

The claim of the Union Bank of Australia, referred to in the assignment, has been satisfied.

I have, on behalf of my principals, to intimate that if the Government of New Zealand will undertake to pay to me the instalment of subsidy which will become payable on the arrival in Wellington of the s.s. "Rakaia," without deduction on account of penalties or otherwise, then I am to waive the present payment of the four thousand five hundred pounds now coming due, so far as the rights of the Royal Mail Steam Packet Company under the assignment are concerned.

I have, &c.,

The Hon. the Postmaster-General.

ROBERT MARSHALL.

No. 28.

The Hon. J. HALL to Mr. R. MARSHALL.

SIR,—

General Post-office, Wellington, 25th January, 1869.

I have the honor to acknowledge the receipt of your letter of the 21st inst., claiming payment to the Royal Mail Steam Packet Company of the sum of £4,500, to become due to the P.N.Z. and A.R.M. Co. on the arrival of the s.s. "Rakaia," and forwarding in support of that claim certain documents herewith returned. I beg, after careful consideration of your letter by this Government, to convey to you the following reply:—

Looking to the exertions made by the P.N.Z. and A.R.M. Company, to carry out faithfully the stipulations of their contract, to the efficient manner in which the service has been performed, and to the serious losses which this service has entailed upon the shareholders, the New Zealand Government is desirous to act with as much consideration to the Company as its duty to the Colony will allow. Acting in this spirit, the Government is disposed not to enforce the penalties which may have been incurred by the Panama Company through the termination of their contract; this remark applies both to the penalty of £6,000 referred to in clause 28, and to those which have been and may be incurred through the non-despatch of a steamer to Panama in the present and the following month. New South Wales is, however, interested equally with New Zealand in this contract, and provides half the subsidy. I am unwilling, therefore, to enter into any positive engagement on this subject without previous consultation with the Government of New South Wales, but a communication will without delay be addressed to that Government, with a view of obtaining its assent to the course above indicated.

In the meantime, I beg to point out that the non-enforcement of penalties could not apply to those which in the ordinary course of the carrying out of the contract may be incurred by delay in the course of the voyage of the "Rakaia;" and also that, inasmuch as the Government is advised the power of attorney from the Panama Company to Mr. Vine Hall did not authorize him to make the assignment which you forwarded to me, the receipt of the Company's agent, as well as that of yourself, will be required on payment to you of any moneys becoming due to the Company.

I shall feel obliged by your furnishing me with a copy of each of the documents returned herewith, as they are required as vouchers for the payments above referred to.

I have, &c.,

Robert Marshall, Esq., Club, Wellington.

JOHN HALL,
Postmaster-General.

No. 29.

Mr. R. MARSHALL to the Hon. J. HALL.

SIR,—

Wellington, 26th January, 1869.

I have the honor to acknowledge the receipt of your letter of the 25th instant, and to tender my thanks for the prompt attention which has been given to my application.

Your letter appears to leave it open to doubt whether the instalments of subsidy which would fall due to the Panama Company on the arrival of the "Rakaia," will not be intercepted on account of penalties incurred by that Company, the contingency upon which your letter indicates that this may happen being as likely to occur as the reverse.

The Agent of the Panama Company agrees with me in thinking that the spirit of the contract made by Agent Vine Hall with the Company I represent, and probably the ultio of the contract in the events which have happened, warrants me in calling for payment of the instalment of subsidy which falls due on arrival of the "Ruahine," and acting up to the spirit of the contract, he will concur with me in signing a receipt for the amount.

I shall be happy to point out to you the passages in the power given by the Panama Company to Captain Vine Hall, which, in the circumstances disclosed by the recitals in the assignment under which I claim, appeared to my legal advisers to authorize the execution of the assignment, and to justify the Government in paying me the amount thereby assigned.

I have, &c.,

The Hon. the Postmaster-General.

ROB. MARSHALL.

Enclosure in No. 29.

POWER OF ATTORNEY from the P.N.Z. and A.R.M. COMPANY to Captain BLANE and Captain VINE HALL.

Know all men by these presents, that we, the Panama, New Zealand, and Australian Royal Mail Company (Limited), a joint stock company duly constituted and incorporated, and having our registered office at No. 41, Moorgate Street, in the City of London, and which Company was formerly known as the Intercolonial Royal Mail Steam Packet Company (Limited), have made, nominated, authorized, constituted, and appointed, and by these presents do make, nominate, authorize, constitute, and appoint, and in our place put and depute George Blane, of 21, Princes Gardens, in the County of Middlesex, Esquire, a Captain in the Her Majesty's navy, and one of the Directors of the Company,