

**Surveys—  
Route—govern-  
ing policy.**

Line by Narrows better than south line, being shorter and the gradients better, certainly in the second 100 miles.

18831. What would make it better?—The gradients were much better—much better grades could be secured. I do not remember on the first 100 miles, but beyond the first 100 miles, the second 100 miles, say—

18832. You mean beyond Livingstone?—No, Livingstone is on the table land between the Narrows of Lake Manitoba and the Saskatchewan.

18833. Do you mean that it would be a less expensive line to build, mile for mile, or did it shorten the whole line so much that it became an object in view of pecuniary results?—I am not aware that estimates were made at the time, but the difference in cost would not be great. On what side the economy would be I am not at this moment prepared to say; but there would be no comparison, in an engineering point of view, between the one and the other. By far the best line would be by the Narrows of Lake Manitoba.

Selkirk had been already adopted for the crossing of Red River.

18834. You mean that better gradients could be obtained?—Yes; no comparison.

18835. Had Selkirk been adopted as early as that for the crossing of Red River?—I think so.

18836. Because you spoke of adopting a line westward from Livingstone?—Selkirk had been adopted on other grounds, which are fully set forth in a late report.

**Telegraph—  
Tendering.  
Contract No. 1.**  
Sifton, Glass & Co., line from Winnipeg to Selkirk and thence to Livingstone 294 miles, along proposed route of railway.

18837. For the present we will leave the subject of the surveys and proceed to the contracts: will you please say which was the first contract which you took part in?—Contract No. 1 is for the construction of a line of telegraph from Winnipeg to Selkirk, thence along the railway line to Livingstone 294 miles; the contractors were Sifton, Glass & Co.

18838. The route adopted for that portion of the telegraph line had been just adopted as the probable line for the railway, had it not?—Yes

18839. It was intended to go over the railway line for the purpose of facilitating the construction of the railway?—It was intended to build the line along the route of the railway, and as near the precise line as could be ascertained.

18840. Had you the responsibility of deciding as to the character of this line that was to be built at that time?—The telegraph?

Witness prepared specification and made recommendations.

18841. Yes?—I had the responsibility of preparing the specifications and recommending what seemed to be right and reasonable.

18842. What were the principles which led you to the conclusion to which you came upon that subject: you will remember that as built it was of rather a temporary character?—The papers that were published at the time will show better than I can remember; but, as far as my recollection serves me, it was done with the view of insuring economy, and at the same time securing a telegraph. There was a memorandum of information for parties proposing to tender prepared by me, dated 18th of June, 1874, which memorandum set forth the character of the country as far as we know it, and the leading principles that were to be expected in tendering for the work.

**Telegraph—  
Tendering.  
Contract No. 1.**

18843. I believe it was given out that the persons who were invited to tender might make the tenders in any shape they liked, leaving it to the Government to decide which they were to accept?—Yes.

Tenderers were told to make their tenders in any shape they pleased.

18844. They were not limited to any particular form?—No; I entertained the hope myself that perhaps the Montreal and Dominion Telegraph companies would make an effort to build it and save the Government a great deal of trouble. They did not do so, however.

18845. It was not intended, as I gather from the particulars prepared for the information of the public, that the line should be at all permanent in its character?—It was not intended, because I was quite aware that if we insisted on putting up a permanent telegraph—a telegraph with cedar posts such as you see in Ontario—it would cost a great deal of money; it would cost so much that we would not have a telegraph at all, the tenders would not be accepted. It was, as described here in the memorandum, intended to be a pioneer line.

Line intended to be a pioneer one, not permanent.

18846. I suppose the difference is almost entirely in the poles of which the telegraph was constructed?—Almost entirely. Here I shall read one clause in this memorandum:

“On account of the difficulties in the way of transporting building material, it is not expected that the telegraph will, in the first place, be so permanently constructed as desired. The main object, however, is to provide a pioneer line throughout the whole extent of the country to assist in the building of the railway and settlement of the country. On the completion of the railway through any section the telegraph may then be constructed under new arrangements.”

New posts put up and the wire moved.

18847. Were you aware at that time of the kind of wood which was to be found through most of that country?—Perfectly aware.

18848. What was your opinion of the length of the life of the wood in that country?—I was aware of the absence of wood in large sections of it.

18849. Then the wood which was likely to be used, was that specified in the memorandum for parties tendering?—No; the contractors were at liberty to make any proposition with regard to wood they liked. If they proposed to put up cedar poles just as we see here, and the proposal was a reasonable one, its acceptance would, of course, be favourably entertained.

Contractors allowed to make what proposals they pleased as to wood.

