

Carruthers, on the other hand, says, "I did not make any special allowance to Messrs. Brogden." But he said, "Whoever has these works will be put to very considerable expense, and I have allowed for it." The allowance was made in that way. That it was made is proved right through the piece, from beginning to end, in the price of the works which Messrs. Brogden got by private tender and in the price of the works offered them by private tender, which they did not accept, and which were afterwards let by public tender, the same difference of about 20 per cent. appears. Then, the works which Brogden tendered for publicly, were let to local contractors by public tender, at about 20 per cent. less than Brogden's, and within, as a rule, of about 5 per cent. of the Engineer-in-Chief's estimate.

681. Then, it may be concluded that among contractors and business men generally this rise in wages was anticipated?—No doubt.

682. And that they made arrangements for introducing immigrants, or tendering at prices which would anticipate the rise?—I presume so.

683. *Mr. Turnbull.*] Then, you reckon that Messrs. Brogden were paid £150,000 by the colony more than they should have been?—I certainly do not say that.

684. You say they got 15 per cent. on a million's-worth of work?—I say that Brogdens were brought out here in a most extraordinary position. Government and Parliament took the view that they must get a million's-worth of work at fair prices; and it is a question what were fair prices under the circumstances.

685. *Hon. Mr. Dick.*] That arose from the position in which Sir Julius Vogel had put the colony with respect to the firm?—Yes: the same thing would have had to be done for any other firm that might have been sent out under similar conditions as those arranged with Messrs. Brogden in England.

686. *Mr. Barron.*] I did not clearly understand from you whether Mr. Carruthers based his estimates entirely on the tenders of other contractors, or whether he took into consideration actual quantities, and the price of labour in the market at the time?—In the first place there is his evidence on record, showing how prices were agreed upon for contracts amounting to about £700,000. Afterwards the Engineer made his own estimate in detail, which he submitted to me, and I submitted it to the Cabinet. He allowed the full profits on to the tenders before they came up to be dealt with by Government. The whole practice of the department was that, whenever a public tender was called, the Engineer sent his estimate in, and the Minister based the action taken by the Government on that estimate.

687. Then it is a fair assumption to suppose that those contractors upon whose estimates these contracts of Messrs. Brogden were based would take into consideration a fair margin of profit?—Yes.

688. Then, in addition to the 15 per cent., they would have the margin of profit that the other contractors allowed for?—To a great extent they had. It was known that, owing to their works being so cut up, they were put to some expense; but in their estimate, before the 15 per cent. was put on, a fair margin for profit and contingencies was put on Mr. Carruthers's estimate.

689. It is no unfair assumption to suppose that the Messrs. Brogden had a profit from the Government of 30 per cent., 15 per cent. above the Engineer's estimate, and the usual 15 per cent. margin of profit?—I do not state that at all. That is a matter of opinion. I stated what was the ruling price of work for the time, and how the prices were arrived at and tenders dealt with by Government. No further allowance was made than would have been made to Brassey or any one else in the same position.

690. *Mr. Cave.*] If, as I understand you, the work was split up into smaller sections, then the Government would have got it done cheaper?—Practically it was split up into small sections.

691. Can you state, of your own knowledge, whether the work which was given to these small contractors was completed within the terms for which it was let?—In a great many cases it was. Taking it upon the whole it was done quite as favourably and as near within the margin as the Brogden contracts.

692. Did not some of the contractors fail, and the Government have to take over the works at a loss?—In some cases the contractor failed, but I do not know that the Government sustained a loss. I think the guarantors completed the contracts—that was, on the Wellington and Masterton Railway. The immigrants my firm brought out were not from England, they were from Australia.

693. I think you were Minister when this letter of the 10th July, 1873, was received?—Yes.

694. Allow me to call your attention to this paragraph: "Dr Featherston to the Colonial Secretary.—It was pointed out to them that Mr. James Brogden had commenced the negotiations in the colony, and had been on the point of signing the contract, when, at the last moment, he declined, on the ground that he preferred that the terms of the contract should be arranged between his brothers and myself; that, in order that they might be secured against loss, I agreed that they should take a promissory note of £15 from each adult, they giving to the Government a promissory note of £10 per adult; that this allowance of 33 per cent. might be deemed ample to secure them against loss." Would not that be, to your mind, an admission by the Agent-General that he had made an assurance to Messrs. Brogden that 33 per cent. was enough to secure them against loss?—That is entirely an expression of his own opinion. I know what has taken place throughout the piece, and I take the same view as was put upon it by counsel here to-day. It is simply a matter of opinion of the Agent-General all through.

695. *Hon. Mr. Dick.*] Am I correct in stating that Messrs. Brogden had a million's-worth of work before they had to go to competition for any?—Yes.

696. There were works being competed for before Messrs. Brogden got all their work?—Yes.

697. And you gave them a certain amount of work without competition, at a price based on those prevailing in concurrent contracts, and put 15 per cent. on to that?—Yes.