

and that in this transaction we sought no profit. We are sure that in giving us this assurance you were judging from your enlarged experience, and that you did so in all candour and good faith; although we regret that, through no fault of ours, the results have been adverse, caused mainly by the disparity of passage-charges between our own and the Government emigrants first causing dissatisfaction, then by the action of the colonists themselves, and subsequently by the granting of free passages. We learn that the Government has recently invited the Legislature to condone the penalties in the case of Mr. Webb's contract, on the ground that the colony had been benefited by the San Francisco mail service. It will surely be conceded that our claim is no trifling one, and that we are entitled to an equal claim for relief with Mr. Webb. The amount in question is too large for us to cease urging the Government to reconsider their determination. We have expended, including the amount of our promissory notes to the Government, upwards of £35,000 in introducing some 2,000 emigrants into the country, to its great present and prospective advantage; and, in appealing to you for a reimbursement of our expenses in connection with this matter, we have no doubt that, in honor, you would personally feel bound to admit the justice of our claim; and we feel that the Government is also bound through you, in all honor, to make a similar admission, and recoup us the outlay incurred in benefiting the country. It cannot be for the advantage of any country to first urge responsible persons to undertake work at the instance of the Government, assure them throughout that the means taken for their reimbursement are sufficient, and then to leave them without remedy for the large outlay they have incurred, while the country reaps all the advantage."

Mr. Travers: It is there stated the Agent-General had, at an interview, agreed to recommend the Government to accept the offer made by Messrs. Brogden. That letter is transmitted to the Hon. Mr. Vogel in a letter dated the 5th May, 1874, in which he says, "I have the honor to forward herewith copy of a letter which I have received from Messrs. John Brogden and Sons, urging their claims on the Government in respect of the heavy liabilities they have incurred in connection with New Zealand emigration, and recapitulating the facts of the case. In forwarding this letter, I can only refer the Government to my despatch of the 10th July, 1873, No. 502, in which I forwarded the proposal then made by the firm for an amicable settlement of their claims, and recommended it to the favourable consideration of the Government. In my letter of the 16th May, 1873, in which I referred to the proposed abolition of the promissory-note system, I pointed out that the position of the Messrs. Brogden would be seriously affected by such a change; and, seeing that free emigration has since been adopted by the Government, it does appear to me that the difficulty of collecting the promissory notes has been considerably increased, while the value of the securities in the hands of the Messrs. Brogden has been correspondingly lessened." We submit the Agent-General's letter in that respect clearly does not in any degree dispute a single statement in the letters of Messrs. Brogden.

Witness: I would also point out the important change that had occurred.

Mr. Travers: Yes; I will read: "In my letter of the 16th May, 1873, in which I referred to the proposed abolition of the promissory-note system, I pointed out that the position of the Messrs. Brogden would be seriously affected by such a change; and, seeing that free emigration has since been adopted by the Government, it does appear to me that the difficulty of collecting the promissory notes has been considerably increased, while the value of the securities in the hands of the Messrs. Brogden has been correspondingly lessened." In reply to that letter was a letter from Mr. Vogel, dated the 3rd July, 1874, in which Mr. Vogel gives his reasons for not acceding to the recommendation.

Witness: Previously there was a letter from Mr. Vogel to Dr. Featherston, sent in October, 1873, in reply to the letter of July, 1873.

72. *Mr. Travers.*] Prior to that letter from Mr. Vogel in 1874, had you any idea the Government would not act upon the recommendation made by Dr. Featherston?—No.

73. There has also been a suggestion made with regard to the amount for contingencies on contracts allowed. The contingencies are fixed at $12\frac{1}{2}$ per cent. in the contracts of August, 1872. It has been suggested that some allowance might have been made in these contingencies in regard to this matter?—It has been suggested that losses we might have sustained under this immigration contract might be covered by allowance made under the works contracts. I at once say that was not so. Here is the evidence of Mr. Carruthers and others when examined before the Immigration and Public Works Committee in 1873, in which it is repeated that there was no consideration made in contracts for losses sustained by the immigration. The two things were kept distinct, and each had to stand upon its own bottom. With reference to the general rise in wages I dealt with that the other day. Probably there might have been a general reduction of the average price of labour throughout the colony by the introduction of these 1,400 men. We should certainly reap the advantage of that average reduction. Supposing that amounted to 10 per cent. we should have paid 100 per cent. of the cost, and got only 10 per cent. of the benefit. As to the contingencies, in fixing our prices $12\frac{1}{2}$ per cent. was allowed for contingencies; at Home it is the constant practice to allow 10 per cent. That 10 per cent. is to cover extra expenses incurred. For example, in building a bridge there is much more to pay than the mere iron-work, the brickwork, the timber, and the labour. There may be a temporary road or bridge to be made, or some compensation to pay for land, or there may be some loss of material, or the men may leave work at a critical time, involving heavy loss. The 10 per cent. is to cover all such items. In fixing $12\frac{1}{2}$ per cent., instead of 10 per cent., we thought an additional $2\frac{1}{2}$ per cent. in a new country, where materials and information were difficult to obtain, was a moderate addition. I see in Mr. Richardson's evidence he talks of 15 per cent. having been allowed over and above the Engineers' prices. I desire to say Mr. Richardson must have been mistaken. The mode in which these contracts were arrived at had nothing to do with Engineers' prices. Mr. Richardson, as Minister, kept the Engineer from all communication with us, and we made a tender, and it was accepted. We were obliged afterwards to put a schedule in that tender and on the schedule we put the estimated net prices, with $12\frac{1}{2}$ per cent. for contingencies. In the calculations made afterwards, 5 per cent. was allowed for management, and 10 per cent. for profit.

74. Mr. Carruthers says the same thing?—Here is the original contract which shows the prices, and there is this note: "To the above prices must be added contractor's profit 10 per cent., and cost of management 5 per cent."