

93. *Hon. Mr. Fraser.*] You could not work with the popper-drill all through?—No. Our drills are very heavy machines; they have $3\frac{1}{4}$ in. cylinders.

94. *Mr. Okey.*] Do you see any chance of reducing the cost of administration—it works out at 11 per cent?—Oh, yes, administration would be reduced at once. The position is somewhat awkward. I do not know that I can explain it quite to the Committee. That administration charge would never have been so large there if it had not been for the company being formed.

95. You mean that if you were carrying on yourselves, you would not have to make the draw for yourselves that is shown in the statement put before us?—That is so. £500 or £600 a year to live on would have been all we should have drawn.

96. It was an arrangement with the company that you and your brother should draw so-much?—That is right.

97. That brings up the administration to a great extent?—Yes.

98. *Hon. Mr. R. McKenzie.*] Your administration expenses, I think you said, were about £400 a month?—Something like that.

99. That would be about £5,000 a year. That includes £3,000 for yourself and your brother?—Yes.

100. So outside of that the administration expenses are very reasonable?—Yes. Of course, they are a very heavy percentage owing to the small quantity of work that we have been able to do—the small number of men that we have been able to employ.

101. When was this company formed?—In 1908 or 1909.

102. Before you started the work?—No, we had been going some time before we formed the company. It was at the end of 1908 or early in 1909.

103. *The Chairman.*] Before you saw any difficulties in the tunnel?—Oh, yes. If I had anticipated the difficulties I should have dropped everything at the time. As I tell you, I induced some of our connections to go into it.

104. *Hon. Mr. R. McKenzie.*] Of the plant that you got originally, after you went to Europe, there has been a considerable portion displaced, has there not?—Yes.

105. What would be the value of the portion displaced?—It is really not displaced. The machines are kept up by renewals from month to month. The books would show exactly the cost. The machinery to-day that is working is as good as the machinery that was working when we started.

106. You applied to the Government for £20,000, largely to replace machinery that was found to be unsuitable for the work?—No, I think not. It was to provide for plant that we had already there and that we subsequently procured.

107. What was the plant that you procured?—Three locomotives—two electric and one steam—and a steam navvy. I cannot bring to mind the other items, but it was further plant that the loan was for, and also to pay for plant that we had already purchased and were not able to pay for.

108. Your motive power in the tunnel now is entirely electrical, is it not?—Yes.

109. Originally you used oil?—We did; we used an oil locomotive.

110. *The Chairman.*] You tell us that the tunnel has cost approximately £77 per lineal yard to date?—Well, it looks like it.

111. You estimate £77 per yard for completion?—Yes.

112. How, then, can you recoup any loss which you have incurred up to date if you only estimate £77 for completion?—But our loss is included in the £77 a yard.

113. *Hon. Mr. R. McKenzie.*] The plant at present really belongs to the Government?—Yes; we have no claim on it.

114. The Government paid you 50 per cent. of your invoice cost, did they not, and advanced you £25,000 in addition against it?—Yes. Of course, they hold the retention of 10 per cent. on the total work done. With regard to the term of the contract, I think there is some misconception. We really tendered to do the work in six years: that was in our tender. Our tender was only conditionally accepted—that is, subject to the five years; we would have to accept the five years, as it was in the specification. Really, our tender was informal. I should like to add that any information I can give in any way I shall be only too willing to give you.