

80. But the term in the contract was five years?—Yes.

81. And the Department asked Mr. McLean to review his tender and undertake to complete the work in five years. Do you think the Department was quite fair to Mr. McLean in asking him to complete the work in five years, seeing that he, from his practical experience, said that it would take at least six years?—I think it was a fair question to ask him. Mr. McLean was not bound in any way at the time, I understand.

82. He was when he signed the contract?—Yes. That was Mr. McLean's business. He need not have signed the contract.

83. It meant, did it not, that a very heavy fine might be inflicted on him at the end of the five years if the Government thought fit?—Yes. Of course, he entered into the contract knowing that.

84. Do you think, from your practical experience, that the work could have been completed in five years?—Judging by works that have been carried out in other countries, it could have been. We were guided by that in fixing the time.

85. With the knowledge you now possess, do you think it would have been possible to complete it in five years?—No, I do not.

86. Do you think that Mr. McLean accepted the contract at too low a price, in view of what you now know?—I think so now.

87. Despite the fact that that was £100,000 more than the estimate?—Yes.

88. I suppose it would not be quite fair to compare this tunnel with any other tunnel that you know of in New Zealand, would it?—The length alone makes a difference. There is no other tunnel in New Zealand that you can compare with it—in fact, there is no other tunnel in the Southern Hemisphere.

89. *Mr. Veitch.*] With regard to the carrying-on of the work, you suggest that we delay the calling for fresh tenders for three years. What advantage do you consider would accrue from that delay?—I would do it in the hope that conditions would have altered in that time so as to enable contractors to enter upon such a work with much greater confidence than they are inclined to show at the present time.

90. You mean that money is tight and labour hard to get?—It is labour, principally.

91. What do you think of the proposal to knock off work at the Bealey end altogether and put a full complement of men on to the lower end, and do all the work from that end, driving a heading through to the Bealey end in order to allow the water to get away?—That would require some consideration. I should have to go into that before I could answer definitely; but the lead is so short at present at the Bealey end that I should feel inclined to push on from there until some obstacle were met with that would run the cost up to a prohibitive amount.

92. Probably water?—Water would be the principal thing. The plant is all installed at that end at present—plant capable of dealing with the work and with a fair amount of water—and it would seem a pity to abandon all that plant if the work could be carried on further from that end.

93. Do you think it would be wise not to work at both ends at once, but just at one end—whichever was found the more convenient? I am thinking of the shortage of labour?—If you cannot get sufficient men to man both ends it means abandoning one end. In that case, of course, it would be better to push on from the Otira end.

94. I cannot quite understand your answer to the question about the difference between the contract system and the Public Works Department carrying on the work by day-labour. Is it not a fact that a contractor would have to pay day-labour?—Well, that is entering on a subject that I would rather be excused from dealing with.

95. Is it the position that your Department is not capable of handling men the same as a contractor would?—It almost amounts to that.

96. A contractor taking on that job now would only accept it with a very large margin of safety so far as figures are concerned. The Department surely would be certain of getting through with the job at actual cost, even though labouring under certain disadvantages?—It might. I doubt it very much.

97. You would prefer that your Department had nothing to do with the job?—Most decidedly.

98. *Mr. Seddon.*] You said that if the tunnel-work were suspended for two or three years, at the end of that time conditions would have altered: that is merely your opinion?—That is all. I did not say they would have altered; I said I hoped they would.

99. You were referring to labour-conditions?—Yes. And another point would be that the present knowledge of the contract would have been lost to a great extent.

100. What do you mean by that?—That contractors would be more inclined to speculate.

101. *The Chairman.*] The prejudice would be disappearing?—Yes.

102. *Mr. Seddon.*] You think that if tenders were called to complete the work at the present time you would not get any?—That is my opinion.

103. If the work were suspended for two or three years, what about the depreciation in the value of the machinery?—The whole of the machinery could be kept in first-class order. The only part that would materially depreciate would be the pipe-lines from the water-supplies down to the generating-stations.

104. What about the machinery outside the tunnel: would it not be necessary for an officer to look after that?—We should need a caretaker to look after it.

105. It being such a wet climate, would not the machinery be affected by rust?—Steps would be taken to prevent that.

106. Have you been to Otira Tunnel?—I was there last April.

107. Have you at any time inspected the electrical plants at the Punchbowl and Holt's Creek?—Yes.

108. Have you ever assessed the value of those plants?—Not personally.