

respects, he has not proved quite successful in the management of properties, if the Estates Company may be taken as an instance. As already advised you, I have not been over the property nor investigated its management, we having no control. However, the time has come when, unless we wish to face another call, we must interfere. The expenses attendant upon London management, office expenses, &c., added to those of New Zealand, are so heavy as to render it impossible in so small an area as is under stock to carry through with a surplus, at any rate under present management. I would suggest that the control be handed over to our Board, with merely a nominal office in London; or, failing this, that I be appointed the local director in place of Mr. Hume. Possibly it might be agreeable to the London Board to appoint me attorney for the company in New Zealand, with power to act in place of Mr. Hume. Should neither of these proposals be accepted, I would suggest that the estate be divided, we taking our share of the land, &c., on the basis of our interest in the company, and working out our own salvation. Should the company be intractable, it might be desirable to force the concern into liquidation, rather than go on as now, with the certainty of further calls.

Yours, &c.,

W. G. FOSTER, General Manager.

Hon. R. J. Seddon, Agent-General's Office, London.

LETTER from COMPANY to ASSETS BOARD, dated 2nd December, 1898.

New Zealand Thames Valley Land Company (Limited),

Dashwood House, 9, New Broad Street, London, E.C.,

2nd December, 1898.

DEAR SIR,—

We have to acknowledge receipt of your letter of the 4th October, 1898, enclosing copy of a letter from you to the Hon. R. J. Seddon of the 15th June, 1897.

This letter of yours to Mr. Seddon was not shown by him to our Board while he was in this country. In each of these letters you make observations on alleged unnecessary expenditure incurred in managing the affairs of the company. I may observe at once that you are in error in supposing that the London expenses amount to £900; the total amount, including auditors' fees, as per last balance-sheet, is £718 2s. 6d. With reference to Mr. Hume's management, my Board are of opinion that the fact that he has each year considerably diminished the deficit, until in the last year it was reduced to a comparatively small amount, affords ground for belief that in the early future the working of the properties will show a balance of profit. In the year 1894-95, when Mr. Hume took charge, the deficit was £1,146; since then it has been—in 1896, £762; 1897, £47 Cr.; 1898, say, £232 Dr.

In your letter you suggest different modes of proceeding, in order, as you think, to diminish the cost and to improve the management of the company. In each letter you allude to the liquidation of the company. We pass over that as a threat which cannot have been made in earnest.

In your letter to Mr. Seddon you make three suggestions—(a) That the entire control of the company should be handed over to the Assets Realisation Board, reserving merely a nominal office in London; or (b) that you should be yourself local director in place of Mr. Hume; and (c) that the lands of the company should be divided, your Board taking possession of a share of the same on the basis of your interest in the company.

As to proposal (a), you must bear in mind that though your Board holds more than half of the shares of the company, being principally those of the vendors of the land to us, there are 130 shareholders in this country whose interests the Board are bound to protect. You may not be aware of it, but we may mention that about three years and a half ago the question of transferring the control of the affairs of the company to a local Board in New Zealand, preserving only a nominal Board in London, was raised by the Bank of New Zealand Estates Company, and, though we were ready to assent to an arrangement in that direction, provided proper provision was made for the protection of the interests of the shareholders in this country, this proposal fell through, it having met with no response from your side. In our opinion the only authority which we could delegate to your Board without the prior concurrence of the English shareholders would be power of management of the company's properties under a strict and well-considered power of attorney. We could not confer any authority to control the finances of the company, to borrow money, to create any charge on or to alienate the company's land, in part or whole, without the Board's sanction, or to make calls on the shareholders; accounts and reports would have to be furnished to us as now.

(b.) In the case of power of attorney to you personally the authority could not be less restricted than to your Board. We may state that we are as anxious as others that no further call should be made on the shareholders, and, equally with you, we desire that all expenditure should be regulated to this end. The appointment of your Board to the control of the properties would, therefore, not introduce any new policy in this direction.

(c.) If the lands and buildings could be fairly and equitably apportioned, there might be no objection to assigning to your Board a portion of the estate in proportion to your share in the company, if permissible in law, which is doubtful. There appear difficulties in the way of devising a method of division which in practice would be satisfactory to all concerned.

On the question of expense in New Zealand (£776 18s. 10d. is occasioned annually by taxes paid to the Government of New Zealand), we must remark that you nowhere point out how or where the cost of working or upkeep can be diminished by your having the control of the company's estates placed in your hands, nor have you availed yourself of our invitation to you to visit the properties, look into the details of management, consult with Mr. Hume on every point on which you might desire information, and then report to us with any recommendation you might wish to