It is a carefully written, and, I think, a very fair letter; and the Committee will specially note that Mr. Reid, after giving an interpretation of the assurance contained in his reply to the letter of the 31st January, expressly repeats that assurance.

Mr. Reid throughout adhered to the arrangement of January, and Mr. Ormond, too, in answering the letter of the 8th March, though the provocation offered by that letter was strong, intimated that the Government were still prepared to carry out that agreement.

On the 20th July, 1877, Messrs. Brogden wrote suggesting an arbitration by engineers. This, of course, the Government had no power to agree to; but the Committee will find that the Under-Secretary, in his reply of the 14th August, 1877, uses these words:—

I am to point out that the contracts themselves prescribe a method of settling all disputed questions arising out of the same, and that the Legislature has provided ample means for giving effect to the proceedings which those contracts contemplate. Under these circumstances, and bearing in mind that the Government are now, as they always have been, quite willing that the questions in dispute should be settled in the manner so prescribed, there does not appear to the Minister to be any sufficient ground for warranting a departure from the course which the law directs to be followed.

Well, I think I have conclusively proved that the object of the Government in 1877, was to get these matters settled. The Government then said in plain terms, "We will waive clause 31." I have introduced these memoranda by the Solicitor-General to prove that the Government had been advised to waive, and had concurred in waiving clause 31, in 1877, whatever might be the legal right of the Government.

Messrs. Brogden, however, repudiate the arrangement of January by their letter of the 8th March, and, after negotiations, were revived by Mr. Travers in May and June, they, for the second time, rejected the proposal to proceed to an immediate arbitration, and then insisted on proceeding by petition of right to test the question whether they could not sue the Government in the Supreme Court, notwithstanding the provisions of the Government Contractors Arbitration Act of 1872.

If they had with proper diligence brought the proceedings under the petition of right to issue, the position here now would have been very different. But, what did they do? They asked for, and obtained, leave to file a petition of right in the Waitara case, for the purpose of testing this very question. There was no undue delay with respect to the Waitara case, perhaps, though I am not going to admit that; but it is upon them to show that they pressed that claim with all the speed they could get out of their lawyers, which, I daresay, was not much. Of course I am speaking of lawyers in general. The Government pleaded, as they had the right to the provisions of the Act of 1872. As a bar to the action in the Supreme Court, Messrs. Brogden wished to go to the Supreme Court, whereas both the Act and the contract said they should go to a Judge of the Supreme Court sitting in an Arbitration Court.

The Chairman: Do you say it was practically arranged that the Government should so plead.

Mr. Bell: They asked for a petition of right to decide the question, but the Solicitor-General said leave to file a petition could not be granted for that purpose. It was, however, understood, if they did present it, the Government would plead the Act of 1872. The Government pleaded that Messrs. Brogden could not sue in the Supreme Court, but that their proper forum was the Arbitration Court provided by the Act of 1872. That being pleaded, the Messrs. Brogden replied. You cannot set that up because of clause 31 of the Act of 1872. You ought if you wanted these matters decided in the Arbitration Court to have yourselves brought them into the Court of Arbitration within six months. You did not do that, and so the Act of 1872 is no longer available to you. They themselves in 1878 in their replication to the Government pleas set up clause 31. From first to last the Government never set up clause 31 until compelled to do so in 1882. That is the plain state of the case. It is clause 31 which the Messrs. Brogden then relied on, which they now ask the Committee to say the Government should not rely on, and therefore that they should be allowed to go into the Arbitration Court. The Committee will understand that the Government did not plead clause 31. The Government pleaded that they could not be sued in the Supreme Court in respect of disputes under the Brogden contract. The Messrs. Brogden replied, you should have gone to the Arbitration Court yourselves within six months, but you have elected to abandon that forum. They said in fact, "It is your business to take up our disputes"—that is the assertion of their replication. That was in October, 1877. As my friend told the Committee, the reason why the Waitara case came to an end was that the Government received notice from the assignees of the money; and the Government, acting for the protection of the assignees, pleaded the assignment, and in the end the action fell through. The Brogdens having got a reassignment, applied for leave to amend. I am not going into the reasons why that leave was not given. But leave was given to the Brogdens to file a new petition of right in the Invercargill-Mataura claim. Leave was refused to file a new petition of right in the Waitara claim, because the point then for decision was only one point, and it would have been useless to have two actions to decide one point, which the Government were confident would be decided in their favor. There never was any doubt in the minds of the law advisers of the Government, that the Act of 1872 created the forum for settlement of the disputes, and that the jurisdiction of the Supreme Court was thereby ousted; and therefore it would have been a waste of money to grant a new petition, and to decide the same question on two actions. The same course was followed by the Hall-Government, in 1881, in refusing leave to Messrs. Brogden to file new petitions of right until this question had been disposed of in the petition then before the Court. The course the Messrs. Brogdens took in this petition of right in regard to the Invercargill Mataura claim, I desire to call attention to, because it has, I think, caused the greater part of the present difficulty, I am going to give dates, and I rely on those dates to show that the Messrs. Brogdens themselves have created the difficulty which they now seek to get out of through this Committee. The Waitara petition was filed on the 8th September, 1877, and the assignment was pleaded in December, 1877. The Crown interfered on the 11th December, with an after plea of the assignment, and the petition was discontinued on the 27th November, 1878. So the whole of 1878 was lost by the Messrs. Brogdens and not by the Government. There was an attempt to set up the reassignment; but, of course, all this waste of time could have been avoided if they had asked for leave to file a new petition on the same or any other contract.