18850. Is that what you expected would happen?—I am not prepared to say all that I expected. I expected that we would have various proposals—such proposals as we did receive.

18851. I understand you to say that you did not expect that there would be anything approaching a permanent line—that cedar posts would not be used—that it would be something more temporary: I am asking you whether you expected the wood growing in that part of the country would be used?—I am not sure but I did. I knew there were groves of better timber here and there, because I had seen them myself, and I expected these would be used to some extent, but I am not prepared at this moment to say that I formed any different expectations with regard to the timber; I left that to the parties tendering.

18852. Were you aware at that time of what was understood to be the life of poplar grown in that country?—I was aware that poplar was very short-lived. I knew this: that the contractor, whoever he

Aware at the time that poplar was very short lived; but believed it would be

Telegraph—  
Tendering.  
Contract No. 1.  
contractor's in-  
terest to put up a  
line which would  
last at least five  
years.

might be, would be bound under the contract to maintain the line for a term of five years, and it would be to his interest to secure as good timber as he could get—timber that would at least last five years.

18853. Then securing that object was one of the principal reasons for entering into contract at that time in that way?—That was a suggestion of my own, and concurred in by the Minister with the view of having a line lasting five years.

Disappointed  
with line.

18854. Are you aware whether this line has answered reasonably well the purpose for which it was intended?—Some people have been disappointed. I am myself disappointed; but it has answered a good purpose notwithstanding. For instance, the present Government were enabled to decide a very important matter—a matter that has engaged the attention of the engineering staff for six or seven years—within a few days after the parties reached Edmonton the year before last.

18855. You mean by telegraphing the report from Edmonton?—They sent a telegraphic report from Edmonton to Ottawa. That was one instance,

18856. Special efforts were made to ensure that message coming through—unusual efforts?—The only effort that I am aware of was to make certain that there was a telegraph operator at Edmonton.

18857. Without speaking of that particular occasion, are you aware whether the erection of this line served the purposes of the Government and of the public generally, as was expected?—Not so satisfactory as I expected.

Line not in oper-  
ation so contin-  
uously as it ought  
to have been.

18858. For what reason do you understand it has failed?—It has not been in operation so continuously as it ought to have been, I think.

18859. And for what reason?—I am speaking of certain points—I mean the points beyond Manitoba. This side of Manitoba it has answered an excellent purpose. Without it the construction of the railway—400 miles of railway from Selkirk to Fort William—could hardly be carried on.

18860. As to the portion contracted for by this first contract, by Sifton, Glass & Co., what is your impression about that: has that been reasonably maintained and kept in running order?—I have reported on that over and over again, and I prefer referring to my reports.

18861. Have you no impression to express?—I have none at present without reading my reports.

Present at open-  
ing of tenders.

18862. I believe this first contract was offered to public competition in the way you have described, by asking people to tender in such shape as they thought proper: were you present at the opening of the tenders which came in after that advertisement?—I cannot say. If you will allow me to see the schedule of tenders I may be able to tell you. (Schedule produced.) Yes; I think I was present. This is a document giving a list of the tenders received for the erection of the Canadian Pacific Railway Telegraph Line in my own handwriting, dated 7th of August, 1874, signed by Mr. Trudeau and myself, and Mr. Braun, as having opened the tenders.

18863. Do I understand that you prepared that statement yourself?—It is in my handwriting.

Telegraph—  
Tendering—  
Contract No. 1.  
Witness entered  
particulars of  
each tender as it  
was opened.

18864. Then do you mean that you prepared it?—I have no doubt at all that I entered on this sheet of paper the particulars with regard to each tender, as each tender was separately opened.

18865. Do you mean that you entered your opinion of their contents?—There is no opinion expressed here, simply the names of the parties tendering, their address, the section for which they tender, the amount per mile, and other similar particulars.

18866. Do you think those particulars that you have entered there were the particulars which, in your judgment, the tenders justified?—I have no doubt of it at all.

18867. Will you say what you have marked there concerning the tender of Sifton, Glass & Co.?—For what section?

18868. Any tender of Sifton, Glass & Co.?—Sifton & Glass's tender is here, it is lettered "A 1."

18869. And what is your judgment concerning it as to the particulars?—I have written on this sheet of paper that section 1 is to be completed on the 22nd of November, 1874; section 5 is to be completed by the 22nd of July, 1875; that under the heading of "the whole"—that is the whole line—there is written \$1,290,000, I suppose including maintenance, to be completed by the 22nd of July, 1876. The average cost, \$629 through forest, and \$259 through prairie; that is what is written here.

Particulars of  
tender.

