

these wheels and axles and pedestals referred to by Mr. O'Connor. At the time it was perfectly true that we required these things almost at a day's notice, and Mr. Barton and myself were authorised to endeavour to obtain them. I need hardly explain that, as far as the Manawatu Railway Company is concerned, I do not interfere in matters of that kind. I referred Mr. Barton to Mr. Fulton, and Mr. Barton purchased the wheels, &c., mentioned in the account of the Manawatu Railway Company. In reply to Mr. O'Connor's statement that the wheels were useless, I have to say that four sets of these wheels and axles have been put on, and have been in use ever since, and the pedestals have been used up. So far as the value is concerned, at the time wheels and axles of that character would cost £12 here. They were condemned by the Manawatu Railway Company not because they were useless, but because, being too deep in the flange for the Government railway, they injured the line, and the company thought it better to replace them with wheels of a lighter character. The pedestals as old iron were worth £3 10s. a ton, and were sold for use at Mokihinui for £4 per ton. What can be Mr. O'Connor's motive for making a statement of that kind is not easy to see unless it is simply to prejudice Mr. Barton in the minds of the shareholders. I think I can produce no better evidence than that of Mr. Straw's on the subject. I put in the voucher showing the amount expended for these wheels and pedestals. Any one reading Mr. O'Connor's remarks would think we had spent hundreds of pounds over these things. [Voucher put in showing payment for £26: six pairs wheels and axles at £4, and half ton pedestals, £2; total, £26.]

Mr. Barton: When it was decided to resume work at Mokihinui, I was asked by the directors to go down there to see that the manager had everything he required. I found at Westport that there was a lot of plant and a number of pedestals that were too small and did not fit. The wheels on the line were completely worn out and could not run the trucks. The "Lawrence" at that time was taking away about 300 tons a trip, for which our company was receiving about £600. The condition of the wheels at the mine was such that they might give way at any time, and as a stoppage of one day to the boat meant a heavy loss, we thought it desirable to have wheels ready to take their places; and as the cost of these wheels was only a matter of £26, and one day's loss of time to the boat was probably £100, we thought we were perfectly justified in buying them and making the alteration in the truck, the fitting-on only taking a few hours. I may add that these wheels are what are known as Whitney's cast-steel wheels, and they are guaranteed by the makers to run from 50,000 to 100,000 miles without repair. The pedestals were purchased at the same time, for the reason that we had none at the mine to fit.

Mr. Macarthy: I now proceed to another paragraph in Mr. O'Connor's circular. He says: "Latterly my intervention was asked by the chairman, and I found that Mr. Barton very nearly let the company in for an amount not under £1,000. With all respect to Mr. Barton, he should remember that he is a director, and that we have a paid servant to do this work,"—whatever that may mean. That paragraph is calculated to reflect very seriously upon Mr. Barton. Two miles of railway were constructed without legal authority at the time Mr. O'Connor was managing director and engineer and secretary. He was also chairman of the Buller County Council. Under these circumstances he thought himself perfectly justified in appropriating a county road for the purpose of the railway. This was a matter on which we had no information until some time after Mr. O'Connor's departure from New Zealand. A deputation came to Wellington to interview the authorities here. The County Chairman was an old acquaintance of mine on the West Coast, and he expressed to me his surprise that we had not done something to meet the claims of the Buller County Council for a road in place of that taken by Mr. O'Connor. He explained to me that they had a 4 ft. track on which the rails had been laid by Mr. O'Connor. Of course he had to widen it, at the same time making another foot-track, although a very imperfect one, outside the line of railway. I went into the matter with the County Chairman, and it occurred to me at once that the Buller County Council had a very serious claim on this company, and that we were bound to provide a road-base, not a 4 ft. track, on the one side, with the railway on the other. Mr. Barton was good enough to go and see the Council, and they put so much before him that we saw that we had to meet them. At that time the Buller County Council did not know that we had no title to that two miles of railway, but I am under the impression that when the deputation waited upon the Minister here he acquainted them with that fact, and that he promised to see that the company did what was right in the matter. I produce Mr. Barton's report of his interview with the County Chairman. [Report put in.] To show you that at the time of the construction of these two miles of railway Mr. O'Connor was warned of what would be required to be done, I produce a letter from Mr. C. Y. O'Connor, Under-Secretary for Public Works, of the 20th January, 1886, in which, among other things, he writes: "I am further directed to state that, before assent as aforesaid can be given to the construction of the railway, it will be necessary for the company to procure the certificate of Mr. Martin, District Engineer at Westport, to the effect that wherever the line of railway has interfered with the existing line of road, between Mokihinui and the company's coal lease, a fresh road has been constructed of equal width and having as good grades as on original road, before it was interfered with by the railway." The contention of the department is that this was never done, and therefore the Order in Council authorising the company to make and use the railway in terms of the Westland and Nelson Coalfields Administration Act was never issued, and consequently we are beholden to the Buller County Council for that piece of road. I produce the Act, section 21 of which gives the operative words "making and using." [Copy of Act put in.] I believe we may accept as a fact that the plans and specifications and all necessary applications were made to the Government for authority to construct this railway—that is, for the first two miles. There is a *Gazette* notice reserving the land required for railway purposes, but the Order in Council authorising us to make and use was never gazetted. Therefore, when the Buller County Council addressed me on the subject, although by conversation first, I realised that we were in an awkward position, and Mr. Barton was good