

enough to go to Westport and inquire into the matter. As a result, we recommended that certain work should be done, which did not satisfy the County Council, and a lengthy correspondence ensued, with a result that we made an agreement to do certain work. The work we agreed to do has to be done, because during last session we managed to secure the passing of an amendment to the Westland and Nelson Coalfields Administration Act, and one clause of that Act, and one which is imperatively binding on the company, is that the work required by the County Council has to be done to the satisfaction of the Engineer-in-Chief of the colony before our title is perfected to the two miles of railway. (See section 3, amended Act.) The latter part was put in, I presume, to protect the Government in case the company were to make a claim upon them for the non-issue of the Order in Council. The agreement and plans accompanying it are now in the hands of the Minister for Public Works, and, as you see, we cannot validate our title to these two miles of railway until we have completed that agreement. That is the piece of work Mr. O'Connor refers to when he states that Mr. Barton nearly let the company in for £1,000; and I think it will be found that it was Mr. O'Connor who let the company in, and not Mr. Barton. A close investigation of this question would involve a day in itself. All the negotiations on the part of the company were to endeavour to give the County Councils as little as possible, while they were endeavouring to obtain as much as possible. We have attained a reasonable compromise, and that we are prepared to carry out. There is no question about the meaning of the section of the Act, and the explanation I put before you is that the statement by Mr. O'Connor about Mr. Barton nearly letting the company in is wholly unjustifiable. On page 4 of this circular Mr. O'Connor quotes a minute to the effect that the solicitor's opinion be taken as to the power of doing away with the position of managing director, and adds that he could not continue in a subordinate position to Messrs. Allen, Joseph, and Seagar, and that the "Lawrence" transaction sank deeply in his mind. It is perfectly true that we took the opinion of the company's solicitor, and it is entered in the minute-book of the 28th October, 1889. Mr. Brandon's opinion is that the appointment of a managing director at a salary is inconsistent with the articles of association, and therefore *ultra vires* until the articles are altered by special resolution. It is questionable whether Mr. O'Connor, by accepting the office of managing director at a salary, has not become disqualified as a director under clause 57 of Table A. It appears, however, from the minutes that he was appointed by the board of directors on the 15th March, 1889, and it is therefore undoubtedly competent for the directors to displace him. Had Mr. O'Connor been appointed by general meeting it would still be competent for the directors to remove him under the general powers given to them by clause 54 of Table A. Under those circumstances Mr. O'Connor has no right to claim that we have any animus in removing him from the position of managing director. I was not present when Mr. O'Connor was making his statement with respect to the honorarium to directors of £105. It is referred to in this circular. That £105 was voted by resolution at a general meeting to be apportioned to the directors. It followed when we had a profit of £3,000 to show. I have been informed that Mr. O'Connor made a reflection on me for giving a receipt for that amount. I did give the receipt, and I think I was the proper person to do so. He states that we ignored the claims of our late colleagues. That is not the case. He made references of an unpleasant nature, and said he would go to the Supreme Court; and I said he could go to the Supreme Court. When he asks in a proper manner he will find the other directors are quite prepared to meet him; but up to the present time we have nothing but his threat of going into the Supreme Court.

Mr. Macdonald: Do I understand you to say this: that the sum of £105 voted by the meeting of shareholders has been drawn in accordance with the voucher produced, that the receipt for the money has been given by yourself as chairman of the board, and that the amount is held in trust by two directors pending a meeting of directors interested in the question to decide how they are to allocate the money?

Mr. Macarthy: Yes, sir. Mr. O'Connor applied to me for his share, and threatened to go to the Supreme Court, and I told him to go there. He should have called a meeting of the directors himself. The sum was voted at the annual meeting on the 9th March, 1891, on the motion of Mr. Gale, seconded by Mr. Travers, to be apportioned among the directors for their services during the past year. Nothing of the kind has been done as to dividing it amongst themselves.

Mr. Macdonald: It is, of course, for the directors to decide how the sum is to be apportioned?

Mr. Macarthy: Perhaps Mr. O'Connor would advance that if he were to go to the Supreme Court.

Mr. Miles: I understood you to say that the amount was drawn by voucher in your name?

Mr. Macarthy: Yes, sir.

Mr. Miles: It was not drawn by the directors?

Mr. Macarthy: No.

Mr. Miles: It is in trust yet to be dealt with?

Mr. Macarthy: Yes.

Mr. Miles: And any gentlemen who were then on the board of directors who have any claim to it are still in the position to get their claim satisfied?

Mr. Macarthy: When there is a meeting of directors to apportion it. I would not give that explanation to Mr. O'Connor at the time, because he was so bounceable, and I left him to his remedy.

Mr. Miles: The amount is virtually lying idle until proper steps are taken by the directors for its division?

Mr. Macarthy: Yes. On page 5 of his circular Mr. O'Connor says the statement of the directors is audacious, that "they do not intend calling up the whole capital of the company," when it is known that they have already done so. 2s. 6d. per share is the uncalled capital on 42,400 shares. The other paragraph simply shows Mr. O'Connor's ignorance of the position