

*Right Hon. Sir J. G. Ward:* I should like to ask Mr. Blow why the lowest tender at the first invitation was not accepted.

*Mr. Blow (Under-Secretary for Public Works):* On the ground, I think, that the amount was excessive. The estimate was £500,000.

*The Chairman:* The lowest tenderer on the first occasion did not tender again?

*Mr. Blow:* No.

*Mr. Nosworthy:* I should like a return supplied showing the amount at which Cochrane Bros. tendered to construct the tunnel.

*Mr. Blow:* They did not tender. They asked for an extension of the time for tendering, and the Government declined to give it.

*Mr. Nosworthy:* Could we find out what their estimate was?

*Mr. Blow:* I believe they gave an estimate of what, in their opinion, it would cost.

69. *The Chairman (to witness):* Assuming that Niven and Co. had been given the contract at £751,989, do you think they could have done it in the four years?—I am sure they could not.

70. Not by paying increased wages?—No increased wages would have done it.

71. *Right Hon. Sir J. G. Ward:* I presume it is governed by the speed at which you can tunnel?—The speed at which you can drive the heading.

72. *The Chairman:* It was assumed that the work could be done in five years?—Yes.

73. You think that under no conditions could it have been done in five years?—I do not say "under no conditions." But it is very doubtful if it could ever have been done in five years. We tendered to do it in six years. The Department informed us that we would have to withdraw the six years because it was not in accordance with the conditions. We had done a good deal of work for the Government, and our experience was that where a contractor uses every means in his power to expedite the work and does not waste time over it, the Department as a rule do not enforce penalties. Knowing this we entered into the contract, notwithstanding that our opinion at the time was that it would take at least six years. That is on record: it is on our schedule in the first tender.

74. *Mr. Nosworthy:* Were there separate tenders for driving and paving and bricking?—No, it was all one job.

75. *Hon. Mr. Fraser:* I presume that in a big undertaking such as this you had made out certain calculations which would give you some idea as your work proceeded whether you were going on at a loss or a profit?—Yes. We know every fortnight.

76. How long have you been working?—Four years actually working. We were a year before we really started tunnelling.

77. Am I to understand that for two years the accounts showed that your hopes for a profit were being realized and that you were not working at a loss: is that so?—No. The first eighteen months there was a big loss. Then we began to recover a little, and I think the next year there was a small profit.

78. During one whole year?—Yes. There was a small profit, and it looked then as if things were going to improve.

79. What year was that?—About 1910, I think. It looked as if things were straightening up a bit and labour was improving. Then things went back again. It was then that we began to realize that we should make a loss.

80. Did the supply of labour diminish, then, during the third year?—In 1910 the supply of labour was better than we ever had. After that up to this year it has been getting worse all the time.

81. *The Chairman:* The supply, and the quantity of work done per man?—Yes. I may say this: the shortage of labour and the shortage of production began almost immediately the Federation of Labour formed a union at the Otira Tunnel. It seemed to have an immediate effect on the men. I do not know why; but it looked as if, when they formed themselves into a union, the first thing they had to do was to strike.

82. Things were not so satisfactory from a labour point of view. No. Immediately this union was formed trouble began.

83. Have they been improving a little in that direction?—Oh, yes. We have not had any labour troubles for quite a long time.

84. I mean the men in their work?—I do not know that they have improved very much in their work.

85. *Mr. Okey:* Have you tried any system of co-operation with the men?—No. We have discussed that very many times, but the difficulties in connection with it are so great that it seemed impossible to do anything in that way. If we were just driving a heading and doing no other work we could give the men so much a yard for it; but it is very difficult to give yardage for the widening out and the foundations, and the drains, and all that kind of thing. It is almost impossible on a work of the kind.

86. The driving is the principal work, is it not?—Yes. I introduced a system of bonuses which worked very well for a while, and then it went back. We have still a graduated bonus for the heading. It starts at 100 ft. in the fortnight, and increases per foot up to any number of feet the men can do.

87. *Hon. Mr. R. McKenzie:* They have to drive 50 ft. a week before the bonus starts?—Yes. On many occasions they earned it. They were continually earning it for a while, but latterly they have never earned it.

88. *Mr. Seddon:* Was that to each gang?—For the whole of the men at the face.

89. *Hon. Mr. Fraser:* Is there any reason you can attribute for their not earning this bonus latterly?—None, except this, that they were getting good wages, and I think the feeling is that they do not want to "speed up" much.