

us here, and the Courts of law have since held that they are right in doing so, on the ground that there was a proper set-off.

264. The contracts were accepted with that indorsement by you?—The contracts made before could have had the same indorsement put upon them by virtue of this agreement.

265. Before the 27th June?—Made before this document could have reached New Zealand. In fact it could not have reached here until about the end of August.

266. Were the contracts signed by you with that indorsement on them?—No; those that were indorsed were so indorsed afterwards.

267. Indorsed with your consent?—We followed out the agreement, which bound us to agree to the indorsement. It was done in a way neither with our assent nor dissent.

268. But could you have received contracts, and objected to that indorsement on them?—I think so. This immigration agreement entitles them to the indorsement upon all the contracts.

269. On the 27th June the agreement was made?—Yes. This is the memorandum, in fact, which was indorsed.

270. Why was that not on all—that indorsement?—I think Mr. Henderson objected to it. There was ample under any one contract to cover all the moneys.

271. There were sufficient funds under one contract to cover the whole liability?—Always.

272. And when the Government kept back the money, was it under one contract?—Yes, it was under one. And they deducted the moneys before they were absolutely due: they paid themselves in 1876 for moneys that really were only due in 1877.

273. *Mr. Cave.*] With reference to some questions that were asked you by Captain Kenny: In the year 1872 you were constructing 180 miles of railway, while other contractors were only constructing 70?—Yes.

274. At that time the rates of wages were lower than at any subsequent time?—Yes.

275. But they were then slightly above the minimum rate of wages fixed under your agreement with the men? Yes; the minimum rate under our agreement with the men was 5s. a day.

276. So that at that time you had practically the command of the labour market?—You may say we had the command of it in one sense. We had it to a very large extent.

277. But, as other works were given to other contractors, the rates of wages increased?—Yes.

278. The result being that your immigration benefited other contractors rather than yourselves?—Yes, other contractors were benefited along with the rest of the community.

279. To what extent would your immigration scheme have extended for the purpose of your own works if it had not been for the agreement with the Agent-General?—As I stated before, we should have sent out 500 or 600 men.

280. Five hundred or 600 men, with no wives or children?—Not many with wives or children.

281. Referring to the contract of the 18th December—the temporary contract—under that you were to receive 10 per cent. profit only upon the actual expenditure?—It was not 10 per cent. profit, because we had large expenses running on as well. The contract was only about £16,000 altogether for works here.

282. And there was no allowance made under that for cost of immigration?—No; we were to receive the absolute outlay plus 10 per cent. As I said, it was only £16,000 altogether.

283. The actual expenditure was vouched, was it not?—Yes.

284. I believe, before entering upon the contract, you had to provide a large capital?—Yes. Before we received anything back in England from the moneys sent out here, we had advanced something like £80,000; that is, we paid away that before we got anything back from this side. I do not say we did not get our money from the Government as soon as it was due to us. I do not wish to be understood to insinuate that for a moment. I merely mention it as a fact that it required a very large advance of money before we got anything back. Altogether we had paid about £80,000 out of pocket before we had any return.

285. And the remuneration you got was 10 per cent.?—Yes, an estimated 10 per cent. As to the 12½ per cent. for contingencies, of which an honorable member spoke, it is a question whether you could make 12½ per cent. pay or not. With good management a little might be got from it, but with bad management there would be a loss upon it. The 5 per cent. for management does not cover the cost, because from it all office expenses, and travelling expenses, and a number of other charges have to be taken. The 10 per cent. only is the estimated profit, and that is much eaten into by various things.

286. A question was put to you by Mr. Bell, in cross-examination, asking why you did not take steps to recover from the men in your employment when you found the number of men was dwindling down?—Yes, I wish to correct the answer to that question, which is either imperfectly written, or I misunderstood it. We did take steps to recover with reference to our own men, not by prosecuting, but by deducting the money from their wages. The money was only due by instalments, and we deducted them while the men were in our employ. We retained the instalments from the wages.

287. And you were only entitled to deduct so much per week?—Just so.

288. Of course it was unnecessary to take proceedings against men who were actually in your employ?—Quite unnecessary. I should think that would be just the way to drive the men away if we deducted from their wages and prosecuted them as well.

289. So that it was not until the men absconded that proceedings against them became necessary?—No.

290. In reply to a question by Mr. Barron, you stated, when you entered into the contract in England, you took the risk of having to enforce the contract with the men for service?—Yes, that was a risk we did take, but the answer written stops short of the actual reply. The question was in relation to the engagement with the men. We took the risk of having to enforce that engagement under what we supposed to be the law of the country. These engagements were carefully considered by the Agent-General, and he said they would be enforceable. The mode in which wages were to be paid in case of dispute was actually settled by him. The risk we took was the risk of having to enforce our engagements with the men. I admit we could have gone against them for damages for breach of