

137. You drop on to the sureties and you press for the last penny?—That has always been done in the past.

138. In estimating a job you might think the material to be taken out is of a certain kind, and you get into a very different sort of material altogether when you start actual work?—A contractor has to provide for that when tendering.

139. You have no compassion on the contractor when he once signs the contract—not even if it can be shown that he has done everything possible to carry out the contract, and that it would be a loss to the Government to relet it?—I have never known of such a thing happening as it meaning a loss to relet the work. We have had instances where it has cost the Government more than the original contract, after we have obtained from the sureties the full amount of their bond.

140. With regard to this Otira Tunnel, if it can be shown that the work can be completed for a further 25 per cent., say, would it not be better from the Government's point of view to increase the amount than to let the work remain and allow the machinery and pumps to depreciate in value, as they must?—That question opens up a large field. One would have to take into consideration whether it is going to pay the Government to complete the tunnel quickly or whether a long time could be taken over it. The amount of money that has been laid out on the line would also need considering, and we should have to go into the matter of the probable traffic.

141. Do you think it would have been better to have left the work alone altogether?—I am not prepared to say that.

142. I suppose there is a limit to the number of men that can be utilized in a tunnel?—Certainly. In this case they are able to work at more than one point. There are men in the advanced heading, men enlarging the arch, men taking down the side walls, men concreting the side walls, another gang putting in the arch of the work, and another gang doing the finishing-work: so that altogether you are able to employ a large number of men. Still, the whole rate of progress depends upon the rate at which you can excavate the advanced heading.

143. Do you think that if longer time were given the work could be carried on at a cheaper rate—it would not be so costly per foot?—Yes, I think so; but that is rather difficult to answer, because one would have to find out what proportion the number of men engaged outside the tunnel bore to the number engaged inside. There are certain constant expenses, and you must man the tunnel to enable those to form as small a proportion of the whole cost as possible. If you have only a few men actually excavating the cost will be abnormal.

144. You do not wish to answer the question whether it would be wise for the Government, taking all the circumstances into consideration, to give a further 25 per cent., rather than allow the work to stand over?—I should not be prepared to answer that without having time to go into the question. It would take some time to go into it.

145. *Hon. Mr. R. McKenzie.* In reply to Mr. Fraser you said that the principal difficulty was the insufficiency of labour?—Yes.

146. Do you know what the insufficiency is?—Not exactly.

147. Then you said that the principal factor in increasing the cost was the increase in wages?—Yes.

148. How do you know there is an increase in wages?—At the time the tunnel contract was let the rate of wages on the railway-works was 8s. a day.

149. Where?—On the Canterbury side.

150. But this tunnel was mostly on the West Coast side. Do you know what the rate on the West Coast side was?—From 9s. to 10s.

151. Was it not 10s.?—Not all over the Coast.

152. In mining?—I could not say what the miners were getting.

153. You are not sure whether it was 10s. or not?—I know that the general rate for labour on the West Coast has been 10s. At Westport it was 9s.

154. The men working outside are not affected, are they?—Some of them.

155. Which?—Take the men on the tip-head, for instance, and the men working at the concrete-work outside—gathering materials for concrete.

*The Chairman:* Take this schedule put in by Mr. McLean showing the rates of wages [document shown to witness].

156. *Hon. Mr. R. McKenzie.* Take the outside men and see what they are getting?—Some of the outside men have been increased and some have not, according to this statement.

157. Providing that the rises shown there have taken effect from last April, would they increase the cost of the work that has been done materially?—Sufficient time has not elapsed.

158. What percentage of the total expenditure would you consider a fair charge for supervision and financing expenses?—Anything up to about 5 per cent.

159. Would 10 per cent. be excessive?—I should think so.

160. It does not cost the Government 10 per cent., does it?—No.

161. The engineering expenses are not charged to the work, are they—they are charged to departmental expenses?—Yes.

162. Just the same as the Engineers and overseers in the Arthur's Pass Tunnel?—If we were finding out what the supervision of a work would cost, we should charge the proper proportion of Engineers' salaries to it.

163. The Government have to keep an Engineer and several Inspectors there now, have they not?—Yes.

164. And that expenditure is not included in the overhead charges or the contingent expenses—I mean, it is not included in the supervision expenses paid by the contractor?—No.

165. Do you think that satisfactory progress has been made at the Bealey end of the tunnel since it was started?—No.

166. Have you ever reckoned how much a week the driving has averaged there during the last four years?—There have been about 26 chains driven in the four years.