18870. Looking at that writing, what would you say now was your judgment at that time as to the nature of their tender?—I would say that this was a tender for the whole line, and that they undertook to complete certain portions of it by different dates: section 1, by November, 1874; section 5, by July, 1875; and the whole line by July, 1876.

Sifton, Glass &  
Co.'s tender for  
the whole line,  
they undertaking  
to complete cer-  
tain portions of it  
by different dates.

18871. That same document contains other columns, does it not?—This document is ruled off into different columns, in which particulars with regard to the respective sections are entered.

18872. That paper purports to give your judgment, among others, of the nature of the tenders for separate sections where such tenders were made?—No; hardly. This paper is intended to show the particulars of the tenders.

18873. Does it not purport to show the particulars of tenders that were made for a section only of the line: do you mean that the paper is confined to tenders for the whole line?—It is intended to show particulars with regard to all tenders as they were opened.

18874. But if any tender contained any offer for one section as well as for the whole, does not that paper purport to give the particulars of it?—Certainly. For example, tender "V," the Electric Manufacturing Co., of Toronto. They proposed to complete sections 1, 2, 3, 4, 5 and 6, and the whole, for seven different amounts.

Schedule pre-  
pared by  
witness pur-  
ports to contain  
offers made for  
particular sec-  
tions as well as  
for the whole.

18875. Then it does purport to contain offers made for particular sections as well as for the whole line?—Clearly.

18876. Does it purport to contain any offer by Sifton & Glass for section 1?—All that is written in the column of section 1 are these words: "Completed 22nd November, 1874."



**Telegraph—  
Tendering.  
Contract No. 1.**  
Sifton, Glass & Co. made no offer for section 1.

18877. Do you gather from that that it purports to contain any offer from Sifton, Glass & Co. to build section I alone?—It does not appear from this that there was a distinct offer to complete that section. There is no price given for that section in this column.

As to whether he thought it in public interest to build line by one or by separate contracts prefers to read his report.

18878. After getting in the different tenders and considering the amounts and other particulars, did you form any judgment as to whether it would be best for the public interest to build the whole telegraph line under one contract, or by separate contracts for separate sections?—I reported on the tenders, which report I have in my hand.

**Contracts Nos. 1-4.**

18879.—Does it touch the point about which I am enquiring?—I think so.

Report, August 12th, 1874.

18880. Can you say what your judgment was on that point?—The report is dated August 12th, 1874. I will read the report:

“ CANADIAN PACIFIC RAILWAY,  
OFFICE OF THE ENGINEER-IN-CHIEF. }  
“ HON. A. MACKENZIE,  
“ Minister of Public Works.

“ SIR,—With regard to the tenders for the construction of the Pacific Railway Telegraph, the following are the lowest:—

**TENDERS BY SECTIONS.**

TENDERS.		Construc- tion.	Main- tenance per annum.	Time for Completion.
Section No. 1, I. 1..	R. Fuller, Winnipeg .....	\$ 38,750	\$ 6,000	This year.
Section No. 2, I. 1..	R. Fuller, Winnipeg ...	90,000	12,000	This year.
Section No. 3, I....	R. Fuller, Winnipeg .....	156,000	19,000	November, 1875.
Section No. 4, E....	Wm. R. Macdonald, British Columbia.....	133,225	•	9 months.
Section No. 5, O...	Waddle & Smith, King- ston .....	189,120	†5,040	500 miles per year.
Section No. 6, G. .	Sutton & Thirkell, Lindsay .....	249,780	.....	2 years.
Total for the whole by Sections .. .....		\$728,125	\$24,040	

\* Included, except salary of operator. † And profits included in construction.

**TENDERS FOR THE WHOLE LINE.**

TENDERS.		Construc- tion.	Mainten- ance.	Time for Completion.
Tender O.....	Waddle & Smith, King- ston .....	\$ 890,577	\$ *27,758	500 miles a year.
Tender I.....	Mackenzie, Grier & Co., Toronto.....	1,170,140	*70,000	September, 1876.
Tender A. 1. ....	Sifton, Glass & Co., Ot- tawa .....	1,220,000	†	July, 1876.
Tender L. ....	Joseph Whitehead, Clinton .....	1,619,100	†	13 months.

\* And profits.

† Included in construction.

Tenders by sections.

Tenders for the whole line.

"In order to make a more accurate comparison of these tenders the cost of maintenance for five years should be added to the cost of construction in those cases where maintenance is not included in the sum for construction.

"Exclusive of interest, the tenders will, therefore, stand as follows:—

The whole line by sections..... \$948,325

Telegraph—  
Tendering.  
Contracts Nos.  
1-4.

