

There were similar letters in regard to all the contracts. Frequent communication took place between Mr. Henderson, Messrs. Brogden's representative, and Mr. Carruthers, the Engineer-in-Chief for the Colony. In June, 1876, the Government announced to the Messrs. Brogden that they could not accept the accounts as delivered, and declined to pay the claims. Mr. Knowles, the Under-Secretary for Public Works, wrote as follows :—

GENTLEMEN,—

Public Works Office, Wellington, 19th June, 1876.

I am directed by the Hon. the Minister for Public Works to inform you that the Engineer-in-Chief, having carefully gone into the accounts submitted by you in reference to certain of your railway contracts, finds—

1. That on the Waipawa, Picton and Blenheim, Picton and Blenheim 10 per cent., and Winton and Kingston 10 per cent. Contracts, the full amounts due to you thereon have been paid.

2. That there are due to you on the Napier Contract a sum of £95 13s., and on the Invercargill 10 per cent. account a sum of £30 10s. 6d.

3. That on the Waitara Waitara 10 per cent., and Invercargill Contracts, you have been overpaid; of the exact amounts of each of which you will hereafter be informed.

I have, &c.,

JOHN KNOWLES,

Under-Secretary for Public Works.

Messrs. J. Brogden & Sons, Wellington.

During the intervening months,—between June and December,—there was a great deal of correspondence between Mr. Henderson and the Engineer-in-Chief, and on 21st December a formal notice of claim as required by the provisions of the Act, was given with reference to the Waitara and New Plymouth Railway Contract. This notice was in the following terms :—

*Waitara-New Plymouth Railway.*

SIR,—

Wellington, 21st December, 1876.

We have the honor hereby to give you notice, that a dispute has arisen between us and the Government with reference to the Waitara and New Plymouth Railway Contract, in respect of the following matters :—

1. We claim for contract sum, £41,000. The Government claim to deduct therefrom moneys for alleged reductions in the work, the right to do which we dispute.

2. We claim for addition to contract, as per details already rendered, including station accommodation and interest charges, the sum of £13,178 9s. 10d.

We also claim a further additional sum of £135 14s. 7d., including interest charges to the 30th April, 1876, for repairs of rolling-stock, during construction, as per clause 17 of specification; making a total of additions to contract of £13,314 4s. 5d.

We also claim further interest charges until date of payment. The Government dispute our claim to part of the above.

We, therefore, give you notice, that we require that the matters so in dispute be referred to arbitration after the expiration of one month from the service of this notice, as provided by the 27th clause of the General Conditions of our contract.

We have, &c.,

JOHN BROGDEN & SONS,

(per JOHN HENDERSON).

The Hon. the Minister for Public Works.

After this it appears to have been suggested that the Engineer-in-Chief and Mr. Henderson should meet with a view to discuss the claims, and the representative of Messrs. Brogden wrote the following letter to the Minister of Public Works :—

SIR,—

Wellington, 20th January, 1877.

With reference to your letter, No. 174, of 18th instant, we shall feel obliged by being informed when it will be convenient for the Engineer-in-Chief to meet us here, in order that the claims in connection with the Chain Hills Platelaying Contract may be proceeded with, as the delay in coming to an early settlement on this and other claims is attended with considerable expense to us, especially as we are anxious to close our affairs in this colony without unnecessary delay.

We trust, therefore, that the Government will oblige us by arranging for a meeting at an early date, to enable us, if possible, to come to an amicable arrangement in regard to these claims, as we have no doubt the Government are equally anxious with ourselves for these matters to be settled.

We have, &c.,

JOHN BROGDEN & SONS,

(per JOHN HENDERSON).

The Hon. the Minister for Public Works.

On 26th January, 1877, Mr. Knowles, the Under-Secretary, replied to that letter as follows :—

GENTLEMEN,—

Public Works Office, Wellington, 26th January, 1877.

I am directed by the Hon. the Minister for Public Works to acknowledge the receipt of your four letters of the 21st December, severally giving notice of a dispute having arisen in respect of the contract entered into by Messrs. Brogden & Sons as regards the railways therein mentioned, the four railways being the Picton and Blenheim, the Napier and Pakipaki, the Waitara and New Plymouth, and the Invercargill and Matura.

The Minister intended to have deferred acknowledging the receipt of your letters, as above, until he was in a position to have gone fully and finally into the matter in dispute; but, after giving them such consideration as he is able, the Minister instructs me to inform you that he finds some of the matters in dispute cannot finally be fully investigated during the absence of the Engineer-in-Chief. On that officer's return, now shortly expected, a definite reply shall, however, be sent to you. Meanwhile, I am to state that it is not intended by this acknowledgment to waive any irregularity in the terms or form of the various notices you have given, nor to waive any right or privilege vested in or accorded to the Government or the Minister for Public Works under "The Government Contractors Arbitration Act, 1872."

I have, &c.,

JOHN KNOWLES,

Under-Secretary for Public Works.

Messrs. Brogden & Sons.

Hon. Dr. Pollen: Who was the Engineer-in-Chief who was referred to by Mr. Knowles?

Mr. Cave said it was Mr. Carruthers, who was absent from Wellington at that time. He had no doubt that that letter had the effect of directing the attention of both Mr. Brogden and Mr. Travers to the alterations in the Contractors Act, and led to their taking action. On the 29th January there was a letter from Mr. Knowles, stating that the Engineer-in-Chief was expected to return to Wellington by the first steamer leaving Lyttelton, and, that on his arrival, he would be consulted in regard to the matter of a meeting between himself and Mr. Henderson. On the 31st January, 1877, Mr. Travers wrote to Mr. Reid as follows :—

SIR,—

*Re Brogden.*

Wellington, 31st January, 1877.

With reference to the conversation between us at our yesterday's interview with respect to the claims of the Messrs. Brogden against the Government, I now beg to put in writing the course which I think would be most satisfactory to both parties, in the hope that it may meet the approval of the Government.

Assuming that the Government will treat the existing notices as a sufficient compliance with the Act, Messrs. Brogden will at once file in the Court here their claim in respect of the Napier and Pakipaki line, with the propositions of law and fact in support of it.