

valuation; can you explain that?—That is the percentage always put on in valuation." I have never known it to be put on in tendering, in the colonies at all events.

618. There is another item of £206 for insurance; why should not that be charged?—That was in the specification. I stated in my valuation that I suppose the insurance item was thrown in.

619. There are items for materials supplied by the Government; how much have you allowed for those?—£314.

620. Mr. Smith and Mr. Martin had to pay the insurance?—Yes. I have allowed a sum of £366 "low in estimate," which is explained in my report to the Committee. Smith's tender was low by £366, and that I have added.

621. What is the amount for materials on the ground?—£1,829.

622. And the amount paid to Mr. Smith?—£2,674.

623. Were the materials on the ground used up?—Yes. By Mr. Martin, I believe.

624. Was there a sum paid to Messrs. Turnbull, Reeves, and Co. out of the contract?—No, they withdrew their claim.

625. What sums would you deduct from your valuation of £16,245, as not coming out of Mr. Martin's pocket?

Payments to Smith	...	...	...	...	...	...	£2,674
Materials on the ground	...	...	...	...	...	...	1,829
Percentage on valuation	...	...	...	...	...	...	1,476
Materials supplied by Government	...	...	...	...	...	...	314
Making a total of	...	...	...	...	...	...	£6,293
Money paid to Mr. Martin	...	...	...	...	...	...	9,954
							£16,247

626. And supposing he had purchased the materials eighteen months before your valuation he would have been able to do the work £985 cheaper than you value it, on account of the rise in price of material?—Yes.

627. *The Commissioner.*] I see in the evidence before the Select Committee, Mr. Martin was asked on what amount you received commission, and he says "Ben Smith and myself made it up according to the receipts to be £21,000." Was that so?—No; I only got commission on £13,678, the amount of Ben Smith's tender, and that is what I admitted before the Select Committee.

628. With regard to that tender of Mr. Ben Smith's there must have been some confusion. He appears to have originally tendered for £15,600 in round numbers, and yet it is taken at £13,678. Smith withdrew his first tender. Then Whiteford tendered at £14,000 and odd, and Smith and Whiteford by arrangement agreed to take up Smith's original tender at £13,678, and signed a tender to that effect; but it was agreed by the Government that Smith should be treated with, because his sureties were considered the best. He then gave a written tender, which you have, saying that he would take up the contract at £13,678. That tender was accepted and the contract drawn up.

629. There were certain reductions which brought it down lower, were there not?—Yes.

630. Then Mr. Whiteford disappears from that time?—He was not taken into the contract at all.

631. Why was that?—It was thought that Smith was quite sufficient. There was, I believe, a private arrangement between Whiteford and Smith, and Smith has always called him his partner; but he did not appear in the contract.

632. You have said that it was proposed to Mr. Martin to carry on the contract, he paying you $2\frac{1}{2}$ per cent. to look after it?—Mr. Martin wished me to manage the work for him instead of Mr. Smith, after Mr. Smith's failure. I told him I could not do so unless the Government would consent, when the charge would be $2\frac{1}{2}$ per cent.

633. $2\frac{1}{2}$ per cent. on what?—On what it would cost to finish it.

634. That was in contemplation of declaring Mr. Smith's contract void. Was it not?—No. It was a proposition of Mr. Martin's to get rid of Mr. Smith.

635. Then you acted under the 13th clause of the General Conditions?—If some arrangement of that kind had been carried out, and Mr. Martin gone on with it, I should have fallen back on the 13th clause and taken Mr. Smith out of it altogether, holding Mr. Martin responsible to the extent of his surety.

636. Then he would have been both surety and contractor?—Had I taken it under the 13th clause he would simply have stood as surety; and had there been a deficiency after the retention money was spent, we should have come back upon Mr. Martin for the £1,000.

637. *Mr. Brandon.*] Supposing, after having undertaken the work on these terms, the cost of finishing it had been £2,500 in excess of the original contract, he would then have been entitled to be paid £1,500, the Government retaining £1,000 as his penalty under his bond?—Just so.

638. *The Commissioner.*] If you had acted under the 13th clause, the contract would have been broken and Mr. Smith ousted?—Both Mr. Martin and Mr. Smith would have been, except that Mr. Martin would have had to pay under his bond. I would not have called upon Mr. Martin to do work of this kind; most likely I should have called for fresh tenders.

639. Then what was the proposal?—As I understand it, it was that Mr. Martin was to carry on the work and be responsible for it. Mr. Martin, as surety, instead of having Mr. Smith to manage for him, wanted me to do so; and if carried out I should have managed for both the Government and Mr. Martin.

640. In order to do that you would have had to take it out of Mr. Smith's hands?—Yes.

641. What would have been Mr. Smith's position then?—He would have been out of it.

642. *Mr. Brandon.*] If Mr. Martin had come in under that arrangement, would he not have been engaged by you to carry on the works irrespective of the amount of the contract?—I looked upon it as simply putting him in Mr. Smith's place.