

45. *Right Hon. Sir J. G. Ward.*] Could the Government put to satisfactory use a boring plant and machinery such as the contractors have there, assuming the Government were to take the plant over?—You mean, if we carried on on the co-operative system could we utilize boring-machines?

46. Yes?—Certainly.

47. Could the machinery be used for different undertakings in different parts of the country?—If it were not worn out it could; but if it is going to have ten years' wear there will not be much left of it, I apprehend, at the end of that time.

48. Replacement of portions of a plant of that kind, unless they are actually brought into contact with hard metal, would enable the plant to be kept up to date?—Probably, but contractors' plant is subject to severe wear-and-tear—much more severe than machinery in factories in cities.

49. *Mr. Okey.*] Do I understand that in their tender Messrs. McLean stated six years as the time?—Yes.

50. That tender would be informal, then?—Strictly speaking. It was not in accordance with the specification.

51. You accepted their tender conditionally on their altering the time to five years?—That is so.

52. When the contractors made application for an advance on the accumulated amount held back did you have an idea that they would not be able to carry out the contract at the contract price?—Not when the first advance was applied for. I thought then that the contractors were perhaps temporarily embarrassed, and that it would be a wise measure to assist them.

53. You reduced the progress-payments when they got that advance, did you not, from 90 per cent. to 80 per cent.?—No; the payments have never been reduced. An agreement was entered into that so soon as they had drawn the full amount of the advance the payments were to be reduced, but they have only recently drawn the last instalment of even the first advance, and by that time they had applied for a second advance, and the agreement entered into for the second advance postpones the reduction in the payments until the full amount of the second advance is paid, or until the 1st March next, whichever happens first.

54. You can employ only a certain number of men in boring in tunnels, I take it: even if you have the funds to carry on with you cannot utilize any additional men?—That is so.

55. In making an estimate of the time required to carry out the contract, you would have to take that into consideration—namely, the distance that could be driven in a day?—Certainly, but we assumed that as much work could have been done at the Bealey end as at the Otira end.

56. And you think so still?—Clearly, but it is much more expensive to work at the Bealey end than at the Otira end. It can quite well be done, however.

57. That would have made the cost much greater?—That was allowed for.

58. You do not think, then, that McLean Bros. are carrying out the contract in as cheap a way as it could possibly be done—or as cheaply as it could be done by the Department?—I do not like to reply definitely Yes or No to that question, because Messrs. McLean are very experienced contractors—there are no more experienced contractors in New Zealand—and they have met with difficulties which neither they nor the Department anticipated. Not only did we think their tender price was a good one, but they thought that themselves. Now they have had their eyes opened by adverse experience, and I do not say that we have not learnt a little, too.

59. You may have been in the same position—the same difficulties may have cropped up with you and upset your estimate as to what the work could be done for?—It is possible; but I think the Government could have dealt more advantageously with the labour question than a private firm of contractors.

60. That has not been what we have noticed in connection with coal-mines. You have your trouble there just the same as private owners?—Not to the same extent. We have had no serious strike in the State coal-mines—only a matter of two or three days.

61. You would have carried out this work on the co-operative system?—Yes, a fixed rate per yard. No doubt the rate per yard would have varied as the distance increased—necessarily so.

62. *Mr. Seddon.*] You know the electrical plant that the McLeans have at Goat Creek and the Punch-bowl: do you think it is possible for the Government to take that over at the end of the contract?—That is a question you must address to the Engineer-in-Chief. I have never inspected the plant in detail.

63. It is suggested that the Government should take over the plant to which I refer?—Yes. I doubt whether it is quite permanently installed. I have not seen this particular plant that you mention, but as it was installed for the purpose of carrying on the work at this tunnel, which was estimated to be completed in four or five years, it is doubtful whether it is installed in the same way as if it was intended to be there permanently.

64. You have departmental officers down there supervising, have you not?—Yes.

65. How many altogether?—An Assistant Engineer lives on the ground at Otira.

66. And at the Bealey?—The one Engineer is in charge, but there are several overseers at each end. You need to have an officer practically for each shift.

67. *Hon. Mr. R. McKenzie.*] The specified time for the completion of the contract was five years, was it not?—Yes.

68. There was practically £29,000 between the lowest tender and the next one?—Yes.

69. Had the Department agreed to extend the time to Mr. McLean from five years to six years, would not the second tenderer have made serious complaint—and had good cause for it?—Yes, clearly.

70. Would it have paid the Department better to have accepted the second tender at £628,732 than to have accepted McLeans if they insisted on the extra year? I wish you in answering the