

The date at which the first two forms of contract are made to terminate is May 1st of this year; the date at which the third is to terminate is August 1st of this year, it being optional with the Government to continue it to May 1st, 1878. The Albion Shipping Company agreed to accept the first form of contract, and it was to this acceptance that the letter from this office, No. 396, of May 23rd, referred. On receipt in July of the second form of contract, Sir William Power informed the Albion Company of the alterations, and the Company agreed to accept the contract as modified.

On receipt of the third form of contract I furnished the Albion Company with a copy, but they declined to accept it. Whatever may have been the intentions of the Government and the New Zealand Shipping Company as regards this contract, it does not appear to me, under the above circumstances, that I was in a position to take exception to the refusal of the Albion Shipping Company to accept the third form of contract. Whether or not the alterations were material, the mere fact of there being alterations entitled the Albion Company to object to adopting the new contract. In reference to your remark that you do not see why I should have expressed any doubt to Mr. Galbraith on the matter of the New Zealand Shipping Company having to provide ships from the Clyde, I have looked through the correspondence attached to my letter No. 59, of 12th January, but I cannot find that I made any such statement. On the contrary, when Mr. Galbraith referred to it as my impression, I replied that I did not mean to express any opinion as to the New Zealand Shipping Company's liability. The action which I took in the matter, as there was no immediate necessity for making arrangements for Clyde shipping, simply consisted in my informing the New Zealand Shipping Company of the Albion Company's decision, and in then referring the matter to you for further instructions. I thought it better not to give formal notice to the New Zealand Shipping Company that I should require them to provide Clyde shipping. The expediency of the course I then pursued is, I think, attested by the fact that a few days since Mr. Galbraith called upon me and gave me to understand he was willing to provide the Clyde shipping. I notice the intention you express to call for tenders for the carrying of emigrants and freight after the present contract expires. You say I may state this; I do not understand you to mean that I am to give notice of this intention at present, unless it should appear desirable to me to do so. In fact, I take it you merely give me permission to make known your purpose, without instructing me to do so. I do not propose therefore to give any present notice of this intention, though incidentally I may refer to it in a claim which I am now pressing on behalf of the Government against Messrs. Shaw, Savill, and Co. for short delivery of rails by the "City of Bombay."

The Hon the Minister for Immigration,
Wellington.

I have, &c.,
JULIUS VOGEL,
Agent-General.

By Authority: GEORGE DIDSBUXY, Government Printer, Wellington.—1877.