The whole line by  
sections, \$848,325;  
by lump (lowest  
tender) \$1,029,357.

#### TENDERS FOR THE WHOLE LINE.

Tender O.—Waddle & Smith, Kingston,.....	\$1,029,357
“ A.—Sifton, Glass & Co., Ottawa, .....	1,290,000
“ I.—Mackenzie, Grier & Co., Toronto, .....	1,520,140
“ L.—Joseph Whitehead, Clinton, .....	1,619,100

"It is clear from the above that if the work can be completed for the lowest tender, it would be best to let the contracts by sections.

"As there is not the same urgency respecting section 6, this may stand over for consideration.

"I would recommend, however, that immediate steps be taken to enter into contracts for the construction and maintenance of the telegraph line on sections 3, 4 and 5. That section 3 be placed in the hands of R. Fuller, Winnipeg, and section 5 in the hands of Waddle & Smith, of Kingston, provided these gentlemen can satisfy the Government of their ability to complete the work with the necessary despatch, and maintain it for the specified time.

"With regard to section 4—from the telegraph system in British Columbia to Edmonton—it is most important that this portion of the work should be placed in the hands of a contractor whose ability to carry it out cannot be called in question. The lowest tender is that of Wm. R. Macdonald, of Yale; the price he asks for the work is, in my judgment, so low, and the time within which he would undertake to complete it so short, that I have grave doubts as to the tender being *bona fide*. The next lowest is the tender of Waddle & Smith, of Kingston, but as these gentlemen are the lowest for section 5, which, if awarded to them, would require all their energies to complete it, and as section 5 extends from Fort Garry to Lake Superior, while section 4 is for a great extent beyond the Rocky Mountains, I do not think it would be advisable to place both sections in the hands of the gentlemen last referred to. The next lowest tender is that of F. J. Barnard, of Victoria. This gentleman is well and favourably known in British Columbia, and is believed to possess sufficient energy and resources to carry out anything he may undertake. I have no hesitation, therefore, in recommending that section 4 be placed in his hands. I observe, however, that he gives no price for maintaining the line after its erection. I would, therefore, recommend that before his tender be accepted he be required to state some reasonable rate for maintenance.

"The three tenders which I have recommended are as follows:—

	Construction.
Section No. 3, Fort Garry to Edmonton, R. Fuller, Winnipeg.....	\$156,000
Section No. 4, Edmonton to Lac La Hache, F. J. Barnard, Victoria.....	272,250
Section No. 5, Fort Garry to Nipigon, Waddle & Smith, Kingston.....	189,120
	<hr/>
	\$617,370

(Signed)

"SANDFORD FLEMING,  
"Engineer in Chief.

"Recommendation is approved, and Mr. Fleming will communicate with the parties accordingly."

(Signed) A. M.

18881. Before making this report, did you form a judgment as to which would be the most economical way of building the line, by sections or by contract for the whole: of course the report, as I understand it, says that if something does happen which you do not know will happen, a certain result will follow; but I am asking besides putting it in that shape, whether you formed a judgment as to the probable result—whether you came to any opinion as to which would be the more economical way?—I am afraid I can hardly give you anything but what the report says. I may have formed a judgment as to different things under different conditions there that I do not remember anything about now.

18882. For instance, you say in this report: "It is clear from the above that if the works can be completed for the lowest tenders it

Recommends placing section 3 in hands of Fuller and section 5 in those of Waddle & Smith.

Recommendations as to section 4.

Recommends R. Fuller to construct line from Fort Garry to Edmonton; J. Barnard, from Edmonton to Lac la Hache; Waddle & Smith, from Fort Garry to Nipigon.

**Telegraph—  
Tendering.  
Contracts Nos.  
1-4.**

Comparison between cost of work let by sections and let as a whole.

would be best to let the contracts by sections," but later on, in the same report, you say: "The lowest tender for one of the sections is W. R. Macdonald, and the price, in my judgment, for the work is so low, and the time in which he would undertake to complete it so short, that I have grave doubts as to the tender being *bona fide*." Now this tender of his is one of the set apparently upon which you came to the conclusion that the "section" system is better than by letting on the "whole" system, and materially alters the result if the next tender were considered the lowest?—It makes a difference of \$139,025.

18883. That is taking the next one after Macdonald's as the one probably to be accepted?—No; taking the one actually accepted, Barnard's, which is still higher.

18884. Does that include maintenance, as you have put it down in this calculation?—No, just as it stands; including maintenance it would come to more than the next lowest tender—it would come to \$1,115,225.

Witness's calculations inconsistent.

