

118. And your pumping plant?—Is quite sufficient. The power we have is ample.

119. You are satisfied that your power is capable of dealing with any reasonable quantity of water you are likely to meet with?—Oh, yes. We have the same power at the Bealey end as at the Otira end.

H. J. H. BLOW, Under-Secretary for Public Works, examined. (No. 3.)

1. *Hon. Mr. Fraser.*] You have heard the evidence given by Mr. McLean. If you wish to make a statement to the Committee I have no doubt they will be pleased to hear you, and afterwards you can reply to questions. Or if you like, I will ask you certain questions right off?—I do not think there is much, if anything, in Mr. McLean's statement that requires to be controverted. There is really nothing at issue between the contractors and the Department. I have no statement to make, but shall be glad to answer questions.

2. Has the work which Mr. McLean has done from the first been done in a manner which has met with the approval of the departmental engineers?—Yes, in every way, except as regards the rate of progress. The Department has been disappointed at the rate of progress.

3. Have remonstrances been made to Mr. McLean in regard to this matter of rate of progress?—Yes.

4. Has there been correspondence on the subject?—Yes.

5. What were the reasons alleged by Mr. McLean?—I have not got the letter marked, and it would take me a little while to find it; but I think they were largely similar to the reasons he has alleged here.

6. State generally what they were?—I personally wrote a letter to Mr. McLean, by direction of the Minister, pointing out that he was much behind with his contract work, and asking what assurance he could give as to better progress in future. To that letter a reply was received: it recited the difficulties they had encountered, and stated that they had made the best progress they could under the circumstances.

7. Was it generally in accordance with the terms of his statement to this Committee?—Yes, generally in accordance with that.

8. *The Chairman.*] About when would this be?—It is a year or more ago, I think, that I wrote. I will look up the letter I wrote, and the reply, and put them in.

9. *Hon. Mr. Fraser.*] How long ago is it since the Department began to realize it would be impossible for Mr. McLean to complete his contract within the specified time?—I think we realized it almost from the start. The rate of progress has never been sufficient to complete the work in the contract time.

10. Was that borne in on you at the end of the first year?—Yes. We were rather dubious from the start whether it would be completed in the time.

11. What do you call "the start"—the time of signing the contract?—Yes, even earlier. Mr. McLean's tender was on the basis of getting an additional year, and negotiations proceeded between the Department and Mr. McLean to get that request withdrawn. We declined to allow him to sign the contract until he had amended his tender by the substitution of sixty months for seventy-two months. Although Mr. McLean signed the contract to carry out the work in sixty months, we had considerable doubt as to whether he would succeed in accomplishing the work in that time.

12. I understand that you insisted upon Mr. McLean doing in five years what the Department felt quite confident he could not do in five years?—The Department thought the work could be carried out in five years.

13. That is to say, the Engineers thought so?—Exactly.

14. Was that the opinion of the Chief Engineer?—Yes; but it was not the opinion of Mr. McLean. He only withdrew the seventy-two months and substituted sixty because he was told he would not get the contract unless he did.

15. You stated that prior to his signing the contract you were doubtful as to whether he could finish the work in the five years. Did you mean that?—I meant it literally. My doubt was based on Mr. McLean's own statement that he could not do it in the time.

16. The Department insisted on the five years because the same terms had been offered to the other contractors?—Yes.

17. Not because you thought he could do it in the time, but because it would have been unfair to make it anything else?—We thought that we could have done it ourselves in that time.

18. *The Chairman.*] You thought there was a possibility he would not do it in the time?—I was convinced of that, because he did not believe he could do it himself; and if a man does not believe he can do a thing he is not at all likely to do it.

19. *Hon. Mr. Fraser.*] As time went on, I have no doubt the Department got still more confirmed in the belief that Mr. McLean could not possibly finish in the time?—Yes.

20. Were the reports of the Engineers such as to lead you to believe that he was doing his best all the time to comply with the conditions of the contract?—That is a matter that the Engineer would not express an opinion upon unless asked. The Engineer's reports from month to month are that so-much work has been done. If he were asked to report whether the contractor was doing his best he would do so, but hardly unless asked.

21. Then there came a time when financial difficulties arose. Are you conversant with what occurred, or was it through the Ministers?—I think I have a knowledge of the facts.

22. The negotiations were not done through you, were they?—The application was made direct to Ministers, but the Ministers took the officials into their confidence.

23. *Mr. Nosworthy.*] I understood you to say that the Department reckoned the work could be done in the five years?—We thought so.