

diction, as well as to Australia, that Otira was not a place they would favour for workmen to come to. I might say that our only difficulty had been to obtain sufficient men to man the work. We have been working nearly the whole time with about half the number of men we ought to have had working in the tunnel. They were not obtainable in the Dominion. At various times we were at a little loss on account of the winter frosts, and we had shortness of power to contend with; but our main trouble has been labour. We can only express thanks to the Government for coming to our assistance on two occasions. We at the time anticipated that these loans would have assisted us to get the number of men we required. As soon as we got assistance in this way we increased the rate of wages—in many instances fully 20 per cent. I have a table here giving the wages in the Reefton award and the wages paid to-day at the Otira Tunnel: Shift bosses, 11s. 11d. at Reefton, 13s. 6d. at Otira; machinemen, 10s. 8½d. at Reefton, 12s. 6d. and 12s. at Otira; chuckmen, 10s. 2½d. at Reefton, 11s. at Otira; shovellers, 9s. 2d. at Reefton, 11s. at Otira.

3. *Hon. Mr. Fraser.*] What was the date of the award?—It was given in 1907. It was in existence when the contract was entered into. I do not know whether any difference has been made since: I suppose it has. As I say, shovellers at Reefton were awarded 9s. 2d., and we are paying 11s. at Otira.

4. *Hon. Mr. R. McKenzie.*] Was that for work outside the tunnel?—No, in the tunnel; outside we were giving 10s. What I have given you is all work inside the tunnel. The other wages that we are paying do not apply to Reefton at all, but we are paying our motormen 12s., concretemen 11s., block-lifters 12s., block-layers 12s. 6d., and power-house men 12s.

5. *Might I ask that Mr. McLean put that statement in?*—I will put it in. [Document handed in.]

6. *Hon. Mr. Fraser.*] Is it a full statement of the wages paid to all classes of workmen?—Carpenters are not here, nor blacksmiths. Those that are given are the men who affect the mining.

7. *The Chairman.*] Would you put in a complete return showing the wages paid to all employees?—Very well. It was anticipated that by raising the wages we should get a greater number of men and greater efficiency, but it has not proved so.

8. *Mr. Davey.*] Might I ask when these extra wages were given? I understood you to say that when the Government assistance was given you increased the wages: when were they increased?—I stated that at the start we gave 1s. a day all round more than the award. We have increased the wages from time to time, until the wages I have read out have been reached.

9. *The Chairman.*] That is, after you got the advances from the Government?—And prior to that as well.

10. *Hon. Mr. Fraser.*] It is a pity you have not put in the dates when increases of wages were granted. If you put a return in showing what wages were paid at a particular time and what increases you gave, and the date of them, it will greatly assist the Committee?—I will endeavour to get that for you. In connection with the labour, of course, overhead charges are always the same, and unless you have sufficient labour to fully man the works it is impossible to carry them on economically. I have here a short epitome of the state of affairs at the present time, as far as we are financially concerned. The amount at present invested in plant is £73,434 8s. 6d. I value that plant, at the expiration of the contract, at about £5,000—that is to say, the plant will not realize more than £5,000.

11. *Hon. Mr. R. McKenzie.*] Does that include the two water-powers?—Yes, it includes all. I may be on the conservative side in making this estimate, but the machinery has to be removed from there, and second-hand machinery is somewhat difficult to place. It is worth a great deal more, of course, but that is what I estimate it will realize. The only things saleable will be the generators, the motors, the locomotives, and the rails; and, of course, there will be something for the other plant.

12. Was there no prospect of the Government taking over your water-powers when you have finished?—I have never heard of any.

13. You do not know whether they have considered it?—I do not think it was considered. It was not as far as I know, at any rate. Well, deducting the £5,000, that would mean that at the end of the contract £68,434 8s. 6d. would be lost. At present we have completed one-third of the work, and we should therefore charge one-third of that amount to the present work completed. That would be £22,811. According to our balance-sheet, the actual loss on the working of the contract has been £4,878 10s. 6d. That gives us, then, a total of £27,690 as loss on the contract to the 31st May. Assuming that the balance of the work could be completed at the same cost as that already done—and in my opinion it could not—the loss on completion of the contract would then be £83,000, at our present rate of working. The rate of wages, however, has been increased considerably within the last few months, and that increased rate of wages has not been taken into account in this estimate; so it is fair to assume, the wages being higher, that the work will cost more as we go on. Further, as we go further into the hill the men's time working at the face will get less and less. At present they are clamouring for the face-to-face clause that is already in operation in mines. At present the men start in at twenty minutes to the hour; they have twenty minutes to get in; and they are clamouring for the face-to-face clause, which so far we have not conceded. The difference between cost and the contract price, therefore, will be more than is shown by the above figures. The plant also must be augmented by the addition of a supplementary power plant and an electric locomotive. The extra loss on the sale of these will be something to add. Roughly, I consider that the loss on the contract, taking things as they are, would at the end be about £100,000. I do not know that I have any further statement to make. I have put the exact facts before the Committee as nearly as I can. If I had had counsel to assist me it might have been better, but I thought it was not necessary. If there is any further information I can give I shall be prepared to do so.