18885. That would turn the scale then in favour of building on the "whole" system, provided the tenders were worthy of consideration?—Putting it in that way it would make the cost of the line by sections more than the lowest tender for the whole line.

18886. Was that particular feature of the matter considered by you at the time you apparently recommended the section system as the best?—I do not think so, because I would certainly have alluded to it had it been, because I did not know then what the cost of maintenance would be. I said in the last clause in the last sentence:

"I observe, however, that he [that is Mr. Barnard] gives no price for maintaining the line after its erection; I would, therefore, recommend that before his tender be accepted he be required to state some reasonable rate for maintenance."

A rate was fixed upon—\$46.50 per mile per annum, as I understand it—which rate, if added to the other sums, make the whole cost of the work by sections what I have just named, \$1,115,225, while the lowest tender for the whole line is Waddle & Smith's, Kingston, \$1,029,357; the second lowest, Sifton, Glass & Co., \$1,290,000; the third, Mackenzie, Grier & Co., \$1,520,140; the fourth, Joseph Whitehead, \$1,116,000.

See question 18888. These figures \$1,116,000 should be \$1,619,000.

**Contract No. 1.**

18887. As to this section only of the telegraph which was the subject of the first contract, Mr. Fuller was the lowest tenderer apparently, and it appears that after he had put in his tender he had a conversation with you in which he intimated that he wanted a considerable sum more than his offer, because a portion of the line had to go through a wooded country which he did not expect, and you make a report upon the subject saying that his new offer would amount to \$50,000 or \$60,000 more: do you remember anything about the circumstance?—Nothing whatever unless my report brings it up. I see that Waddle & Smith, in their contract, were to maintain the line for so much, receiving also the profits, while Barnard undertook to maintain the line without profits.

18888. Do I understand you to suggest that the offer by the contractor to receive the profits would be regarded by the Government as a considerable advantage to him?—I do not say what advantage it was. I am here to give the whole truth and nothing but the truth, and I would not be giving the whole truth unless I drew your attention to the whole of the points as they went along.

Telegraph—  
Tendering.  
Contract No. 1.

18889. I do not mean at all that what you say is not exactly right?—These figures are for the purpose of comparison, and the comparison is not just unless this point that I speak of is alluded to.

18890. Do you mean to suggest, or is it your opinion, that the offer by the contractor to receive the profits of the telegraph line is an additional advantage to him?—I should think so; whether it would be large or small it would be some advantage. Receiving the profits would be a considerable advantage to contractor.

18891. Is that a mere opinion now do you think, or is it one that you have entertained for some time upon the subject of the telegraph, that the profits would be an advantage to the contractor?—From the first. It stands to reason if it be only a penny a year it is a benefit of a penny.

18892. In this particular case of which we are speaking, Sifton, Glass & Co., a long time after their tender, had a conversation with you, and, as I understand it, arranged that they were to get the profits of the line in addition to what they originally tendered: do you remember any such conversation?—No; I have no very distinct recollection of it. Exhibit 18 is a letter from me to the Secretary of Public Works with reference to the Sifton, Glass & Co.'s contract.

18893. That is the first telegraph contract?—Yes; the letter will speak for itself.

18894. You will notice that in this letter of Sifton, Glass & Co. to you on the 14th of October, 1874, they add to the end of it that "the contractors are to maintain work, and receive profits of the line:" did you then understand, and do you now understand, that this is a new proposition of theirs; an additional one to the one of their tender?—Here is the letter. I must read it before answering your question.

18895. Now this is the question: there are two documents here which have passed through your hands, and upon which you have given some judgment to the Department; the first is their tender in answer to the advertisement, their tender being, in your first judgment, one for the whole line, and the other of the 16th of October, being a new construction of the tender, in which they have added these words: "the contractors are to maintain, work and receive profits of the line:" look at these two documents, both of which have already passed through your hands, and say whether this is not a new feature in the contract?—It is possibly as you say. I see nothing in the original tender for receiving the profits of the line. I see no reference to the profits. No reference to profits in Sifton, Glass & Co.'s original tender; their suggestion afterwards to receive profits, a new proposition.

18896. Then do you think that the insertion of that feature in the letter to you of the 14th of October is a new claim?—It looks a little like it certainly. I see nothing in the original tender about maintenance, working, or profits.

18897. Do you remember whether, before the contract was entered into, any discussion took place—I mean as to whether they were entitled to the profits in addition to other terms?—No; I do not remember any discussion. I remembered very little about it until this letter was put in my hands.

Telegraph—  
Tendering.  
Contracts Nos.  
1-4.

OTTAWA, Wednesday, 13th April, 1881.

