

36. This material was rock?—Yes; rock.

37. Can you show any clause in the conditions or specifications which make this your property?—That is one of the points that were taken into the Court. There is a clause in this contract.

38. So this claim for material that you say belonged to the contractor;—was the surplus material?—Yes.

39. Anything over and above what was required for the purpose of the contract you claim as surplus?—Yes.

40. You state that a portion was sold previous to 1865?—Yes; to the Government.

41. Any to private individuals?—To private individuals and the Government.

42. And the Government paid you?—Yes.

43. At what time did you make the claim?—In 1865 we put in a formal claim. We can procure evidence if necessary that we received progress payments. If it had not been that the appropriation for the year ran out, I am perfectly satisfied we should have gone on receiving, and the question would never have arisen.

44. What was the reason for the sudden alteration of the opinion of the engineer. He had previously certified, and after wards refused?—Simply, that he had instructions from the Secretary of Public Works. He intimated to the Government that we were going to make a claim which would amount to a very large sum. The question was officially raised on December 19, 1865.

45. Was this at the time the original contract reclamation was complete?—It was going on all the time. The contract reclamation had been complete for a long while.

46. You consider that after the first reclamation was completed, the balance of the material belonged to the contractor?—Yes.

47. Then you claim the balance?—Yes

48. In December, 1865, this question first arose as to the material. What did the Executive say?—The reply was that Mr. Dobson's absence had precluded him from dealing with it:—

(Copy of Correspondence put in.)

“Christchurch, Dec. 19th, 1865.

“To the Provincial Engineer.

“SIR,—We have the honor to request payment at the rate of 90 per cent. on the work done, in executing 30,000 cubic yards of stone embankment, at the Lyttelton end of the tunnel.—This extra embankment is made to suit the curve of 10 chains radius, and is caused by the alteration from the original plan.

Say 30,000 cubic yards of rock, at 5s.	...	...	£7,500	0	0
Less 10 per cent.	...	...	750	0	0
Amount now due	...	...	£6,750	0	0

“We have the honor to be, Sir, your obedient servants,

(Signed) “GEORGE HOLMES AND CO.”

Lyttelton and Christchurch Railway.—Extra Embankment at Lyttelton.

“Provincial Engineer's Office, Christchurch, 13th Jan., 1866.

“GENTLEMEN,—I beg to acknowledge the receipt of your letter of the 19th ult., enclosing an account for the extra width of embankment at Lyttelton.—The matter has been delayed in consequence of my absence from town; but the account will be sent forward so soon as I have been able to prepare a plan of the station ground, shewing the line originally contracted for, with a statement of the quantity of rock actually near to bank.—I remain, gentlemen, your obedient servant,

“E. DOBSON, Provincial Engineer.

“Messrs. Holmes and Co., Christchurch.”

There is no official reply till June, 1866, when the following was received:—

“Provincial Engineer's Office, Christchurch, June 25, 1866.

“Messrs. Holmes and Co.

“GENTLEMEN,—I beg to enclose a copy of a letter, from the Secretary for Public Works, declining to recognise your claim for additional width in embankment in Lyttelton,—and remain, gentlemen, your obedient servant,

“E. DOBSON, Provincial Engineer.”

[COPY.]

“Public Works Office, Christchurch, Canterbury, N.Z., 21st June, 1866.

“SIR,—With reference to your letter of the 22nd ultimo, respecting Messrs. Holmes and Co.'s claim for payment in respect of the additional width of embankment rendered necessary by the alteration of the curve at the Lyttelton entrance of the tunnel, I am directed to inform you that the Government cannot recognise any claim which may be put forward for the extra work referred to.—I have the honor to be, Sir, your obedient servant,

(Signed) “F. E. STEWART, Secretary for Public Works.

“The Provincial Engineer.”

49. This extra work was material and labour?—Work and labour done.

50. *Hon. Mr. Reynolds.*] The labour by which you deposited the stuff?—It was this: that the large stones were to be put on the sea wall, and the others inside.

51. *The Chairman.*] Having received this intimation from the Engineer, did you appeal to the Government under the Arbitration Clauses?—Not then—because we relied on the contract. But we kept the claim alive, as we were instructed by our solicitors.

52. Up to that time you were simply in communication with the Government through the engineer?—Yes; of course we were.

53. Nor was there any definite action with regard to the claim, otherwise than with the engineer?—Not till 1868.

54. At that time the contract was completed?—Yes.

2.—I. 2D.