

172. *Hon. Mr. Fraser.*] How long had you known Mr. Baghurst before he gave the information to you?—About twelve months, I think.

173. You thoroughly believed his statement?—I had no doubt about it. I knew him to be honourable, as far as his statements were concerned.

174. I think you mentioned that he stated that Mr. McLean had told him this in confidence?—Yes, he had a confidential chat with Mr. McLean; they were exchanging opinions from time to time with regard to the working of the tunnel, and so forth.

175. And you think it is a characteristic of an honourable man to repeat a confidential conversation to another, in order to work up a case against him?—No.

176. Then, does that change your opinion about his being an honourable man?—I said that with regard to his statements he was honourable. And it was not with a view to working up a case against Mr. McLean. He simply asked me if I thought there was anything in that that would be of advantage in the Arbitration Court.

177. Do you think he was at liberty to repeat a confidential conversation, supposing it had occurred?—I cannot say that it was confidential, beyond the fact that he said he was accustomed to chat confidentially with Mr. McLean.

178. *Mr. Nosworthy.*] When you were told that that was confidential information, did you not think it the right thing for you to go and ask Mr. McLean whether it was true or not before you made it public?—It was not given to me in confidence.

179. He told you that it was given to him confidentially?—Yes—that he was chatting confidentially with Mr. McLean—I do not know if it was on this particular occasion that he was chatting confidentially, but that he was accustomed to chat confidentially with Mr. McLean and that Mr. McLean had disclosed to him his future programme. He gave me the right to use that information in the Arbitration Court if I found there was anything in it of any value.

180. *Hon. Mr. R. McKenzie.*] Did you make inquiries with a view to seeing Mr. McLean before you came to this Committee?—No.

181. Did you make inquiries as to where he was staying, or express any desire to see him?—No, I did not know that Mr. McLean was in Wellington.

#### TUESDAY, 17TH SEPTEMBER, 1912.

ROBERT WEST HOLMES, Engineer-in-Chief, Public Works Department, examined. (No. 11.)

1. *Hon. Mr. Fraser.*] You made an estimate of the cost of constructing the Otira Tunnel, did you not?—Mr. Hay, my predecessor, did.

2. Did you look through the figures at all and check them in any way?—I have looked through them since. I did not at the time the estimate was prepared.

3. What is your opinion as to the basis of that estimate, judging by what you have seen of the tunnel since the work was started? I presume you have examined the tunnel?—Yes. At the time the estimate was prepared I judged that the figures were reasonable, and that under ordinary circumstances the work could be carried out for the estimate; but from experience gained since I have every reason to change that opinion.

4. What was the original estimate?—£500,000.

5. You now believe that the estimate was founded upon data which experience has proved to have been incorrect—data as to the character of the work: is that what you mean?—No. The difficulties that have occurred have been principally in that there is not sufficient labour to man the works properly. If there had been sufficient labour to properly man the works I think the basis on which the estimate was prepared would have proved correct and reliable.

6. You mean that, as regards the character of the country to be tunnelled through and the quantity of water to be dealt with, experience has not shown them to be greater than was supposed to be the case when the estimate was made?—That is so.

7. But the factor of not being able to get sufficient labour was not sufficiently taken into consideration when the first estimate was made?—That is so.

8. To what extent do you think the alteration in that factor has affected the cost of the work so far?—I am hardly prepared to answer that question.

9. Have you been examining the tunnel at all, or is it simply that you have taken the reports of your subordinates?—I have been down there several times.

10. How often?—At least once a year, sometimes twice.

11. What was your opinion as to labour there on each occasion when you went?—It appeared to me that there were not sufficient men to properly man the works, and unless they are properly manned the contingent expenses bear too great a proportion to the whole cost.

12. What was your impression of the manner in which the work was being done?—I am of opinion that the work is being carried out in a perfectly satisfactory manner, and that the contractors have been using every endeavour to push it on, and using the best plant obtainable for the work.

13. Had you occasion at any time to remonstrate with the contractors with regard to the manner in which the work was being done or to the want of speed in doing the work?—No, I have not had occasion to remonstrate with them, except with respect to a few minor details.

14. When did you first realize that there was a probability that the contractors would not be able to complete their work within the specified time?—At least three years ago.

15. How long is it since they first commenced the contract?—Five years; at least it is five years last month since the contract was signed; it was about twelve months afterwards before they actively commenced work. They did some work of a preliminary character.