SANDFORD FLEMING'S examination continued :

*By the Chairman :—*

Correction. See  
question 1888b.  
Not \$1,116,000 but  
\$1,619,000.

18898. In your last evidence, referring to the tender of Joseph Whitehead for the whole of the telegraph line, the reporter states that you mentioned \$1,116,000: is that correct?—No; that is not correct—at all events, the figures are not correct. The figures should have been \$1,619,000.

Contract No. 1.  
Cannot explain (1)  
how Sifton, Glass  
& Co. should have  
been regarded as  
tenderers for a  
particular portion  
of the line,  
and (2) how they  
were permitted  
to have advan-  
tage of profits.

18899. As to this first contract, there are two principal matters which seem to us to require elucidation. The first one is, how it was brought about that Sifton, Glass & Co. should be treated as tenderers for a particular portion of the whole line; and the other is, being treated as tenderers, how it came to pass that they were permitted to have the advantage of the profits of the line which was not mentioned in their tender?—I am not sure that I can explain any further than I attempted to do the other day.

Took no part in  
the negotiations  
with Sifton, Glass  
& Co.

18900. Do you remember whether you took any part in the negotiations with any of that firm?—I do not think I took any part. My duty has not been to make contracts, but to see them carried out.

18901. But have you not discussed the terms or alterations of terms with some of the tenderers for part of the line?—Very little indeed. Proposals have been referred to me, and I have reported on the proposals as a rule. That is about all that has been done by me.

18902. But you have in some instances, particularly at the beginning of those contracts connected with the railway, had interviews with parties tendering, and discussed terms or alterations of terms?—Yes; in some instances I have endeavoured to get from them the meaning of their tender when it seemed to be ambiguous.

18903. I think, in addition to that, there is an instance in which you discussed a very decided alteration, to which I will call your attention just now; but, in the meantime, speaking of Sifton, Glass & Co., had you any interview with them?—There may be isolated cases.

18904. I am speaking of this case?—I remember Mr. Glass being in my office some years ago frequently.

Remembers in  
October, 1874,  
writing a letter to  
firm at that time,  
Glass and Flem-  
ing, in Ottawa.

18905. At the time that this new construction was put upon their tender, I mean in October, 1874, you write a letter to the firm and get an answer upon the same day, leading one to suppose that some member of the firm was then in Ottawa; do you remember if that was Mr. Glass?—I believe that Mr. Glass and Michael Fleming were then in Ottawa; I think so, but I am not sure.

18906. Could you say now the substance of any conversation between you and them before the contract was finally decided upon?—Oh; it is utterly impossible. I have no doubt Mr. Glass, who was well able to do it, pressed his own views very strongly, and I combated them as well as I could, as far as they were inconsistent with what I thought was the meaning of the tender.

18907. Concerning this new construction by Sifton, Glass & Co. of their tender, by which they claimed a rate for maintenance as well as the profits for working the line, we have noticed that your report upon

**Telegraph—  
Tendering.  
Contract No. 1.**  
Witness's letter  
to contractor and  
their reply writ-  
ten on the 13th.

their answer is dated the 13th, although your letter asking them for an answer, and their answer are both dated on the 14th: we assume that is only a mistake, and your report was not really made until the 14th?—Yes; it is a mistake that will sometimes arise in dates.

18908. As a matter of fact, it was made on the 14th?—Oh, yes; my letter of the 14th was doubtless written the 13th, and should have been dated the 13th. Their reply, dated the 14th, was doubtless written on the 13th, and should have been dated the 13th, because my letter was written and is dated on the 13th—all on the one day.

18909. Proceeding now to the second contract, for a portion of the telegraph line (it was with Richard Fuller), are you able to say whether that length of line between Livingstone and Edmonton was tendered for separately by any one?—I must refer to some documents in order to be able to answer the question. Section No. 2 appears from these documents to cover No. 1, and the next distance—the distance from Fort Perry to the bend of the North Saskatchewan.

**Contract No. 2.**

18910. My question is: whether the distance between Livingstone and Edmonton was tendered for separately by any one?—I do not know. I do not know just now.

Distance between  
Livingstone and  
Edmonton was  
not tendered for  
separately.

18911. Would you please refer to your report on the subject at the time they were opened or thereabouts?—It does not appear from these reports that there was a separate tender for that portion, as far as I can see. The tender for section No. 1 covered the ground from Fort Garry to Livingstone; section No. 2 covered the ground from Fort Garry to the bend of the North Saskatchewan; section No. 3 covered the ground from Fort Garry to a point on the longitude of Edmonton, so that there were no separate tenders for the section between Livingstone and Edmonton. It will be understood that Livingstone is in the neighbourhood of Fort Pelly.

