

24. Are you still of that opinion after the experience Mr. McLean has gone through?—That is a question I would rather you asked the Engineer-in-Chief.

25. *Mr. Davey.*] You said it was scarcely likely that the local Engineer would report as to whether he thought the work was progressing properly unless he had been asked for a report. Was he ever asked for one?—You used the word “properly.” He would certainly be asked to report if the work was being done improperly. Mr. Fraser’s question was if he reported whether the contractor was using every effort to comply with the terms and conditions of the contract.

26. That is exactly what I mean?—No, I do not think the local Engineer was ever asked. Mr. McLean was frequently in Wellington, and he called upon both the Engineer-in-Chief and myself. The Engineer-in-Chief knew quite well what efforts he was making. So it was hardly necessary to ask the local Engineer for a report. We also knew month by month from our local Engineer the number of men he was employing.

27. Do you think it was quite fair to insist upon Mr. McLean signing a contract to complete the work in five years when he declared distinctly, as an experienced man, that it could not be done, and you suggest that you thought so yourself?—The only additional responsibility he undertook in so signing was that he would have to pay the penalties for delay if he was a year late in completing the work.

28. What were the penalties?—£280 a week; but it is not the custom of the Government to enforce penalties right up to the hilt. All the circumstances are taken into consideration before the amount of the penalty, if any, is decided upon.

29. On what basis were progress-payments made to the contractors?—90 per cent. of the value of finished work and 50 per cent. of the value of all plant and material brought on to the ground and approved by the Engineer as fit and necessary for the work.

30. And that has been strictly adhered to?—No, we have paid beyond that. We have been paying 100 per cent. on the plant for some time past.

31. But is that not in the nature of a loan—an advance payment as against the work?—It is an advance payment, but that is the basis of the advance.

32. Could you tell us why that was done?—On account of the representations of the contractor that he could not get on unless the Government did come to his assistance.

33. It was not all in the nature of an advance?—I think it was wholly in the nature of an advance. The advance was based on that principle.

34. *Hon. Mr. Fraser.*] Was the money not advanced in order to enable Messrs. McLean to purchase certain plant, without which they could not carry on the work?—I do not think it was wholly that. I think there were certain liabilities that had to be extinguished, in addition to the purchase of certain plant.

35. *Mr. Davey.*] What is the total amount that has been advanced beyond the 90 per cent. progress-payments?—£25,000 has been actually paid, and we have entered into an engagement to pay another £5,000.

36. That is in accordance with Mr. McLean’s evidence?—Yes.

37. *Right Hon. Sir J. G. Ward.*] Are you of opinion, with the knowledge you now have, that the work could not be carried out, except at heavy loss, at the price at which Mr. McLean undertook to carry it out?—It is difficult for me to pit my opinion against the actual experience of the contractors. At the time the tender was put in we thought it quite excessive, and the Engineer-in-Chief recommended the Government not to accept it, because the price was too high and the Department could carry out the work for very much less.

38. What is your opinion respecting the results of the carrying-out of the work by the contractor, as against the opinion of the Engineer at the time the contract was accepted?—I am disposed to think the Government could have handled the matter somewhat differently. We should have done the work wholly on the piecework system, and if the men had worked slowly they would have earned so-much less. If they had worked more vigorously they would have earned so-much more.

39. By the piecework system you mean the co-operative system?—Yes. The co-operative system is entirely based on piecework rates.

40. In the light of what has occurred since, do you still think the Government could have carried out the work at a lesser cost than McLean Bros. have done?—I think so. I think our management expenses would have been less, and I think that in dealing with the labour difficulty, assuming we should have had one to deal with, we could have handled it better than a private contractor. If with the contractors a strike occurred and much delay was likely to ensue, the contractors would probably be served with formal notice that they must resume work at once or severe penalties would be exacted; whereas the Government of the day would have been able to suit themselves in that respect.

41. Your opinion, then, is that if, as the result of this inquiry, the Government decided to go on with the work themselves, they can carry it out at a less cost than the contractors?—I think so.

42. *Mr. Davey.*] Do you consider that co-operative labour could be efficiently used in a tunnel of that character?—We have used it in many other tunnels. Constructing tunnels is no new experience to the Department.

43. I am referring to this particular one: this is an extraordinary one?—This tunnel at present is no longer than some of our other tunnels. It is not in quite two miles; we have some other tunnels in the country that are very nearly that length.

44. You think, then, that co-operative labour could be efficiently employed at such a place as the Arthur’s Pass Tunnel?—Yes, I think so.