

with Mr. Kirchner's present claim in any way, but to allow it to be treated as part of his general claim for compensation against the Government, the correspondence concerning which was forwarded to you in my letter of 4th August, No. 615.

The Hon. the Minister for Immigration,
Wellington.

I have, &c.,
W. TYRONE POWER,
Agent-General.

Enclosure in No. 14.

Messrs. MACKRELL and Co. to the AGENT-GENERAL.

Re Kirchner.

DEAR SIR WILLIAM,—

21, Cannon Street, London, 16th October, 1876.

We have perused and considered Mr. Kirchner's letter, asking for payment of what he calls his "final accounts in closing the German agency." If he would accept payment of the £93 7s. 10d. now asked in full of all demands it would be wise to pay him the amount, but we cannot expect him to do this with the other claims he thinks he has upon the Government unsettled. As you will see, the payment of this amount therefore would only settle the accounts of the agency, and we fear he might make use of any payments made by you as a recognition by you of his appointment, and he might seek to enforce against you (as he undoubtedly would have tried to have done against Dr. Featherston had he lived) his claim for compensation for dismissal as Agent. We have advised hitherto your not placing yourself in the risk of such a position by making any payment, and although Mr. Kirchner would fail in any proceedings against you, it would be better not to become involved in them. We therefore think it best to let this claim be settled as part of his compensation by the Government.

We have, &c.,

Sir William Tyrone Power, K.C.B.,
Agent-General for New Zealand.

JOHN MACKRELL AND Co.

No. 15.

The AGENT-GENERAL to the Hon. the MINISTER for IMMIGRATION.

(No. 1.)

7, Westminster Chambers, Victoria Street, Westminster, S.W.,
8th January, 1877.

SIR,—

Referring to that part of your memorandum No. 225, 18th October, 1876, and that part of your letter No. 248, 17th November, which respectively relate to my inquiry into the differences between the Government and Messrs. Sloman and Co. and Mr. C. A. Matthei, and to the claims to compensation of Mr. Kirchner, I have the honor to say that almost immediately after my arrival I attentively perused the papers referring to the subject, including some very exhaustive and able memoranda of Mr. Hoey.

2. After reading them I had a long interview with Mr. Mackrell. I asked him to tell me what he thought about the whole matter. He replied that Dr. Featherston, with a thorough knowledge of the subject, considered that the contractors, through having failed to carry out the Queensland contract, had forfeited their claim to the second contract; and that all the action taken by the Agent-General was based on that view. I replied to him that there seemed to me no reason for differing with this view taken by the late Dr. Featherston, and requested him to state if he concurred in it. In reply, he told me that he had always accepted that view as the view of the Agent-General; but if he was asked to indorse it, he must carefully peruse the papers. I undertook to send him all the papers, and when he has read them he is to see me again.

3. As I have said, I see no reason to disagree with the view taken by the late Dr. Featherston; and it would be in accordance with that view that the contractors should be paid for the emigrants actually sent by the "Fritz Reuter," though probably such payment could not be legally claimed. With Mr. Kirchner also the settlement would have to be of an agreed character. I doubt if he, at the last, did not rather aid the contractors against the Government, instead of his employers, the Government, in their desire to settle with the contractors.

4. I understand that Messrs. Sloman have applied to the Government for an arbitration, so that really, if I was prepared to settle the matter, I have no invitation from them to do so.

5. I advise against an arbitration. This is peculiarly a case in which a Government would suffer in arbitration. The case of the Government is that there is nothing about which to arbitrate; in other words, that the contractors have so conducted themselves as to entitle the Government to finally decide what, if anything, they are willing to pay. But to go to arbitration would, however the conditions were framed, imply a *quasi* admission on the part of the Government that there was something about which to arbitrate, and that the arbitrators would only require to fix the measure of damage.

6. I will address you again on the subject after seeing Mr. Mackrell.

I have, &c.,

The Hon. the Minister for Immigration,
Wellington.

JULIUS VOGEL,
Agent-General.

No. 16.

The AGENT-GENERAL to the Hon. the MINISTER for IMMIGRATION.

(No. 12.)

7, Westminster Chambers, Victoria Street, Westminster, S.W.,
8th January, 1877.

SIR,—

I have the honor to acknowledge the receipt of your letter No. 244, of the 16th November last, transmitting twenty-five copies of the agreement with the New Zealand Shipping Company; and