increased to 201 days.

1931 - 32. 30th August, 1931. 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.

1932 - 33. 30th November, 1933. The 180 days rule not to apply
to men on monthly or yearly wages.

To Caim Manager 15th October, 1975. The 180 (six) days limit
applies only to Stanley, and not to Farm hands.

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.

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 parcellled 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. **TOLL 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 de-

<table>
<thead>
<tr>
<th>Year</th>
<th>Total Sheep</th>
</tr>
</thead>
<tbody>
<tr>
<td>1915</td>
<td>701,268</td>
</tr>
<tr>
<td>1916</td>
<td>689,904</td>
</tr>
<tr>
<td>1917</td>
<td>696,975</td>
</tr>
<tr>
<td>1918</td>
<td>699,368</td>
</tr>
<tr>
<td>1919</td>
<td>688,996</td>
</tr>
</tbody>
</table>

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 depasturing 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 "Orcoma," 9th November, 1919.

Sir,

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.

1. 1219 - 2. It is very unfortunate about the "Maria Moser," the price of which appeared to be reasonable.

3. 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.

4. 1219 - 4. 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.
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. 1919 - 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 "Oreana" on his way to Chile, and we have a statement of his account ready to hand to him.

7. 1219 - 16. As mentioned in 532/14 I had hoped that the B.S.N.C. rate would have come down to £3.15.0. 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 B.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 Mesmos 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 B.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.
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 Mosher" had fallen through, and it was evident that the "Falkland" must carry on for the present. Even if the "Marion Mosher" 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 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 "Oroona" 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...
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.

I am,

Sir,

Your obedient servant,

I am.

Sir,

Your obedient servant,

18/11/21.
No. 587 per "Gemea", 30/11/21.

ENCLOSURES

DUPLICATES via Andes. Accept herewith -
B/L for 1 cedar Log.
Indent No. 571

ORIGINALS:

1. Despatch No. 587.
2. Journal for October.
4. Remarks on Accounts.
5. Store Indent No. 572.
6. Remarks on Stores.
7. Camp Manager's Report, 28th November.
9. do re Outward Bills of Lading.
10. Shipping Report.
11. Pilferage Claims.
15. P.S.N.C. account copy of
Statement of Division ofExtant shearing - P.I. Deftandens

The Secretary.

LONDON.
that we can rely upon for supplies by the

probability the F.S.N.C at Wellington will be

us sufficient to warrant their being shipped.

588. Three catchers have arrived last night with the

steamer "Governor" last month. The

September is somewhere to the

n This steamer, which should have arrived at 10 a.m. yester-

day 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 in the "Governor"

2. We received yesterday a radiogram from Captain Owen

as follows; "Driedock 28th. Bottom excellent condition.

"Expect sail December 8th." Copy of letter from Messrs

Lowden Connell is enclosed.

3. A telegram arrived yesterday from the F.S.N.C. at

Valparaiso as follows:— "In Paz she yours homewards beginning

"January, Rainia early February. When 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.
No. 588, per "Oreoma", 1/12/21.

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 "Governor" had been wrecked on the night of 29th 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 "Oreoma".

5. The Government patrol boat arrived at midday today, just in time to send the crew home by the "Oreoma".

I am,

Sir,

Your obedient servant,

Manager.
Dear Sir,

At the last meeting of the Board the question as to when it would be desirable for you to hand over the Colonial Managership to Mr. Gresham was under consideration. As you are aware it was the original intention of the Directors that Major Brooke, who had 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 arrangements had best be made with Mr. Gresham in the interim.

Yours faithfully,

Secretary.