

I have always considered, and do still consider, that the foregoing documents so communicated to me conveyed to me full and unlimited power to act as the representative of the Colonial Government in the matter of the extension of the Postal Service by way of Panama, and therefore, to enter into a contract. With that object I was, in fact, to be invested, as the representative of the Government, with all the authority, in reference to that matter, which the Governor or the Government could exercise—such undoubtedly was the meaning and intention of the Government. I have never doubted, and do not now doubt, that such was the effect.

That my acts done under this authority should now be disclaimed by the Colonial Government is to me matter of profound regret and surprise.

The nature and extent of my credentials was fully explained to and laid before your Company, together with the acts of the General Assembly relating to the subject. Your solicitor and counsel considered and advised upon them. If I understand by your letter that during any part of the negotiations between me and your Company I led the Company to suppose that I had other fuller and more detailed instructions than those to which I have referred, I must disclaim absolutely any such interpretation of my conduct or language. There never was on my part the slightest reticence or disguise as to the nature of the authority under which I was acting; indeed, in a matter of such importance it could not be supposed that your Company or their legal advisers should have failed to satisfy themselves as to the extent of my powers.

The only question which it has ever appeared to me could be raised as to the extent of my powers was as to the effect of the Act of 1862. By that Act the General Assembly appropriated a specific sum of £30,000 a-year by way of contribution towards a subsidy for a postal service *via* Panama.

In entering into a Contract for the Service, for an entire subsidy of £63,000 a year, I may appear to have exceeded the limits prescribed by the General Assembly. But the sum of £30,000 a year appropriated by the Assembly was only by way of contribution—a contract which in consideration of £63,000 a year, gave to the Colony of New Zealand the command of the Postal Service, with the power of entering into subordinate arrangements with other Colonies, would be in a money point of view more beneficial than if New Zealand contributed £30,000 a year as her share towards a general Australian Service. Armed, therefore, as I believed, with the power of Postmaster-General, and as the accredited representative of the Colonial Government, I felt myself to be acting up to the spirit, if not to the letter, of the Act of 1862, in entering into the Contract.

But the Act was before your Company, and was distinctly advised upon by your counsel and solicitor.

In your letter to me you state that Mr. Fisher, your counsel, gave you an opinion, as follows:—"Assuming that the New Zealand Postmaster-General has received instructions from the Governor, I think, quite independently and irrespectively of the Act of 1862, that Mr. Ward may enter into the proposed contract, and that it will be binding upon, and enforceable against, the New Zealand Government." That the credentials with which I was armed did convey to me these instructions, both from Governor and Government, I never doubted, and do not doubt. And I trust and believe that the General Assembly, so soon as it meets, will ratify my proceedings.

I have, &c.,

J. Worley, Esq.,
Secretary Panama, New Zealand, and Australian S. N. Coy.

CROSBIE WARD.

No. 96.

General Post Office, Auckland, 3rd October, 1864.

SIR,—

I am directed to acknowledge the receipt of your letter of the 19th September, 1864, forwarding a copy of Mr. Worley's letter to you, dated 25th June, 1864, relative to the Panama Contract, and a copy of your reply thereto, dated 15th September, 1864.

I have, &c.,

Crosbie Ward, Esq., M.H.R., Christchurch.

G. ELLIOTT ELLIOTT.
Secretary.

No. 97.

CONTRACT FOR MAIL SERVICE *via* PANAMA.

ARTICLES OF AGREEMENT made this 17th day of December, 1863, between the Honorable Crosbie Ward, the Postmaster-General of the Colony of New Zealand, and a Member of the Executive Council of the said Colony, of the one part, and the Intercolonial Royal Mail Steam Packet Company (Limited) of the other part.

Whereas by Articles of Agreement dated the 28th day of May, 1858, and made between Zachariah Charles Pearson and James Coleman of the one part, and the Commissioners for executing the Office of Lord High Admiral of the United Kingdom of Great Britain and