18912. Can you explain how it came to pass that Mr. Fuller got a contract for a portion of the line for which no tenders were invited?—That is explained in a report of mine which I hold in my hand, dated September 16th.

18913. Will you give, shortly, the points of the report?—Mr. Fuller stated on the 14th September that this tender for the portion of the line between Fort Garry and Livingstone was based on carrying the line south of the Riding Mountain through a prairie country; that if it was taken in the direction now required, by the Narrows of Lake Manitoba, through a wooded country, he would require to be paid \$20 per acre for all the clearing, and this would have the effect of adding from \$50,000 to \$60,000 to the sum mentioned in his tender. Mr. Fuller having been informed that the increased price could not be allowed for that portion of the work, a letter was received from Mr. Fuller dated 16th September, in which he stated he would have no objections to carry out the work on the balance of section 3 for the sum left after deducting the amount of section 1 from the whole amount. Mr. Fuller's tender for the whole of section No. 3 is \$156,000. His tender for section 1, a portion of No. 3, is \$38,750, leaving \$117,250 for the telegraph work between Livingstone and Edmonton.

16th September,  
Fuller offered to  
carry out work on  
balance of section  
3 for the sum left  
after deducting  
amount of section  
1; \$117,250 for  
telegraph work  
between Living-  
stone and Ed-  
monton.

18914. Do you understand the effect of his proposition to be this: that he declined to adhere to the whole of the terms of his tender, but that

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withdrawing from a portion of it he would rather adhere to the offer for the balance of the ground covered by it?—Yes.

18915. That, as I understand from your being asked to report upon it, did not disqualify him according to the rules of the Department from having a contract for a portion of it?—Well, I do not know that I was called upon to consider that.

18916. Are you not familiar enough with the ordinary practice of the Department to say whether a withdrawal would generally be considered disqualifying?—Well, I was very anxious to see the telegraph built in the best and cheapest way. It was a matter of no moment to me who got the contract.

Not usual practice to allow a tenderer to vary his terms by withdrawing from a portion of contract.

18917. Are you aware whether that transaction was according to the ordinary practice of the Department or not—that a person might vary his terms by withdrawing from a portion of the line which he contracted for?—It is not the usual practice I know, but it is sometimes done.

18918. In this case was it done because it was considered to be more advantageous to the public interest?—I imagine that was the reason.

Exception made in this case on pecuniary grounds.

18919. Was it upon pecuniary grounds—I mean as to the cost of the whole section for which he had tendered?—I fancy that must have been the reason.

18920. Is that the suggestion made by your report on the subject—that by allowing him to withdraw from a portion of No. 3 the whole of No. 3 could be built by two separate contractors for less money than he alone could build it?—I suppose so; but I do not know at this late hour the reasons why it was done.

18921. I am asking now whether those were the reasons you set forth, and whether that is substantially your report, as you understand your report now looking at it?—I will read the report and it will speak for itself. The last paragraph of my report sets forth as follows:—"I find that H. P. Dwight, the second lowest tender for section No. 1, tenders to do it for \$56,250." This sum added to the \$117,250, Mr. Fuller's revised tender, makes \$173,500 for the whole of section No. 3. I find, farther, that the second lowest tender for section No. 3 is Mackenzie, Grier & Co., \$202,900; so that the giving of the work on section No. 1 to Mr. Dwight, and the balance of section No. 3 to Mr. Fuller, would still keep the cost \$29,400 under the second lowest tender: that is to say, Mr. Fuller withdrew from the proposition to build the whole of section No. 3 for the reasons given in these letters referred to, so that what I call now the second lowest tender, that of Mackenzie, Grier & Co., would become the lowest tender, and it would appear from what I have reported here, by withdrawing the work and giving a portion to Mr. Fuller on the terms stated, and the balance to Mr. Dwight, we would have the whole of section No. 3 carried out for \$29,400 less than Mackenzie, Grier & Co.'s tender.

Object of allowing Fuller to build a portion of section 3 that the work might be done cheaper than by Mackenzie, Grier & Co., whose price was \$202,900.

18922. Do you understand now that your report on that section and that transaction about allowing Mr. Fuller to build either the whole of section 3, or only a portion of it, was to this end: that section 3 might be built at the least possible cost to the country?—That was the object, I believe.

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Tendering.  
Contract No. 2.

18923. Have you considered whether that was attained by the transactions that actually took place?—I have no reason to think it was not attained.

