

Hon. E. RICHARDSON, M.H.R., examined.

12. *The Chairman.*] With regard to the details of this claim stated in the petition, Mr. Richardson, *Hon. Mr Richardson.* I think the best course would be to take them *seriatim*. It is stated that in the year 1861, a contract was signed by your firm, to construct the railway according to the plans and specifications for £240,500. Have you got the specifications?—Yes. *son.* 26th Nov., 1877.

13. Was this contract duly entered into for that sum?—Yes.

14. You state that among other things, if any dispute arose during the construction of the work, that it was to be settled by arbitration?—Yes.

15. Where is that shown?—In the 27th section of the conditions of the contract as follows:—“The contractor in all cases is to carry out the instructions of the engineer, whose decision is to be binding in all cases of dispute, and should any difference of opinion arise between the engineer and contractor affecting the amount to be paid to the latter, either in respect of the works described in the specification, or any additional works that may be ordered in connection therewith, the matter in dispute is to be referred to arbitration in the usual manner, at the joint expense of the Provincial Government and the contractor.”

16. Do you consider that intended to include any extra works over and above the original contract?—Certainly; it particularly says so—any additional works.

17. Was the same understanding held by the Government of the day?—As far as I know. The conditions were relied on all through the contract from beginning to end.

18. You further state in section 3 of the petition, that in 1862, it was decided to make certain alterations at the Lyttelton end of the tunnel, and that the works involved by this alteration were estimated to cost £5,000. Was a further contract entered into to provide for this additional work?—No; there was no further contract. While the work was progressing, it was suggested, for several reasons, that it would be better to straighten the tunnel. (The tunnel previously had a very sharp curve at Lyttelton). This alteration was decided upon, and involved a certain amount of work at the tunnel mouth. The schedule of these works was drawn out by the engineer, Mr. Dobson, (and of which I hold a copy in my hand), and the work under that came to £4,917. The balance was made up of wear and tear bringing it up to £5,000. This was agreed to, and Mr. Holmes agreed to do the work, as previously described to him, for that sum.

19. Was the contract entered into in writing?—No; the agreement was between the executive and the contractors. The executive undertook to ask the Council to vote the amount.

20. Who were the members of the Provincial Executive at that time?—Mr. Maude, was the Provincial Secretary; Mr. Murray-Aynsley, was also a member. I forget who were the other members.

21. Who was the engineer?—Mr. Edward Dobson.

22. Was the verbal contract carried out?—It was carried out as far as it could be carried out. In the course of carrying these works out, other works became necessary on account of the nature of the ground, and consequently a larger sum was involved than was provided for in the original understanding.

23. That was the commencement of this claim?—That was the commencement of the claim.

24. These more extensive works, were they entered into between the contractor and the executive in the same manner?—They were done by direction of the engineer.

25. Simply an agreement between the engineer and the contractor?—There was no agreement, but simply a direct order from time to time, from the engineer, as to how this work was to be done.

26. Was it understood that all these were extra works?—We always understood it so.

27. After this verbal contract between the contractors and the Engineer had been entered into, what was the next work involving extra payment?—The only work that we pressed the Government for, is the additional reclamation work.

28. That simply was done on the order of the engineer?—Yes; from time to time.

29. Have you got that in writing?—No; It was simply done by the direction of the engineer.

30. What were the conditions of the specification with regard to extras: what does it direct?—The 21st section recites:—“Should any arrangements made with the land owners involve the execution of any works beyond those described in the drawings and specifications, the contractor is to execute such works on the written order of the engineer the same as though they formed part of the works contracted for, and the contractor shall be paid for these additional works such a sum as the engineer shall consider a fair remuneration for the same.”

31. Then how is it that no written instructions in accordance with the specification were given for these extra works?—We had every confidence that we should receive fair treatment at the hands of the Government.

32. It was simply a verbal instruction?—As far as I am aware there were no written instructions

33. Have you got a detailed statement of those works that were executed?

(Statement put in.)

*The Provincial Government of Canterbury,*

*Dr. to George Holmes and Co.*

1869.

To work and labor done and materials supplied in altering the Lyttelton end of tunnel, by direction of the Engineer, from the original curved line, as per contract, to a straight line—including Iron Bridge under road to Peacock's Wharf; Culvert from Salt's Gully; alterations, additions, and substitutions to masonry in tunnel; force and retaining walls and drains—viz., from December, 1863, to June, 1868—