

making representations about the action of the Government on the labor market. They stated the great loss they were likely to suffer in consequence of the remarkable rise in the price of labor since the time their contract was entered into. That was the only difficulty I remember. Afterwards I became acquainted with the circumstances detailed by Mr. Travers.

79. Nothing was done during your Superintendency?—No.

80. With regard to the provision about arbitration, what was the interpretation put upon that by the Government?—It was certainly intended to refer matters to arbitration. That was my mind on the matter. I did not know anything about the proceedings in Court. I always found the contractors acting with very great good faith under very remarkable difficulties. It was the opinion of the newspapers that the difficulties of the work would result in its abandonment. We had the gratification to see the work carried out under very great difficulties. My opinion is that the contractors deserve the thanks of the people of the colony.

81. Do you remember any question with regard to the ownership of the stone?—I think there was, but I forget the circumstances in many instances. I acted under the advice of my Executive Council in these matters; I gave no personal directions.

82. Did the Executive Council, during your tenure of office, consider whose property this stone was—whether it was the property of the contractors?—I was re-elected in 1866. I continued in office till 1868. During that time there were disputes between Messrs. Holmes & Company and my Executive about this stone. I know that no protest was made, though they sold this stone. I believe Mr. Richardson's statement is correct, (though I am not quite certain without looking over the papers), that Government had bought this same stone during my time.

83. Had any alteration of the original contract been entered into during your tenure?—No; there was a deviation stipulated for by Mr. Bealey.

84. What year was that?—In the latter end of 1863 Mr. Bealey asked me to go down to see him, and he said that the contractors had suggested that the tunnel would be much better and safer if the line were quite straight. I said I never could see what Mr. Dobson meant by making a curve. He said the contractors offered to straighten the tunnel. The price was not discussed: I said do it by all means. I did not hear about any difficulty until long after it was done.

85. Was there anything about extras in your second tenure of office?—No; not that I am aware of.

86. All these claims had arisen before your second tenure?—Yes.

87. Then, practically, you have no knowledge of any of these arrangements that were entered into for additions and alterations?—No; personally no.

88. Because they occurred at a time that you were not in office?—I think so. There was one arrangement, but I think there is no claim sent in in respect of that.

89. Were you in office at the time the contract was completed?—I was.

90. And this claim was made to you?—It never came before me. I have no official cognizance of it.

91. Had it been considered by your Executive?—As far as I remember I made no direction.

92. Had it been considered by your Executive?—I think not; Mr. Montgomery would know.

93. What year did you leave office?—In 1868.

94. What month?—May. After I had retired from office I went down as an envoy from Messrs. Holmes and Company upon a request from them that I would treat with Mr. Rolleston as Superintendent. I received a notification from Mr. Rolleston to the effect that he was not disposed to enter into any negotiation (I have got that letter) on the ground that it had been dealt with by the Provincial Government. I forget the terms of the letter.

95. Were you acting as agent?—No, I was not an agent; I was very much interested in the success of the Tunnel and Railway, and went to Mr. Rolleston with a view to an amicable settlement of difficulties. I went there as a friend; there was no proposal to arbitrate.

96. *Hon. Mr. Richardson.*] Was that arbitration clause put in in good faith in the contract?—It was so intended, and I am quite sure my Executive intended that if any difficulty arose it was to be referred to arbitration. I have no doubt upon the matter.

97. *A Member of the Committee.*] Did that apply to the matter of surplus material?—It applied to any matter connected with the carrying out of the contract. I may state, as a matter of opinion, that if I had had charge of the Government of the Province I should never have dreamt of preventing Holmes and Company from having access to the Supreme Court. I disapprove very highly indeed of using a technical defence, I think the proper course would have been to go to Court; but I give that simply as my opinion.

Mr. ROLLESTON, M.H.R., examined.

98. *The Chairman.*] During your tenure of office as Superintendent did these claims come before you?—If the Committee please I will make a statement: I took office in 1868. There were a number of claims outstanding at that time. It was about the time, as Mr. Richardson has said, that the contracts were approaching completion. The settlement of these claims would take a considerable expenditure, and there were many points of difference between the contractors and the Government. These disputes ended in a letter in which the contractors (2nd July, 1868) stated that they wished to consider the negotiations at an end. On that, the Provincial Government were not satisfied with the matter as it stood. The course which the Government took was first to send for the Engineer, Mr. Dobson. He appeared before myself and Mr. Montgomery, who was then Provincial Treasurer, and gave us his opinion of the practical value of these claims. I have here the notes of the interview of what passed with Mr. Dobson. The first course which we took was the ordinary official one of meeting the engineer. In a memorandum of conversation with the Railway Engineer, Mr. Dobson, on the 1st July, 1868, Mr. Dobson stated:—

“There have been no advances on rolling stock, only on contractors' plant. There have been two

*Mr. Moorhouse.*  
26th Nov., 1877.

*Mr. Rolleston.*  
26th Nov., 1877.