

109. Have you through your officers?—The officer in charge of the work has to do so in connection with the advances made on plant and material.

110. At what does he put down the value?—I could not tell you from memory. I should have to turn up the papers and make out a statement.

111. Do you think these plants would be of value to the Government when the tunnel was completed?—No, not unless other works are undertaken that the plants could be employed upon. They would be useless in connection with the Otira Tunnel.

112. When you were last at Otira did you go up to the work at the face?—I do not remember whether I went right up to the face. I went a good way in.

113. In your opinion has the work been pushed on as speedily as possible?—I think the contractors have pushed on at the Otira end as speedily as they were able.

114. What about the Bealey end?—I do not think they have pushed on there as fast as they might have done.

115. *Mr. Reed.*] Do you think the contractors have made any mistakes in the construction of the tunnel to bring about an increase in the cost?—I do not think so.

116. Can you account in any way for the error in the estimate of both the contractor and apparently your Department at the time the contract was entered into?—Only by the general increase in the cost of carrying out work that has taken place of late years.

117. Do you think you can explain the difference, then?—One factor is the increase in the rate of wages paid now as compared with what was paid.

118. Do you think that the original estimate was a correct estimate for the conditions then prevailing?—We all thought it was a fair estimate.

119. But subsequent experience has shown you, has it not, that the estimate was a wrong one?—Yes.

120. The increase in wages does not account for the difference that practical experience has shown to exist between the estimate and the actual cost?—That is one of the principal reasons. The other principal reason is that the contractors have not been able to obtain sufficient men to man the works.

121. Even taking those into account, an error was made in the estimate?—I do not think any error was made. I would hardly call it an error. It was thought the work could be done cheaper than has been shown to be practicable. There was no error in the quantities or anything like that.

122. Under the conditions prevailing at the time the estimate was made, was it possible to do the work at the estimated cost?—I think that if sufficient labour had been available, and the rate of wages had continued unchanged, and time was not a factor in the question, the tunnel could have been carried out for very little more than our estimate.

123. *Mr. Okey.*] Have you got a copy of the estimate that was made by the Engineer?—Not with me.

124. That could be produced?—Yes.

125. Do you know whether an estimate was made of the machinery that would be required to carry out this work?—I believe Mr. Hay went into that question, and estimated the quantity of machinery required and the cost.

126. If the Government were carrying that work out by co-operative labour, you would possibly value that machinery on completion of the contract at a certain figure?—Yes, the machinery would be sold, I suppose, and the work would be credited with the amount realized.

127. In this case you consider the machinery would be of very little value to the Government on completion of the work?—Yes. The actual value would be what we could obtain for it.

128. We have had evidence that that machinery has cost £73,000. The whole of that, or within a few thousand pounds of the whole, would have to be written off at completion?—Yes.

129. And charged to the work?—Yes, that is part of the cost of the work.

130. This is admitted by every one to be an extraordinary work. It is almost impossible, I suppose, in a work of this nature, for any engineer to make a correct estimate?—It is a very difficult matter.

131. Can you call to mind any other tunnels of this nature?—Most of them that I know of have exceeded the estimate of cost.

132. I suppose, in your experience of ordinary contracts, on many occasions a man has taken a contract and has not been able to carry it out? Such cases come before you?—Yes.

133. What do you do in those cases if the man can show that he has used every diligence in carrying out the work and meets with such difficulties as in this case? What is the usual course for the Department to take: do you bring the matter before the Minister and try to come to some arrangement, or do you increase the amount payable by a percentage?—No. We always follow out the provisions of the general conditions. When we find that a contractor is not proceeding with the work in a satisfactory manner he is served with a notice, and on the expiration of that notice the Minister exercises certain powers that are given to him. One of the powers is to relet the work; another is for the Department to carry it out.

134. If it can be shown that there is nothing to be gained by reletting the work, and the man has shown all diligence in carrying it out, and that it would be a loss to the Department to take it over—what do you do in such cases?—I cannot call to mind such a position having arisen in the Department.

135. *Hon. Mr. R. McKenzie.*] What about the Midland Railway contract?—I did not have anything to do with that.

136. *Mr. Okey.*] I want to know what is usually done in such cases as I have indicated?—I know that in several cases contractors have made mistakes either in the quantities or in the prices, but they have had to bear the brunt, or their sureties have.