

I suppose there were two objects. It was much better, I suppose, for the convenience of traffic, that there should not be a curve in the tunnel, because those in charge could not, on the curve, see the trains, or any obstruction which might be on the line. That would be something; but I know it was considered a great advantage to the contractors, because no calculations were required to be made, as the line was straight through the hill. *Mr. Montgomery.*
28th Nov., 1878.

187. Was not the running of a jetty right straight from the tunnel one of these reasons?—I do not know, I know in my time there was a talk in the Executive about running a jetty out after the railway was opened; years after the arrangement was made for straightening the tunnel.

188. Was there not a considerable amount of feeling existing in Christchurch about this matter in 1868?—A great deal both inside and outside the Council.

189. Party feeling ran very high both inside and outside the Council?—Not very high inside the Council, because the feeling was almost unanimous.

190. Was there not a Government upset on this question?—No.

191. Was there not a Government put into power on this question?—I think there was a feeling that Messrs. Holmes and Company got too many advantages from a previous Government, and that might have affected men's minds, and was partially the reason why the Government was turned out. It was partially upon a contract given to Messrs. Holmes and Company for railway material, while the Council was in session, without consulting it; that there was a vote of want of confidence, and the Government was turned out.

192. There was a Government put in power on purpose to rectify all these evil deeds on the part of Holmes and Company?—I am not quite sure, we did not consider them evil deeds.

193. The fact is a Government was put in for the purpose of crushing Holmes and Company?—Certainly not.

194. Was it not that same Government that was in power that refused to grant Holmes and Co. arbitration?—It was.

195. And was it not that identical Government that refused to allow the case to go into Court on technical grounds?—No; as far as I am aware the Government didn't object to going into Court.

196. That Government opposed it on a technical ground?—The Government of which I was a member did not do so. That is the Government which is known as the Government which upset the old coach.

197. I simply meant to get at the bottom of why these people were not allowed a fair trial?—It was not in my time.

198. Why were they prevented, on technical grounds from going to a jury?—If so, it was not in my time; I know nothing about the matter myself; I was not in the Government when it took place; I speak from a memory of nine years, but I think there was no writ served when I was in office, that was from 1868 to 1869.

199. When did you go into office?—In March, 1868, and continued till March or April, 1869.

200. Was it not during that time that one trial was prevented?—Not respecting these claims. I think the case in respect to the debentures was initiated.

201. Was that upset on technical grounds?—Yes; but I believe the judge said that upon its merits the case would have been upset.

202. The case, at any rate, was not allowed to go before a jury?—No, I do not think that occurred in my time. It may have been initiated in my time.

203. It did not go before the judge in your time?—No; I do not think our Government ever took technical grounds. I never advised technical grounds.

204. Did you not say you refused arbitration?—Yes; I refused that on the merits of the thing. I find this: If a man makes a claim for £5000, and it is referred to arbitration, he appoints one arbitrator, his opponent appoints another. These two act as advocates and appoint an umpire, who very frequently, to settle the matter, splits the difference.

205. Was there not a stipulation in the contract to the effect that these things should be settled by arbitration?—Yes; I speak from memory, if an order was given in writing that the work should be done

206. Given by whom?—The engineer.

207. Do you mean to say you would upset the whole of the conditions of the contract because an order was not given in writing?—No; I do not say so, I would carry out exactly what was understood.

208. I have understood there was no writing in respect to the £5000?—The terms were expressed.

209. But in that case the Government refused to allow the matter to go to arbitration?—That was one claim amongst others, and the Government would not consent to arbitration for the reasons I have stated.

210. *Hon. Mr. Reynolds.*] That gives rise to another question; you say it was not in writing, was there a verbal understanding?—There was a verbal understanding as I gathered from the evidence.

211. You say there was no writing; but did the engineer, Mr. Dobson, report on the contract?—He did not enter into it. The Executive entered into it.

212. What did the Executive understand by this verbal contract?—From the evidence and report of the Commissioners, I learn they were to pay £5,000 for the whole of the contract and every thing that would result from the contract.

213. There was no writing to show to the contrary?—No.

214. *Mr. Burns.*] Why then did the Government not allow the matter to go to arbitration?—Messrs. Holmes and Co. wished to go to arbitration, but refused to give particulars to be laid before the Executive. I always wanted the matter to go to a jury so that it might be settled in open Court on sworn evidence. I did not like arbitration. I am speaking of my own feelings.

215. If that work was part and parcel of the original contract, and it had been arranged that in case of disputes they should be settled by arbitration, why did the Government break that arrangement?—The Government did not consider that this was part and parcel of the contract.

216. Still, it was a dispute between the parties?—Yes.