

He, however, did not commit himself to writing to any great extent, but, after having prepared a scheme which varied from the proposals which were included in the original contract, he claimed that the Government should take the responsibility for the new proposals, and that his company should be paid the extra cost of this variation, plus the costs of any excavation and concrete below the levels shown on the plans submitted by them for approval, plus the cost of reinforcement for such foundations in addition to the original, plus the cost of bearing-piles if required, and plus a sum of £275,000 to cover direct and indirect loss.

The Government could not agree to any of this, being of the opinion that the design of the work as originally proposed could be carried out, and that if the contractors chose an alternative the onus was on them to pay for it, and that if they lost money on their contract that was their affair.

After a lot of argument, a great deal of which was not reduced to writing, a settlement was made on the lines of the two statements attached hereto, from which it will be seen that the company was paid for the work they had done at schedule rates, so far as schedule rates could apply, and were paid £30,000 for preliminary works, &c., as set out in the sheet attached hereto.

F. W. FURKERT,
Engineer-in-Chief and Under-Secretary.

ARAPUNI CONTRACT.

AGREEMENT BETWEEN MINISTER OF PUBLIC WORKS AND SIR W. G. ARMSTRONG, WHITWORTH, AND
CO., LTD., CONTRACTORS.

Dated this 9th day of December, 1927.

1. The Public Works Department are to take over Section 2 forthwith, and the contract so far as it relates to Section 2 shall be determined as from the date of such taking-over for all purposes, upon the terms set out in the following paragraphs.

2. The contractors shall be paid the sum found to be due under paragraphs 3 and 4 hereof, and in addition the sum of £30,000, being an agreed sum in payment for preliminary and temporary work and expenditure carried out and incurred by the contractors of which the Public Works Department will have the benefit, including all huts and cottages, offices, sheds, and construction and other buildings erected for the purposes of Section 2 and set out in the sheet attached hereto and marked "A," and including also the construction of coffer-dam.

3. The whole of the work done on Section 2 except such as is included in the £30,000 mentioned in the last preceding paragraph shall be measured forthwith, and the actual quantities of work actually done (finished or unfinished) shall be paid for at schedule rates. In the case of such items as are incapable of measurement, then the percentage of work done towards completion shall be mutually agreed as to each item and proportionally paid for at schedule rates.

4. Such permanent equipment as is covered by schedule rates and is not erected to be paid for at schedule rates (less the contractors' estimated cost of erection and estimated on costs on the the erection).

5. "Schedule rates" shall mean the rates which are set out in the schedule or have been applied to interim payments. The deductions of the 7 per cent. and the 0.577 per cent. shall not be made.

6. Any permanent equipment not covered by schedule rates and taken over by the Public Works Department shall be taken over at prices to be agreed upon; or, if not required by the Public Works Department, is to be removed by the contractors from the works.

7. Should the Public Works Department require the use of Section 1 on costs and Section 1 temporary works the Public Works Department shall pay for such use at agreed charges.

If the contractors complete Section 1, as they expect to do, by the end of December, 1927, or soon after, then any temporary works or other conveniences on Section 1 required by the Public Works Department for executing the work on Section 2 to be taken over at a price to be agreed.

8. Should the Public Works Department desire to take over any of the contractors' construction plant, the Public Works Department may do so within one month of their taking over Section 2, at a mutually agreed price, always provided the contractors do not require such plant for completion of Section 1, or during the period of maintenance.

9. Any tools, stores, and materials belonging to the contractors required by the Public Works Department to be taken over at an agreed price.

10. In view of the first paragraph of clause 53 of the specification for Section 2, the contractors to have the use of the machines free of charge (subject to the convenience of the Public Works Department) until the Public Works Department require their full and constant use.

11. The contractors shall deliver to the Public Works Department forthwith all plans and sketches and diagrams prepared and lists of all permanent equipment, materials and plant ordered or which remain to be ordered in connection with or for the purposes of Section 2.

12. The contractors shall also deliver to the Public Works Department their contracts (or copies thereof) with the A.S.E.A. and any other persons, firms, or companies for the supply of materials, plant, equipment, or any other supplies whatsoever for the purposes of or in connection with Section 2, and the contractors will assign to the Crown the benefit of all such contracts, and shall indemnify the Crown and the New Zealand Government against all claims thereunder for payment of the price payable by the contractors under the said contracts.