

Have those final certificates ever been given?—No.

Have you from time to time received certificates from the Government officers for sums due since the completion of the work?—Yes. The first letter we received on that subject is dated the 19th June, 1876, and is 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.; and

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

I have, &c.,

JOHN KNOWLES,

Under-Secretary.

Messrs. J. Brogden and Sons, Wellington.

It was not until the 12th May, 1877, that the Government informed us as to the amounts which we are said to have been overpaid.

Then you were informed that you had been overpaid £2,572 18s. 8d. on the Waitara and Waitara 10-per-cent. contract, and on the Invercargill contract £2,009 16s. 5d.?—Yes.

On the same day there was a letter referring to the Oamaru and Moeraki contract, in which it is stated that there was a sum of £7,910 4s. 11d. due to you. Has that sum ever been paid?—No; the Government claimed to retain it on the ground of penalties and in order to cover the overpayments which were alleged to have been made on other contracts.

Did you not receive a communication from the Government subsequent to the 12th May, 1877?—Yes; on the 20th August, 1877, we received a letter from the Government in connection with the Taieri claim, in which letter the Government say there is nothing further due to us. That was the contract on which I went down to Otago to see Mr. Blair.

In 1879 was there a further certificate received from the Government?—Yes; in February, 1879, we received a statement from the Government which purported to show the total amounts due, the total amounts paid, and the total amounts underpaid and overpaid in connection with several of the lines. This statement shows that we were underpaid in the sum of £4,233 6s. 7d. on the Moeraki contract, £104 5s. on the Napier contract, and £806 13s. 2d. on the Taieri contract. With this statement the Government furnished no details, and, therefore, we are totally and entirely at a loss to know how the amounts are made up. There is also a very great difference between this statement and the statement of May, 1877.

Do you mean to say that in every certificate furnished to you by the Government the figures vary?—Yes; and we have asked for particulars of these accounts, but cannot get them.

In the letter of the 12th May, 1877, the Government claim to deduct from the Moeraki contract the sum of £2,749; have they furnished you with any account for that?—No.

Do they make the deduction for non-completion of the work within the contract time?—Yes; and the amount is calculated from the very day on which the works should have been completed.

Can you explain why the works were not completed within the specified time?—On the Oamaru contract there are numerous reasons why the work was not completed within the proper time. Both previous and subsequent to the 19th January, 1876, which was the date on which the work should have been completed, a large portion of the work had been suspended on the written instructions of the Engineers, and various alterations had been made; and then, again, we had not received the permanent-way material, which the Government had to supply, until long after the contract date of completion.

Mr. Cave here read clause 16 of the general conditions of the contract, as follows:—

*Suspension of Works.*

Clause 16. The contractor, on receiving a written notice from the Engineer, shall suspend or stop the whole or any portion of the works, as may be directed, and the Governor, on behalf of the Queen, shall make good to the contractor any loss or damage he may sustain through such suspension or stoppage, to be ascertained, in case of non-agreement between the contractor and the Minister, by arbitration, as hereinafter mentioned; and the Minister for Public Works shall in no case be bound to give the contractor possession of the work until thirty days after the signature of the contract by the contractor; but a commensurate extension of time for completing the works will be allowed to the contractor, such extension of time to be at the discretion of and to be decided by the Engineer.

During the progress of the Moeraki contract did you receive orders from the Engineer to suspend the works?—Yes, both before and after.

Was any extension of time granted?—None whatever.

A good deal of extra work was executed under this contract?—Yes.

Were the orders for these extra works given at the same time?—No; orders were given for new bridges and all sorts of work after contract time had expired.

Was the material which the Government were bound to furnish under the contract furnished within the contract time?—No; as late as the 18th March, 1876, we received a letter from the Engineer stating that the rails for the permanent-way were landing on the beach at Oamaru, and as late as July he wrote to the effect that the fang-bolts had not arrived.

And the penalties are calculated from the date fixed by the contract for the completion of the works?—Yes.

Notwithstanding that some of the works were not even then ordered?—Yes, that is the fact.

Have you ever been furnished with any particulars of the alleged overpayments on the Invercargill and Waitara contracts?—No.

You have never had an opportunity of meeting the Government Engineers with the view of testing whether such deductions could be sustained or not?—No; nor can we look into these alleged overpayments, and we have not the remotest idea as to how we have been overpaid.

Mr. Macandrew.] Do you admit having been overpaid?—No; we claim we are underpaid.

Mr. Cave.] Can you instance a case in connection with the Invercargill Railway in which a certificate has been granted and the money not been paid?—Yes. The Invercargill line was finished