

New Zealand for Route B. Term, eight years from 15th November, 1875; speed, eleven knots; subsidy, £69,950 according to prints at British Consulate, and hand power to Foster and Thomson."

We then cabled Messrs. Foster and Thomson as follows:—

"See telegram from Lawrence Clark to Pacific Mail, and take care power of attorney is full and sufficient. Advise us by cable immediately deposited with you. It is wished to sign on Wednesday. Have prints from Consulate annexed to power."

We then received advice as follows:—

"Full power to Clark in our possession. Mail forthwith."

On receipt of this advice the contract was executed by Mr. Clark, as attorney for the Company, and by Messrs. John Elder and Co. and Mr. McGregor.

When by mail a print of the Company's act of incorporation was received, it appeared that the Company had no power to enter into a joint contract, and it was then arranged between them and Messrs. John Elder and Co. and Mr. Macgregor for the Company alone contracting, and for the others becoming sureties.

This, however, necessitated the execution of another power of attorney, and again the Company got Messrs. Foster and Thomson to prepare this, instead of employing their own solicitor for the purpose; and thus the present contract and bond were executed by Mr. Clark as the attorney of the Company, and afterwards executed by the Company itself in New York. It was entirely owing to the neglect of the Company in furnishing their agent with proper credentials that the Governments were put to the expense of two sets of contracts and bonds; and, as Messrs. Foster and Thomson prepared the power of attorney at the request of the Company, it was considered by Mr. Russell and Sir Daniel Cooper that the Company ought to pay Messrs. Foster and Thomson's charges; and we were therefore instructed to request them to apply to the Company for payment.

They experienced a difficulty in obtaining payment, and suggested that we should apply to the Company. Accordingly we wrote to the Company as follows:—

"21, Cannon Street, London, 5th August, 1875.

"SIR,—We are instructed by the representatives of the New South Wales and New Zealand Governments to inform you that the expenses of Messrs. Foster and Thomson relating to the powers of attorney for the signature of the mail contract and bonds and the subsequent execution thereof by the Company amount to £114. These charges were occasioned solely by the inability of your agents here in England to deal with the matter through want of proper powers, and the Governments consider, therefore, that you will think it right to discharge this expense.

"In the case of another foreign steamship company who tendered, they sent an accredited agent with full powers enabling him to execute the contract and bond immediately, and had this been done by your Company the expense in question would of course have been avoided.

"Will you, therefore, be good enough to bring the matter before your Board, and we shall be glad to hear that the matter has been satisfactorily disposed of. We are, &c.,

"JOHN MACKRELL AND Co.

"To the Secretary of the Pacific Mail Steamship Company, New York."

We wrote again to the Pacific Mail Steamship Company on the 27th April, 1876.

To this we received the reply of the Company, under date of the 12th May, 1876, set out in our letter of the 1st June, 1876, to the Postmaster-General of New Zealand, forming one of the enclosures sent to you.

It will be observed that in this letter the Company do not repudiate liability as they do now; and, as stated in our letter above referred to, we consider that these charges are charges which ought fairly to be paid by the Company, and must have been incurred by them had their agent been compelled to produce his credentials before recognizing him.

There is, unfortunately, no agent of the Company here with whom we can negotiate for a settlement of this matter; and we think, from the tone of the correspondence sent you, there is little prospect of any arrangement being come to.

We understand, however, that Mr. Watt, of the firm of Gilchrist, Watt, and Co., is in London, and we will, if you approve, endeavour to see him, and, if he returns by way of New York, ask him to try and arrange the matter with the Company.

Failing this, we cannot, having regard to the smallness of the amount as compared with the importance of other questions between the Governments and the Company, advise the Governments to allow themselves to become involved in litigation respecting it.

We return the papers.

We have, &c.,

JOHN MACKRELL AND Co.

The Agent-General for New Zealand, London.

No. 39.

The Hon. GEORGE McLEAN to the AGENT-GENERAL.

SIR,—

General Post Office, Wellington, 23rd August, 1877.

I have the honor to acknowledge the receipt of your communication of the 25th June last, reporting upon the action taken by you in the matter of Messrs. Foster and Thomson's account for law costs. I now beg to enclose for your information copy of a letter which has been addressed to the Secretary of the General Post Office, Sydney, on the subject.

I have, &c.,

GEORGE McLEAN.

Sir J. Vogel, K.C.M.G.,
Agent-General for New Zealand, London.