

We are not aware of there having been any default committed by the Contractors, but, if there has been, an affidavit in verification of the claim under the bond in respect thereof must be lodged before the dividend meeting; so that if you are advised of any such default, perhaps you will kindly communicate with us.

We have, &c.,

JOHN MACKRELL AND Co.

The Agents-General for New Zealand and New South Wales.

### Enclosure 2 in No. 3.

MEMORANDUM from the AGENT-GENERAL for New Zealand to the AGENT-GENERAL for New South Wales.

I THINK the trustees should be asked to consider that as a contingent liability they are bound to hold in hand a proportionate amount, but that we will be satisfied with the substitution of a satisfactory surety instead of Mr. MacGregor. This may stimulate them to procure one.

29th July, 1878.

J. VOGEL.

### Enclosure 3 in No. 3.

MEMORANDUM from the AGENT-GENERAL for New South Wales to the AGENT-GENERAL for New Zealand.

IN the matter of the failure of Mr. Macgregor, surety for the Pacific Mail Steam Company, I have represented to Sir Julius Vogel that there being in fact no breach of contract on the part of the company, nor indeed any reasonable probability of such—consequently, *a fortiori*, no proof whatever possible of any sum due to the contracting Governments—and the sureties having to be reached first through some failure on the part of the Company, the trustees cannot be reasonably expected to recognize so remote a contingency as the possible indebtedness of Mr. MacGregor in the event of failure of the Company to perform their contract. The silence of Mr. Mackrell on this point seems to confirm the above view. It has been therefore decided by Sir Julius and myself to confine our action to simply fulfilling the instructions of the Governments by requesting the Pacific Mail Company to name another surety in place of Mr. MacGregor.

8th August, 1878.

W. FORSTER.

### No. 4.

Mr. GRAY to the AGENT-GENERAL.

SIR,—

General Post Office, Wellington, 11th October, 1878.

I have the honor to acknowledge the receipt of your communication of the 13th August, enclosing copy of a letter addressed by Messrs. J. Mackrell and Co. to the Agent-General for New South Wales and yourself, on the subject of the naming of a surety to replace Mr. MacGregor in the contract with the Pacific Mail Steamship Company, together with copies of the memoranda exchanged between Mr. Forster and yourself on the matter. The joint decision arrived at should, I think, under the circumstances, meet all requirements.

I have, &c.,

Sir Julius Vogel, K.C.M.G.,

Agent-General for New Zealand, London.

W. GRAY,

(for the Postmaster-General.)

### No. 5.

The Hon. J. F. BURNS to the Hon. the POSTMASTER-GENERAL, Wellington.

(Telegram.)

Sydney, 16th October, 1878.

FOLLOWING cablegram received from London :—“ Frisco service: We are persuaded Company will not consent to five boats. As new contract should be completed this year, not desirable to submit in contract more than four. Company will also object to spare boat at Sydney (*see* Vogel's letter, 14th December, 1876, No. 989); but we think on this point Government should insist. Communicate New Zealand, and instruct us. (Signed) FORSTER. VOGEL.” I do not think it necessary to specify more than four steamers. What is your opinion?

Hon. Postmaster-General, Wellington.

J. F. BURNS.

### No. 6.

The Hon. J. T. FISHER to the Hon. J. F. BURNS.

(Telegram.)

Wellington, 17th October, 1878.

*Re* spare boat. Reluctantly consent not to insist on fifth steamer as spare boat at Sydney. But we should require that four steamers be employed as at present in carrying on service, and that in event of breakdown Contractors provide suitable vessel of stipulated tonnage and speed at either Sydney or San Francisco. If insistance would compel Company to agree to fifth steamer, I would strongly urge such a course; but I fear Company determined, and not likely to listen to any such demand.

Hon. J. F. Burns, Sydney.

J. T. FISHER.