

Mr. Bell : I desire to say that I am anxious that the Committee should stop me sooner than they would my learned friend. I do not wish to press any point which the Committee thinks is in the slightest degree unfair.

FRIDAY, 21ST JULY, 1882.

Mr. Bell, with him Mr. Fletcher Johnston, for the Government; and Mr. Cave for Messrs. Brogden.

Mr. Bell : Sir, it will be remembered that on the day when the Committee last met I undertook to prove that Messrs. Brogden had been treated in all their contracts with exceptional liberality. I had already called the attention of the Committee to these facts: That the contracts which Messrs. Brogden had obtained had been obtained by them without public competition, and without being submitted to public tender. I had also showed that, whereas we were bound to give them railway contracts to the amount of £575,000, under the agreement of the 10th August, 1872, we really did give them contracts to the extent of £928,000. The method by which the prices charged by and paid to Messrs. Brogden was arrived at is another instance of exceptional liberality. The Committee will see that, as the contracts were not let by the usual process of Dutch auction, an exceptional method of arriving at the price which was to be charged had to be adopted; and when I was interrupted by the close of the last sitting I was about to tell the Committee how the prices had been arrived at. I then promised to limit myself to that of which we have positive proof in our possession. I limit myself to the first six contracts, which were executed on the 10th August, 1872, and do not take the other three, executed in July, 1873, into account, because, in the absence of Mr. Carruthers, the Engineer-in-Chief, we are not able to give the particulars of them. The contract prices in the first six contracts were arrived at in this way: First, the quantities of each particular class of railway work in each contract were estimated: so many cubic yards of earthwork, so much timber, so much ironwork, and so on. Then Mr. Carruthers, for the Government, and Mr. Henderson, for the Messrs. Brogden, met and fixed prices for each particular class of work. I undertake to prove that these prices included an allowance for ordinary contractors' profits. I shall produce to the Committee a comparative schedule of prices, showing these side by side with the prices fixed in the schedules of ordinary contracts for railway works entered into about 1872; and I shall produce also another schedule comparing the prices allowed in the Messrs. Brogden's Invercargill-Mataura contract with the schedule prices of other contracts let to ordinary contractors, not exactly at the same time, but in the same locality. I shall ask the Committee to accord me an adjournment until Monday next, when I shall be able to call before it Mr. W. N. Blair, who will be able to give some evidence respecting the fixing of the prices for Messrs. Brogden's Taieri contract. He will say that the prices fixed for the Taieri contract were sufficient to include ordinary contractors' profits. The book I now hold in my hand contains these prices, and it shows that a sum about equal to 10 per cent. was allowed for special profit to Messrs. Brogden, and a sum of about 10 per cent. was added for Messrs. Brogden's management. Then another sum of 12½ per cent., on all but a few items, was added for contingencies; and, in addition to all this, provision was made for damage by flood. The schedule which I shall place before the Committee shows the sums allowed for special profit, for management, and for contingencies on the first six contracts. This schedule gives in detail the figures which are in the book which I intend to hand in to the Committee. There is a slight error in the schedule, but it is against the Government. The record of the details in the book gives on one class of work a sum per mile for contingencies, and in taking out the figures for the purpose of making up this schedule I did not multiply that sum by the number of miles. The amount for contingencies shown in the schedule is less by £3,000 than that actually allowed to the Messrs. Brogden. The schedule is as follows:—

SCHEDULE showing Amount allowed Messrs. Brogden for Special Profit, Management, and Contingencies on the First Six Contracts, the figures being extracted from the Schedules agreed upon between Mr. Carruthers and Mr. Henderson (Messrs. Brogden's representative).

Name of Contract.	Contract Sum.			Profit.			Management.			Contingencies.			Total of Last Three Columns.		
	£	s.	d.	£	s.	d.	£	s.	d.	£	s.	d.	£	s.	d.
Auckland-Mercer ...	168,924	0	0	14,073	0	0	12,000	0	0	15,679	2	8	41,752	2	8
Nakier-Pakipaki ...	49,345	0	0	4,391	0	0	2,500	0	0	3,188	3	0	10,079	3	0
Wellington ...	29,016	0	0	2,352	0	0	1,500	0	0	2,036	3	5	5,888	3	5
Picton-Blenheim ...	80,494	0	0	7,501	0	0	6,877	0	0	6,009	15	10	20,387	15	10
Taieri ...	143,835	0	0	10,591	0	0	8,079	0	0	11,127	10	11	29,797	10	11
Invercargill-Mataura ...	88,832	0	0	9,514	0	0	8,000	0	0	7,687	12	2	25,201	12	2
Totals ...	560,446	0	0	48,422	0	0	38,956	0	0	45,728	8	0	133,106	8	0

Now these figures, which are taken from the record-book, and cannot be disputed, show this: that the contract sums in the first six contracts amounted to £560,446; that the part of this total fixed for the true prices of the contract works was only £427,339 12s.; and that on this sum of, say, £430,000, there was allowed to the Messrs. Brogden more than £130,000 for profit, management, and contingencies. I have shown, I think, that the £430,000 covered an ordinary contractor's profit, and therefore it appears that, according to the joint calculations of Mr. Henderson and Mr. Carruthers in 1872, the Government agreed to pay Messrs. Brogden on these first six contracts £133,000 more than the Government would have had to pay had the contracts been let by public tender. Mr. Alexander Brogden has said that the 12½ per cent. allowed for contingencies was covered by the rise in wages, which he says was to be anticipated by that allowance; but I think that the true explanation of the