

Higginson. When we applied to him, he was not in the Government service, but he very properly stated that he must first offer his services to the Government before he could be free to communicate with us. In our inquiry from him we paid the strictest regard to propriety and courtesy. Mr. Lawson, formerly Commissioner of Railways for the North Island, it is true is with us, as he was before he entered the Government service; but he never was connected with the construction of the railways, and has no particular knowledge of anything that occurred in that department. He is the only person to whom your remarks can be said to apply.

Then as to the time that elapsed between 1878 and 1881: You appear to ignore the fact that it was the *close* of the year 1878 when the Petition of Right was granted to us. Our Mr. A. Brogden came out here in 1880, and was here in that year; but the continued absence of the then Minister for Public Works from Wellington prevented communication with him until the first month of 1881.

We fail to see how, in our letter of 30th January, we had misconceived or misstated the circumstances which occurred in 1877. You admit that the remarks of the Minister in the letter of 26th January, 1877, would have covered the application at any stage of the proceedings, of the limitation of six months; but you say that it could be proved that it was not intended by the Government that the limitation should be enforced or other technical objections raised. We do not wish to controvert this statement, otherwise than to say that it is much to be regretted that this was not made more apparent to us and our representatives. In no case that we can refer to are any such admissions made without the concluding sentences of the letter being made to appear as if the whole of the admissions were cancelled and taken back. With reference to the letters which passed during 1877 between Mr. Travers and Mr. Reid, of the 31st January and 14th February, and again 15th May and 4th June, we beg to say that, in order to understand them properly, they must be read together; and Mr. Travers, in his letter of 15th May, writes: "Some doubt exists in the mind of their agent (J. B. and Sons) here, whether, in our former correspondence, you consented to waive any question of time under section 31. I have informed them that I understood you to have agreed, on the part of the Government, to do so; but it would be satisfactory to my clients if you would inform me if I rightly understood your assurance."

And Mr. Reid concludes his reply by stating that he could make no promise other than that contained in his letter of 14th February, which certainly contained no promise with reference to the six months' limitation, but left the Government free to enforce it if they thought it consistent with their duty to do so. So, therefore, whatever may have been the intention of the Government, they never distinctly gave any assurance that this 31st section, which undoubtedly was in contradiction to our contracts, would not be enforced. Mr. Ormond's letter of 19th March, 1877, also referred to by you, contains the following passage, in addition to those you have quoted: "I am advised that the Act only prescribes the necessary machinery for giving effect to the terms of the contracts entered into by your firm respecting the reference of disputes to Judges of the Supreme Court." And again, "I am advised that the request made by you to dispense with its provisions could not be entertained, and I am further advised that the admissions and consents you ask for are unreasonable, and such as the Government has no power to agree to." The conditions referred to as being unreasonable are that the disputes should go direct to the Judge, and not through the intermediate stages of a dispute with the Engineer, then to be referred to the Minister, who might have exhausted a large part of the six months before giving his decision; and the other was to restrain the use by the arbitrator of unsworn and *ex parte* evidence, which under clauses 12 and 13 were allowed. Thus, Mr. Ormond, therefore, clearly refused to state that the Government were prepared to waive the limitation of time or the other conditions asked for.

We beg to say most distinctly that we have made no charge against the good faith of the Parliament of New Zealand. We do not doubt that the Act of 1872 was passed by them without their being aware of the alteration it made in our contracts and in our relations with the Government, who, in this case, were one of the contracting parties, and were not, therefore, free to alter the terms of the contract without the knowledge and consent of the other party. Nor was it our intention to raise any such question in our letter of the 30th January. It was outside the argument we were addressing ourselves to, and that was all we intended to say; but we do deny that there is "absolute proof that either Mr. James Brogden or Mr. Travers were then fully aware that the Act in the form in which it now stands in the Statute-book of the colony was being passed through Parliament." Mr. James Brogden and Mr. Travers have both denied the statement, and you are aware of their denial; so that to reassert it in such a direct manner, without giving proof to substantiate your statement, is, we beg to say, a most unusual circumstance.

As to the facts, which you have stated *seriatim*, we may say that we accept those Nos. 1, 2, and 3 as substantially correct. No. 4 is not a statement of facts alone, but contains an argument which may be accepted by some but not by others; but an Act, such as is referred to, should have been confined to the object therein stated, viz., "to give effect to the agreement," and not to alter it. No. 5: We have only to refer you to our letter of the 30th January, and the parliamentary paper E-3, 1878, on the last pages of which are stated the exact knowledge Mr. Travers had of the Act, and how he obtained it. The Act, as passed, is very different from the first revise submitted to Mr. Travers. Nos. 6, 7, and 8: The fact of Mr. James Brogden being in Wellington, and frequently at the House, and behind the Speaker's chair, would not make him acquainted with the contents of a Bill passing through the House, nor would the publication later on in *Hansard* of the speech of Mr. Stafford, or even in the *Wellington Independent*, necessarily be brought within his knowledge. Mr. James Brogden was occupied with obtaining information of the country through which the railways were to be made, and the prices of materials and labour. Even during the last session of Parliament a Bill passed both Houses containing clauses in which our firm are specially referred to, but it did not come to the knowledge of Mr. A. Brogden until the Act had passed. No. 9 is subject to the previous explanations. Mr. Travers was not aware of the Act, otherwise than as is stated in his letter, and the clauses added by Mr. Reid were not within his knowledge. No. 10: The ground upon which you defend the introduction of the limitation to six months is really too inconsistent with reason and fact to require much serious treatment by us. It requires a great amount of special pleading to make out that it is a