

The prices on the Invercargill and Mataura Railway are exclusive of management and contractor's profits.

16th September, 1873.

JOHN CARRUTHERS.

WEDNESDAY, 17TH SEPTEMBER, 1873.

The Hon. Mr. RICHARDSON was in attendance, and was examined as follows:—

179. *Mr. Macandrew.*] What works if any did you as Minister of Public Works negotiate for the construction of with Messrs. Brogden?—Two railways were let by me to the Messrs. Brogden, the one Oamaru and Moeraki, and the other Waitara and New Plymouth.

180. In fixing the price to be paid to Messrs. Brogden, was an allowance made to cover the contingency of a rise in the price of labour, or of the contractors being compelled to import labour from beyond sea?—There was an allowance made of 15 per cent. over and above the estimate by the Engineer-in-Chief, as the cost to the Government of these works if let by public competition.

181. Did that 15 per cent. extend over the entire contract, including contingencies?—Yes, including contingencies for the entire contract.

182. *Mr. Rolleston.*] Did the Engineer's estimate of what the cost should be include the question of contractors' profits?—Yes.

183. *Mr. Parker.*] I understand that an additional allowance was made for that?—Yes.

184. Were the Brogdens given to understand that that was intended to cover any loss they might sustain in respect of their immigration operations?—They were not made officially aware what the allowance was made for. From the time I took office, the Brogdens were never made aware what the Engineer's estimate to the Government was.

185. *Mr. Rolleston.*] What was the difference in the course pursued by you and your predecessors in regard to these contracts?—Since I took office the course taken has been that a copy of the plans and specifications were handed to Brogden and Sons in terms of the agreement No. 3, and they were allowed one month to put in an offer for the work. In the meantime the Engineer-in-Chief made his estimate of the value of the work as confidential adviser to the Government. He valued them at the rate the works would be charged if the works were let by public competition. The Government then fixed the percentage which in their opinion was fair to be given to Brogden, after which they were in a position to accept or decline the offer sent in by them.

186. Are you aware, or can you say from your own knowledge, whether or not there was any connection between the prices paid for these contracts—the contracts let to the Messrs. Brogden during the time you were in office—and the proposal made by them for conducting immigration?—None whatever. They supplied themselves with labour from whatever source they could get it. As to the expense of introducing immigrants by that firm, I wish to add, that when each contract was let, an indorsement was made to the effect that the Government was at liberty to deduct the amount of the promissory notes given to the Agent-General for passage-money for immigrants introduced under their contract.

187. You say that they, the Messrs. Brogden, were at liberty to supply themselves with labour from whatever source they could get it. Was there any prohibition made against the employment of Chinese labour?—Not that I am aware of.

188. Since when was that arrangement made about deducting the amounts of promissory notes given to the Agent-General?—About six months ago that first came out from England.

189. *The Chairman.*] When works have been let by public competition, have the contracts entered into been materially under the Engineer's estimate?—In every case but one, and that one was but a trifling case, which occurred down South.

190. Has any claim been made by the Messrs. Brogden, either in writing or verbally, in connection with the contract for any works let to them for special consideration in respect of their immigration operations?—No; certainly not.

191. *Mr. Rolleston.*] Can you explain what is the course pursued in regard to the framing of estimates for railways upon long lengths and small contracts?—The usual course is for the Engineer, in the first instance, to make an estimate of the actual cost, independent altogether of any question as to who may do the work. Then a percentage is fixed by the Government as to what is a fair allowance for contingencies, profits, &c., and this added to actual cost is the amount which guides the Government as to acceptance or otherwise of tenders for work.

192. The only difference here is, that Messrs. Brogden are bound to give the Government opportunity to make an offer for the work without submitting to public tender?—Yes.

193. *Mr. O'Neill.*] In letting contracts to the Messrs. Brogden has there been any difference in the mode of adopting the estimates as between you and your predecessors?—Yes; there has been this difference. Our predecessors allowed the Engineer-in-Chief and Mr. Henderson, as Brogden's Engineer, to endeavour as far as possible to agree upon detailed prices. Since I took office no communication has been allowed to take place between Brogden's Engineer and the Engineer-in-Chief. The latter has been employed by the Government as its confidential adviser.

194. Has there been any marked difference in the prices given by the Engineer-in-Chief between the earlier and later contracts?—Not much. As time has gone on prices have varied, but upon the whole there has not been much difference.

195. Has any consideration been made in these contracts to the Messrs. Brogden for any loss which might fall upon them by the introduction of immigrants. I mean, has any special sum been given, or special allowance made, in regard to immigrants?—No.

J. D. ORMOND, Esq., M.H.R., in attendance, and was examined as follows:—

196. *Mr. Macandrew.*] What works, if any, did you as Minister of Public Works, negotiate for the construction of with Messrs. Brogden?—The negotiations for railways were conducted jointly by myself and Mr. Reeves, when we were both at the seat of Government.