

Mr. John Henderson is asked, "(Question 25.) Do you not remember that the consideration of the difficulties the firm would certainly have to encounter in obtaining a sufficient supply of labour at reasonable rates formed a very important element in the terms granted by the Government to the firm? I wish you clearly to understand me: I mean that the probable rates of labour were urged on the part of the firm as a reason for considerably more liberality being granted by the Government?—That was one reason why we were anxious to bring out men upon the same terms as they were brought out by the Government; otherwise we should have employed labour from a much cheaper market. We were desirous of bringing out men that would be useful not only to ourselves but likewise to the colony. Had it been otherwise we would have got men from another quarter altogether. (Question 26.) The bearing of my question is this: All these considerations with regard to the cost and the difficulty of obtaining a supply of labour, including the cost the firm would be put to in getting labour from Great Britain or elsewhere, were fully urged by you in the conduct of these negotiations, and put forward as a demand on the part of the firm and admitted as a fair and reasonable claim for more liberal terms than would otherwise have been asked?—Yes, they were."—I should like to ask whether the claim is based altogether subsequent to the action of the Government in June, 1872, or whether you had any claim on the Government in connection with immigration before that?—We were sending out immigrants before the actual terms were settled. I do not think it possible to draw a line as to all that was done prior to the agreement being signed, because on the 2nd May the Agent-General writes saying the terms were settled but were not reduced to writing. The contract itself was not drawn up and signed until the 27th June.

180. *Mr. Barron.*] In addition to the contract embodied in the promissory notes I understand you had another contract. That was an agreement binding the men to you for two years?—Yes.

181. Were you able to enforce that?—No; unfortunately, at that time there was no law of master and servant, I believe; here as in England, we were never able to bind the men.

182. You have not made any claim upon the Government because you were unable to enforce that?—No. That was a very serious disappointment to us, because it defeated all our calculations. But we cannot make a claim on that account; that is too remote.

183. In your main contract you allow 10 per cent. for profit, 5 per cent for management, and 12½ per cent. for contingencies?—Yes.

184. Then you had a margin upon the promissory notes of 50 per cent., apart from the general contract?—Yes; that is, 50 per cent. on the passage-money. We advanced more than half as much again in the way of payments per kits. In June, 1872, before we had made this agreement, instructions were sent to the Agent-General from this side not to demand payment of the £1 for ships kit and to pay the expenses, if necessary, of taking people to the ship instead of their paying their own expenses. All this is not included in the £10 we paid for passage-money.

185. You were entitled to recover £15?—Yes.

186. And were only expected to pay the Government £10?—Yes.

187. And the other £5 should be?—For the loss of collection, and the risk of losing by deaths and people falling into sickness. Mr. Barron: for bad debts, in fact.

188. Have you endeavoured to exhaust the parties to these promissory notes?—Not in every individual case. We found it was a very unprofitable business; the expenses were so large. We spent £735 in trying to recover in law expenses alone, besides the expenses of our own agents. We have recovered some money by legal proceedings.

189. It was so expensive you abandoned all idea of recovering more money from the immigrants themselves?—Yes. Of course the time for recovery has now expired by the statute of limitations. It has only just expired.

190. Before the time had expired, you did not use all necessary means to recover, simply because it was unprofitable?—We took all possible means, but we could not find the people to a large extent. I would rather you would ask Mr. Billing these questions, because he practically had the carrying out of it, and can give more direct evidence than I can.

191. When you entered into the contract with these immigrants, you knew exactly so long as they remained in your employment you had the opportunity to recover?—We had control over them.

192. But when they left you found it very difficult and costly to enforce the contract?—Yes.

193. When you entered into the contract in England you took that risk?—Yes; to that extent—i.e., of having to enforce a contract which, for all we knew or were informed, was binding in New Zealand as in England, and which the Courts would uphold.

194. You knew there was a risk of their leaving your employment, and knew, if they did, the difficulty and cost would be greater?—We understood there were no other works going on, so that they could not find employment if they left us. We expected there would be a certain percentage of desertion, and were quite prepared to meet that; but we did not conceive there would be wholesale desertion, as we expected the law would be effective to prevent that. The whole scheme proved to be unwisely drawn up. Men found that they had £15 to pay, and were much disgusted when others had to pay only £5, and so they went to work for other employers. When men came on Government terms, and were left free from prosecution by the Government, our men thought they should be put on the same level. If the Government had prosecuted for the recovery of their £10 promissory notes from immigrants we should have had a better hold upon our men; but the Government early gave up proceedings for the recovery of their notes. As I said most distinctly, it was never contemplated by us to make any profit out of this immigration. The margin was only given to cover losses which might reasonably be expected to occur, and the scheme was not our own.

FRIDAY, 15TH JULY, 1881.

Mr. A. BROGDEN's examination continued.

195. *Mr. Turnbull.*] Did you take into consideration, in accepting the contract for works, that you would have to import your labour?—No; but we certainly contemplated that we should have to send out 600 or 700 men.