

Mr. Rolleston.
26th Nov., 1877.

"It was on the understanding that the rock to be tunnelled was approximately of the nature set out in this section that we entered into the provincial contract in Melbourne.

"Mr. Holmes, when he came down here, had nothing further to guide him as to the nature of the rock than this section, and the data available to Dr. Haast, and entered into the final contract on the faith of the section being approximately correct. In the place of the hard black rock occurring here and there in pockets, at least one half of the tunnel had to be bored through it. This has added at least fifteen thousand pounds to the cost of the work, beyond what it would have cost had it turned out even approximately in accordance with the geological section.

"The contract was taken in 1861 when wages were paid at the rate of 6s. per day here, and our men were engaged in Melbourne to work here as miners at the rate of seven to nine shillings per day of ten hours.

"The Otago diggings broke out, and the wages went up immediately to 10s. to 12s. per day of 8 hours, thus adding at least 33 per cent. to the cost of labor on the whole work.

"It was optional with us to throw up the contract at any time, we forfeiting the ten per cent. retained in hand, but we persevered to the end, fully believing as we now believe, that this matter will be treated with the fairness and equity it deserves, and that a fair allowance will be made to us on this head.

"Again, when the Government of the day decided to force through the road to the West Coast, without giving us the least chance of protecting ourselves by tendering for the work, a large number of the best of our hands on the work, and men whom we had been at the expense of bringing into the province, were tempted away from us by a very large increase of wages, causing our work to come pretty nearly to a standstill; and we never were able to get over the loss of these men, having been obliged to break in a large number of strange hands, and at a time when we were at the most difficult portion of the work, but we were advised to go on and trust to our being in the end fairly treated.

"It is well known that our predecessors, Messrs. Smith and Knight, declined to go on with their work unless they were allowed to reduce the size of the tunnel by one-third, and receive sixty thousand pounds over and above the amount of our contract. Doubtless they knew, from being on the spot so long, what they were likely to have to contend with in the shape of the hard rock, but the shafts then sunk and the works executed did not in any way lead us to suppose that the contents of the hill really varied much from the geological section.

"We shall be glad to hear from the Government that they have taken the above claims into their serious consideration, and do not doubt that they will "give us anything that they may find due to us either by law or equity.

"We have not included the undermentioned matters, as it is understood that our claims in respect of them are admitted, and that merely the question of the amount to be paid us on some of them remains open, these are:

"Claims for extra labor, &c., on account of the line being opened before completion.

"Claims for surplus materials and working plant.

"Balance on works at the Selwyn and Christchurch Station.

"Balance on account of supply of three engines.

"Balance on contract for supply of rolling stock, and amount of account of stores for working the railways.

"We mention the above as per your request to send in all our claims.

"This letter must be considered as entirely without prejudice, in case an amicable settlement should not be come to.

"I have, &c.,

"GEORGE HOLMES & Co.

"To the Secretary for Public Works."

Holmes and Co.'s Claims.—Mr. Patterson's Report.

"SIR,—

"Dunedin, 19th October, 1868.

"I have the honor to submit the following Report upon the claims for work done in connection with the Lyttelton and Christchurch Railway, as stated in letter dated 3rd August, 1868, from Messrs. George Holmes and Co. to the Secretary for Public Works.

"*First Claim.*—Filling up land at Lyttelton with material from tunnel.

		£	s.	d.
December 19th, 1865.—	30,000 cubic yards of rock, 5s. ...	7,500	0	0
August 3rd, 1868.—	Interest on above 2½ years, 10 per cent. ...	1,875	0	0
	8,000 cubic yards filled in during the year 1866 ...	2,000	0	0
	Interest on above 1½ years ...	300	0	0
	6450 cubic yards filled in during the year 1867 ...	1,612	10	0
Total amount of first claim ...		13,287	10	0

"The ground to which this claim refers extends along the harbour to the southward, and outside of the line shown for edge of embankment in the contract drawings. The area of additional land embanked is about 4,000 superficial yards, and the material used was obtained from excavations from the tunnel and cuttings.

"The embankment was required in connection with the alteration of the line at the south end of the tunnel, and in my opinion forms an essentially necessary part of that alteration.

"The contractors state in their claim that about 14,000 cubic yards of the material used was originally intended by the Engineer to have gone towards Christchurch to form part of the Heathcote embankment; but as the Railway Engineer informed me that the excavations carried on from each end eventually met near the centre of the tunnel, I do not attach much weight to the argument advanced, especially seeing that the time occupied in the construction of the tunnel has been much longer than was contemplated, or than was provided for under the contract. Had the material been otherwise disposed of, the time required would have been still further beyond the contract time.