

*Wednesday, 16th November, 1892.*

*Present:* Mr. T. K. Macdonald (chairman), Mr. Miles, and Mr. Greenland; and in attendance Messrs. O'Connor, Macarthy, Gale, Barton, and Allen.

Mr. O'Connor: Before going into the business standing over from yesterday, I would state that I find my statements in the circular require correction to this effect—that in Johnston and Co.'s commission I have stated that they charged nearly double. I had not the figures by me, nor the agreement and papers then. I now find that they charged 150 per cent. more. Where they should have got £50, they have taken £125. There is also an error in the statement with regard to Mr. Gale's motion. The amount should be one hundred guineas. In another part I said that ten calls were struck on 12th May. One was struck on the 9th and nine on the 12th. I find I have also understated the amount received by the Wellington directory. We left off at the previous sitting at the expenses at Mokihinui and Westport. "Mr. O'Connor says,"—I am quoting the circular issued by the directors—"the Wellington office expenditure, as well as that at Mokihinui, is excessive." Very well, in reply to that statement the directors say "The total expense at Wellington for office accommodation and secretary's salary is £100 per annum. At the last annual meeting the shareholders voted the directors £105 for division among them for past year's services; this the directors have not yet drawn." I say that that has nothing to do with the office expenditure, which includes more than the secretary's salary and the mere fees. I say that the secretary's salary was raised—and I refer you to the minutes—on the motion of Mr. Allen to £4 a week, and there is a large expenditure besides which is shown by the petty cash-book, and a big expense in connection with printing and legal advice; and I say undoubtedly the expenditure of the Wellington office comes to over £300 a year, and that by comparison with the Westport office the committee will find that the whole expenditure, as they have stated for directors was £68, I think. They say as a reply that in four years they drew £66 5s. I say the Wellington directory has cost £900 in four years, and that has to be shown in the accounts of the company. And I say that the work done is less than that at Westport, and that the accommodation is not so good. The accommodation they had was a large place for themselves sufficient for the shareholders' meetings, a strong-room, and the office itself. They had that from me rent-free, and the clerk had the privilege of using a store from me also rent-free. With regard to the work done in Wellington compared with that of Westport office, business men will know that the test is the letter-book and accounts. The accounts at Westport were very difficult because of the harassing amount of work in connection with the calls. The shareholders were poor and had to be canvassed, and we were always short of money. There was also a large expenditure on specifications for work. Every piece of work was tendered for by public competition—a bridge or any work costing £10 was tendered for by public competition when I was director, for the reason that we considered that as trustees of the company we ought to do everything we could for the benefit of the company. So far from doing that here the directors instruct the secretary to purchase goods, and the work at Mokihinui is done by day-work, and the cost to the company is double what it ought to be. If the work done by me on the railway had been on the same system as the work at Mokihinui, the work would have cost double as much. I am prepared to show that the work done by the company, apart from the question of its being ill-judged, not required, and cruel under the circumstances of the company, is executed in a most costly manner and a very wasteful manner. The work is both bad and costly. Any one will see that the money is sent down in a wholesale manner to Mr. Straw at Mokihinui, and he can disburse it in any way he likes. He telegraphs for money and it is forwarded to him and he makes out the pay-sheets. On the contrary, with me the work was let by contract, and I cannot call to mind that more than 5 per cent was paid for extras in any contract. Now there is no check, for Mr. Straw could if he liked put names on the pay-sheets and pay money which the directors could not check. For that reason I tried to get directors from the shareholders at Westport, but the present directors joined in a body to prevent it, and that is the way they have treated me and my advice. They wish to have the whole control of the company. Under the old system of management the directors knew every shilling that was expended. Of the directors of the present day one goes down perhaps in three months and looks over the work, but he cannot know anything about it. He cannot, and if he attempts to he is attempting the impossible. My business was to be there once and twice a week if required, and if anything went wrong there was a conversation between myself and the other directors and the matter was attended to. If I were absent from Mokihinui for a week something would go wrong. On one occasion Mr. Straw gave a voucher to a contractor named Cochrane for a final payment in excess of the amount due to him, by an amount which Mr. Straw had previously certified to as a progress payment, and that was paid during my absence. Upon several occasions vouchers were sent in to me—and ought to be in the office at the present time—certifying for progress and other payments which were not due. I then stopped Mr. Straw by written notice—copy of which I have—from giving any further final certificates, and instructed him by letter—copy of which I have—that a certain form of certificate should be adopted to make it impossible for such a thing to recur. I have to make another statement in which Mr. Straw's name is concerned—and I do not do it for the purpose of charging Mr. Straw. I mention these things to show the directors that they knowingly trusted a man who had previously involved the company in expense and had made mistakes. The directors know that in consequence of neglect on the part of Mr. Straw and mismanagement, and his replacing a responsible person whom I had put in charge of the "Hapuku" by an incompetent man, he involved the company in serious claims. They also know that Mr. Straw incurred expense by building a bin at the mine which is now useless, without authority, and that when I asked him as a director of the company