The works are all completed, and there are now pending claims for the final balances on the contracts, &c., amounting to about £172,000, and others have yet to be sent in, which will make the total sum claimed above £200,000. The New Zealand Government dispute every claim, and allege that Messrs. John Brogden and Sons have been paid everything that is due to them upon these contracts.

By the following clause in each contract disputes between the Government and the Contractors were referred to arbitration:—

"ARBITRATION.

"30. Should any dispute arise between the Contractor and the Engineer, or between the Contractor and the Minister for Public Works or the Government, relative to the force and intent and meaning of the specifications, drawings, or conditions, or to the mode of carrying on the works, or the nature or quality of the materials used, or supplied to be used, or workmanship of work done, or as to the maintenance of the works, or as to the expense of additional works, or of alterations or deviations from the specifications or plans, or as to any other matter connected with the execution of the works, or with the contract, specifications, drawings, or conditions, or as to any matter which by this contract it is expressly provided is to be settled, ascertained, or determined by arbitration, such dispute shall be referred in writing to the sole determination, arbitrament, and award of the Judge of the Supreme Court assigned to that judicial district of the Supreme Court within which the works relative to which the dispute shall have arisen have been or are to be executed, whose award shall be final, binding, and conclusive on all parties: Provided, however, that, before any such dispute as aforesaid shall be so referred, the Contractor shall give to the Minister for Public Works one calendar month's notice, in writing, of such dispute, and of the matter and cause thereof, and in such notice the Contractor's claim shall be explicitly stated, and, if such claim be for pecuniary compensation, the amount thereof shall also be stated.

"JOHN CARRUTHERS.
"JOHN BROGDEN AND SONS."

This clause, amongst others, in the contract was the subject of considerable discussion, the Contractors objecting to the settlement of disputes except by arbitration conducted by some one independent of either party.

Clause 3 provides that disputes between Government and Contractors are to be referred to the decision of a Judge of the Supreme Court, but that if by reason of the continued illness or absence from the district assigned to him, the dispute will be referred to another Judge, and, if either of the parties require the evidence to be heard over again, the case must be commenced *de novo*. The Government have the power of changing the Judges to different districts, and therefore have the power of causing an indefinite amount of delay and cost, and the Contractors have no remedy.

When the Contractors asked for the final balances to be certified by the Engineer on completion of the various contracts, the New Zealand Government produced an Act passed on the 10th October, 1872, called the Government Contractors Arbitration Act, which relates solely to contracts with Messrs. John Brogden and Sons, and not, as its title implied, to any other Contractor, or Contractors generally.

This Act was first brought to the notice of the firm affected in the year 1877, five years after the passing of the above Act, when arbitration, according to the contracts, was demanded by them. It was passed disguised as a public Statute, without the proper formalities and notices required by the New Zealand Parliament for private Statutes affecting only private interests. Messrs. Brogden had therefore no opportunity of opposing any of its provisions: it was passed without their knowledge, and it varied the contracts which they had previously entered into, and left them in the hands of Engineers and Ministers of Works.

The debates which occurred during its passage through the New Zealand Parliament (*see* "New Zealand Parliamentary Debates," 16th August and 1st October, 1872) show that the Ministers represented that it was intended to carry out the contracts, to give power to the Judges to act in accordance with the arbitration clause, and facilitate the rapid settlement of disputes; whereas it varies the arbitration clause of those contracts in the following important particulars:—

Clause 4 constitutes the Minister for Public Works a Court of first instance, to hear and determine claims, an appeal lying from him to the Judge of the Supreme Court for the district in which the works are situated. Thus the Contractors are put to the expense of a hearing at Wellington, and, in the event of the Minister, who is one of the parties to the suit, deciding in his own favour, of a second hearing in another part of the colony.

Clause 12 empowers a Judge to employ an expert to make a report upon any matters of construction that may be in dispute, and enables the Judge to take that report as if it were *viva voce* evidence, thus depriving the Contractors of the right of cross-examination.

Clause 29 deprives the Contractors of any appeal from decisions under the Act, although they have never been consulted nor their consent asked to the variations in the procedure already agreed to with the Government.

Clause 31 limits the time for commencing proceedings to six months from the arising of a dispute, whereas there is no such limitation in the arbitration clause; and Messrs. Brogden are thus placed under a disability to which other subjects of Her Majesty are not liable, for, the contracts being under seal, the statutory limitation for actions is twenty years.

If Messrs. Brogden had been informed of the Act in 1872, when it passed the Legislature of New Zealand, or—being an English firm of contractors—had they been notified in England, they would certainly have made an appeal against the granting of the Royal assent to a measure which they conceive to be so unjust and unconstitutional.

By the Act of the Imperial Parliament granting the present Constitution of New Zealand (15 and 16 Vict., c. 72,), it is provided (clause 53) that it shall be competent to the General Assembly (except and subject as hereinafter mentioned) to make laws for the "peace, order, and good government of New Zealand, provided that no such laws be repugnant to the law of England."

Can it be said to be consistent with "peace, order, and good government" that the Government, being party to contracts with any individual or firm, should vary any of the provisions of such contracts