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Foreign and Commonwealth Office

London SW1A 2AH

2 November, 1982

Prime Minister

For information

Dear John,

A.J.C.  $\frac{2}{u}$

Falkland Islands: Rehabilitation

I enclose a further progress report on the programme of rehabilitation, which updates the report sent to you on 18 October.

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)  
Private Secretary

A J Coles Esq  
Private Secretary  
10 Downing Street

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FALKLANDS REHABILITATION: PROGRESS REPORT

Finance

1. The original £10 million allocation for rehabilitation is now fully committed on housing, aircraft, building materials, fuel, equipment and plant. Financing of further rehabilitation work (see paragraph 8 below) will need to be considered in the near future.

Shipping of rehabilitation supplies

2. A meeting was held under FCO chairmanship on 1 November attended by representatives of the Ministry of Defence, the Department of Trade, the Crown Agents and all the major private companies involved in shipping to the Falklands. This meeting discussed the best means of achieving effective coordination of all future shipments to prevent unnecessary delays in unloading goods through the limited harbour facilities at Port Stanley. The Government Freight Agents were charged with overall coordination of the shipping programme.

Housing

3. Materials for the first 27 of the planned 54 new civil housing units will reach Port Stanley in early December. It is planned to ship the second batch of 27 in mid December. A representative of the construction firm has paid a visit to the Falklands to assess the site preparation work being undertaken by the local Public Works Department.



Mobile Homes

4. The 10 mobile homes left for the Islands on board Vibeke Mac on 16 October. They are due to arrive in Port Stanley on 12 November.

Replacement aircraft for the Falkland Islands Government Air Service

5. One Beaver aircraft and two Islanders have been ordered. The Beaver arrived in Felixstowe from Canada on 21 October. It is being freighted to Gravesend for inspection by the Crown Agents before onward shipment to the Falklands in early November. Ex-works delivery dates for the two Islanders are 3 and 17 December. They will be shipped as soon as possible thereafter.

Furnishings

6. The Falkland Islands Government have requested replacement furnishings for 24 existing Government houses. Tenders for these furnishings have now been evaluated by the Crown Agents and the contract placed. The consignments should be available for shipping by the end of November.

Compensation

7. The compensation scheme continues to function without significant problems. FCO Ministers have now approved an interim settlement with the Falkland Islands Company for £815,415. The Company will be submitting a further claim for about £700,000 in the near future. Officials are now considering the final settlement of the major civilian claim for death or injury during the conflict, which concerns

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provision for the future accommodation of a severely disabled girl, Cheryl Bonner, whose mother was killed by Royal Navy shelling.

Further rehabilitation work

8. Existing rehabilitation funds are now fully committed, but there are requirements for further work on the Islands' infra-structure which will not be covered by decisions on the Shackleton proposals. These include the inadequate power and water systems, the school hostel and Stanley Hospital, where military needs have led to requisitioning of civilian facilities, and social and entertainment facilities now that all larger buildings are under military control as temporary accommodation. Officials are now seeking to quantify these needs before putting proposals to Ministers for an additional allocation of funds. Two officials, from the ODA and the FCO, are paying a visit to the Islands for this purpose in the week beginning 7 November.

General

9. No major problems affecting the rehabilitation programme have arisen in the period under review.

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