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Foreign and Commonwealth Office

London SW1A 2AH

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29 November 1982

Prime Minister

A.J.C. 29/11

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Dear John,

Falkland Islands: Rehabilitation

I enclose a further progress report on the programme of rehabilitation, which updates the report sent to you on 2 November.

I am sending copies of this letter to the Private Offices of all members of OD(FAF) and to the Private Secretary to Sir Robert Armstrong.

Yours ever

J E Holmes

(J E Holmes)
Private Secretary

A J Coles Esq
10 Downing Street

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FALKLANDS REHABILITATION: PROGRESS REPORT

Finance

1. The original £10 million for rehabilitation is now fully committed. So far £2.4 million have been spent and expenditure of £2.5-3 million is anticipated during December. Two officials, from the ODA and the FCO, visited the Islands from 11-16 November to quantify further spending requirements for essential rehabilitation work on the Islands' infra-structure which will not be covered by decisions on the Shackleton proposals. Proposals for an additional allocation of funds for rehabilitation work, based on their report, have now been put to Ministers.

Shipping rehabilitation supplies

2. No difficulty is being encountered in finding shipping space for all civil rehabilitation requirements. The major problem remains the inadequacy of unloading facilities at Port Stanley. The military staff involved are working flat out to avoid unnecessary delays but some bottlenecks seem inevitable. 15 ships are programmed to arrive before Christmas, although the original estimate for this period was only 2 vessels. The military staff in the Islands have stressed the vital necessity for effective harbour facilities in Port Stanley, both for current military needs and for the longer term development of the Islands.

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/Housing

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Housing

3. Most of the materials for the first 27 prefabricated houses, together with essential plant and associated equipment, were shipped to Port Stanley on 16 November. Some of the construction team are also on board. An advance party is also being flown to the Islands to meet the arrival of the vessel on 5 December. Arrangements are in hand for the balance of the 54 houses to be shipped during December. The military authorities in charge of the harbour in Port Stanley have undertaken [REDACTED] to unload the housing as rapidly as possible despite the inadequacy of local harbour facilities.

Mobile homes

4. The 10 mobile homes were unloaded at Stanley and transported to site on 16 November.

Replacement aircraft for the Falkland Islands Government Air Service

5. The Beaver aircraft was shipped from Britain on 15 November. It is expected to arrive in Stanley on 15 December. The two Islander aircraft should be ready for shipping on 26 November and 10 December respectively. Shipping arrangements are being investigated. A team of 6 men from Pilatus Britten Norman will be undertaking reassembly of the aircraft in Stanley over an estimated period of 6 weeks.

/Furnishings

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Furnishings

6. Hard and soft furnishings for 24 existing Government houses are being supplied by John Lewis. The initial shipment left for Stanley on 25 November and will arrive in late December.

Compensation

7. The compensation scheme continues to function without significant problems. In mid November 477 claims had been received under the scheme; 338 had been cleared and interim payments had been made on 37. The total of claims paid stood at £1.7 million. There were only two persistent complainants. The estimated expenditure in the 1982/83 financial year on compensation is £2.5-3 million and the eventual total should be about £3.5-4 million. Officials are now considering a number of major claims from the Falkland Islands Company which will be submitted to Ministers before settlement.

Further rehabilitation work

8. The allocation of further funds for rehabilitation in addition to the original £10 million will enable the ODA and the Falkland Islands Government to initiate longer-term reconditioning of the power and water supplies, internal communications, the road system in Stanley, the schools and hospital, and a number of other essential services and social facilities. Expenditure on these will be met in the present and the two following financial years.

General

9. The most significant problem affecting the rehabilitation programme remains the congestion of harbour facilities at Port Stanley. There are no short-term solutions which have not yet been implemented. The provision of a new jetty for Port Stanley will be given priority consideration as a longer term development project.

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