

191. Assuming that you had sufficient time and guaranteed finance, would you go to work in that direction?—There is the time involved. It is quicker this way.

192. *Mr. Veitch.*] You could not pass each other?—We could put in a siding.

193. *Mr. Davey.*] Of course, when you took up the contract you based your estimate on the wages then current?—That is so.

194. Can you give the Committee an average of the wages paid then and what you are paying now? You say your trouble is mainly one of labour?—Not the wages. My trouble has been that we have not been able to obtain labour.

195. *The Chairman.*] Will you give us a return of the wages paid at starting the contract and at the different periods when the wages were raised?—Yes.

THURSDAY, 29TH AUGUST, 1912.

MURDOCH McLEAN further examined. (No. 2.)

1. *The Chairman.*] You were going to supply the Committee with some returns, Mr. McLean?—With regard to an estimate of engineering and plant, as per schedule, and cost of same, showing engineering and plant separately, the £32,000 shown in the Schedule was only an estimate of probable loss on plant at the end of the contract, including the preliminary engineering expenses incurred in putting down our water plant and that kind of thing. That £32,000 was the provision for probable loss on plant. I have here a statement of the wages paid at commencement, and then from April, 1912. We find there has been no material increase in wages in the interval between the commencement of the work and April of this year. There may have been small increases made to individuals, but there was no general increase. This statement shows the wages paid to every class of workman on the work. [Document put in.] I also produce a statement of the wages paid, engineering and salaries, all other charges, and the total [handed in]. I have further, with your permission, to state that my estimate of £100,000 to complete the tunnel was based on the bare figures at our disposal at the time, providing for no special contingencies. On more careful consideration I find that another £30,000 or £40,000 will probably be required to cover any contingencies.

2. *Hon. Mr. Fraser.*] Do you mean £130,000 in excess of the contract sum for the tunnel?—That is what I mean.

3. *Mr. Okey.*] Is that taking the machinery at £5,000?—Yes.

4. *Hon. Mr. Fraser.*] You mean that it would take over £700,000 for the tunnel, then?—From £730,000 to £740,000.

5. *The Chairman.*] I understand you to say there was no appreciable rise in wages from the commencement of the contract until April last?—That is so.

6. Then in April last there was the increase shown by this return?—That is correct. Of course, the wages that we paid at the start were in advance of the wages current in the district at the time.

7. In making your estimate for tendering, did you anticipate the wages would be at the rate which you paid at the commencement of the contract?—We did; we fully anticipated it.

8. You tendered on that basis of wages?—That is correct.

9. May I put it in this way, then: practically the rate of wages has had nothing to do with the non-completion of the contract?—That is our opinion.

10. *Mr. Davey.*] Are we to understand, then, that shortage of labour is your main contention for non-success?—That is our only contention. I suppose you gentlemen know that when there is a shortage of labour there is always a shortage of efficiency. That is natural. If you cannot afford to discharge a man for inefficiency because you have not any other men, then efficiency is affected.

11. Do you think you would have been able to complete the work successfully had you been able to get a sufficiency of expert labour?—I feel quite positive we should.

12. At the contract price?—Yes.

13. Have you not had extraordinary trouble at the Bealey end? Has it not cost more there than your estimate?—Yes, a great deal more.

14. That had nothing to do with labour?—Well, not to the same extent.

15. You had not anticipated the extraordinary difficulties that you experienced?—No.

16. *Hon. Mr. R. McKenzie.*] You might explain why it cost more than you anticipated?—Because of the water.

17. But you anticipated the water?—We did not anticipate we should have so much difficulty in getting our machinery in. We anticipated we should be able to get the machinery in fairly comfortably. Another thing about the Bealey end is that just at present—it probably will not obtain all through the work—the ground is of a soft nature, and requires very careful timbering, and costs a great deal more to deal with than ground that does not require timbering, although it may be very hard.

18. Is not the rock there of the same nature as the rock you are penetrating at the Otira end?—No, at the Otira end it is a harder rock of the same nature. At the Bealey end timbering is required the whole way.

19. *Mr. Davey.*] The Chairman asked you yesterday if you did not think that as you progressed through the hill the expense would be much greater, and you said, Yes, mainly for trucking?—That is so.

20. Have you got out that estimate of what the extra cost would be if you did the main work from the Otira end?—In the estimate which I put in the work would be mainly from the Otira end.