

Mr. Rolleston.
—
26th Nov., 1877.

construction been deferred until the tunnel was opened through, the difference in cost of lighterage between Lyttelton and Ferrymead would have been saved, and there would probably have been a further saving on the other works. What this difference in cost would have amounted to I am not in a position to state, but I should be inclined to think it may probably be estimated at about as many hundred pounds as the claim amounts to thousands.

“ I do not think the contractors have any claim for further payment for this work.

“ *Third Claim.*—For extra price beyond that paid for constructing 23 yards lineal of the tunnel, over the contract length, taken as through hard rock, £759.

“ This additional length of tunnelling has already been paid for at the contract schedule rate. The circumstances under which the work was constructed are referred to in Report and Evidence of the Railway Inquiry Commission.

“ It is only necessary further to point out that the contract schedule rate has in this case been adhered to. Had the re-distribution of the contract rates been adopted, the amount payable would have been considerably less.

“ The contract schedule forms the only basis for fixing the price of the additional length of tunnel, and upon that basis the contractors have already received full payment for the work.

“ *Fourth Claim.*—For work done at the face of the tunnel in Lyttelton over and above that allowed at present, £1,760.

“ There are no details given for this claim; nor do the drawings, to which I have had access, furnish sufficient information for the preparation of accurate comparative statements of the amount of work included under the contract, and of work as actually executed. I have, however, carefully examined the work, and have received full explanations from the contractors and Engineer regarding it, and have also prepared such comparative estimates as the information at my disposal enabled me to do. After carefully considering the whole matter, I am of opinion that, even allowing a considerable price for additional embankment at Lyttelton, the amount of £5,000, already paid to the contractors for additional work in altering the line at the Lyttelton end of the tunnel, is more than sufficient to cover the additional cost of such alteration. Judging from the information and evidence received on this point, I am of opinion that the sum of £5,000 was clearly intended to cover the whole additional cost of the alteration, of which I presume the additional work referred to in the fourth item of claim forms a part.

“ *Fifth Claim.*—Without making a direct claim, Messrs. Holmes and Co. state that, in consequence of the strata intersected by the tunnel proving to be different from what was represented on a section prepared by Dr. Haast, and which was submitted to them by the Superintendent in negotiating the contract in Melbourne, they have been put to an additional expense of at least £15,000 beyond what it would have cost had it turned out even approximately in accordance with the geological section.

“ Had the information on the section been guaranteed, or had the drawing been incorporated with the contract, without special reservation, the contractors might have had some grounds for a further claim if the works were proved to have been of a more expensive description than might reasonably be anticipated from the information given; but in the present instance I must assume that the information given by the Government was not guaranteed in any way, but was given by them, and received by the contractors *quantum valeat*—the contractors forming their own estimate of its value, and being at liberty to accept or reject, as they thought fit; the contractors taking the usual risk of the strata proving more or less favourable.

“ There are further statements advanced by Messrs. Holmes and Co. as to circumstances which occurred subsequently to the contract being entered into, and which tended materially to their disadvantage in carrying out their contract.

“ The circumstances stated have apparently in some instances borne hard upon the contractors, who appear to be deserving of credit for having perseveringly continued their work in the face of the difficulties mentioned; but unless the contract is to be entirely ignored, I do not see that Messrs. Holmes and Co. can have any claim against the Government on account of these untoward circumstances; and, besides, it should be remembered that Messrs. Holmes and Co. have been to some extent already recompensed by being employed to execute station and other extra works, amounting to a very large sum, and also by receiving a large and lucrative contract from the Government for the construction of the Great Southern Railway.

“ There may be other circumstances or information in connection with the foregoing claims with which I am unacquainted, and which might induce me to alter or modify my opinions regarding them; but, judging from the information at present in my possession, I do consider that the Government have dealt liberally towards the contractor throughout; that full payment has already been made for all works referred to in the foregoing claims, and that no further sum is due to Messrs. Holmes and Co. on account of them.

“ There are sundry other matters referred to in Messrs. Holmes and Co.'s letter, but as the claims on account of these are stated to be admitted, they are not included among the foregoing claims, nor have they been considered in this Report.

“ I have, &c.,

“ T. PATTERSON.

“ To His Honor the Superintendent of Canterbury.”

You will observe that the Government was advised that this reclamation was an essential part of the alteration. The £5,000 was to be payment on account of it.

102. *Hon. Mr. Reynolds.*] Mr. Patterson was an Otago railway engineer?—Yes. There were five claims on all of which he reported. The Provincial Government were in this position; that they had a large number of claims amounting, on the whole, to about £30,000, and that they were advised by Mr. Patterson and their legal advisers (and they felt it to be their duty) to resist to the utmost, because they considered them to be unfair. That was the position taken up by the Provincial Government. I would like to say that some of these claims were admitted. We invited Messrs. Holmes and Company to send in full details of their claims. A number of these were settled and, as appeared from Mr. Patterson's report, liberally settled.