18924. What do you make out that the country paid Sifton, Glass & Co. upon section No. 1 by the actual terms of their contract?—Sifton, Glass & Co.'s tender for section No. 1, and I think the contract sum, is \$107,850; Mr. Fuller's price for the balance of section 3 is \$117,250, making altogether \$225,100.

But as a fact the contract sum in Sifton, Glass & Co.'s case was \$107,850, making a total of \$225,100.

18925. Does that include maintenance which was part of the work tendered for?—Well, that seems to be an open question. There was no remark in the abstract of tenders.

18926. I am at present endeavouring to ascertain whether the Government concluded this transaction concerning section 3 by dividing it between two persons so as to get the whole work done at a less rate than they could have got it done by the revised offer of Mr. Fuller?—If we take the tender of Dwight & Co. for section No. 1, \$56,250, and add that to Mr. Fuller's price for balance of section 3, \$117,000, it comes to a very much smaller sum.

18927. But you do not understand the drift of my question: Mr. Dwight, as I understand it, dropped out of the arrangement?—Yes.

18928. I understand that all those reports and considerations by yourself and Department were with a view to see how much the whole of section 3 was to cost the country: they declined to give Mr. Fuller the whole of the work because he wanted \$60,000 more for clearing?—Yes.

18929. I want to find out now whether they actually did complete the transaction so as to cost less than that revised offer: so we have to consider, not what Mr. Dwight or some other person who did not fulfil the contract proposed, but what was done by the Department with those persons who did make a contract?—Mr. Fuller's tender for the whole of section 3 was \$156,000, and if you add to that even the largest sum I have named, \$60,000 for the clearing on section 1, you have \$216,000 as the estimated cost of the whole of section 3.

Fuller's tender for whole of section 3, \$156,000, and \$60,000 for clearing would make it only \$216,000.

18930. That was his revised proposition as you understand?—Yes.

18931. Did the Department do better than that?—They did not appear to do quite so well, because it has actually cost \$225,000, \$9,000 more than Mr. Fuller's tender.

Whereas the work actually cost \$225,000, or \$9,000 more than Fuller's tender.

18932. At the time the contract was closed with Sifton, Glass & Co. on the 17th of October, that is the date of the contract, and that is the same date mentioned in your report of 1877, I understand that the matter was still open for the Government to have availed themselves of Mr. Fuller's tender, because that was not completed until the 30th of October: how do you understand that?—I do not know at this date. All I can say is, I thought Mr. Fuller's tender was a great deal too low, and he was not sorry to get out of it. You will observe in looking over the tenders that he is very much under nearly all the others. His tender for section 1 is \$38,750, and Mr. Dwight's is \$56,250, which tender was withdrawn. They found they were too low. Then the next tender is \$106,250.

Witness thought Fuller's tender a great deal too low.

18933. You are making the comparisons now with Mr. Fuller's tender?—Yes.



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18934. Does that touch this question?—Add the cost of clearing and it still makes a lower tender.

18935. You have done that and called it <sup>216</sup> \$~~16~~,000?—No.

18936. What do you call it?—I should say it is \$50,000 or \$60,000—\$98,000.

18937. Is that for section 3?—No; section 1.

Government entered into an arrangement not so favourable as that proposed by Fuller.

18938. You understand I am asking now about the opportunity the Government had of getting the whole of section 3 done either by one person or a set of persons, and I am trying to find out if they availed themselves of the best opportunity?—It would appear from the way you put it that the Government did not; that they entered into an agreement which was not so favourable as the offer made by Mr. Fuller.

18939. You say from the way I put it: is it the way you now consider it?—The way it is now considered.

18940. Is it the way you consider it now?—I never considered it that way before.

18941. As to the eligibility of these two contractors, I suppose the Department had not much information at that time: are you aware whether they had or not?—They were all strangers to myself.

18942. I assume there was no objection to Mr. Fuller, because he got one contract for part of the line, so he could not be objected to on the ground that he was not a good contractor?—Well, we thought in some cases that one section was quite enough for some contractors. That is a reason why Waddle & Smith did not get another section.

18943. Do you mention that now as one of the probable reasons why Mr. Fuller did not get the whole of section 3?—Possibly.

18944. Do you mention it positively?—No; but I say it is quite likely.

Fuller not considered an eligible contractor for the whole of section 3 because his tender was too low.

18945. And why do you think it is likely he was not considered an eligible contractor for the whole?—Because, as I said before, I think his tender was exceedingly low, and I do not think it is always right, in the public interest, to let to the lowest tender.

18946. Do you give that now as a reason for considering at this moment that he was probably not an eligible contractor because his tender was so low?—I am not giving any reasons; I am trying to remember and to give the reasons which satisfied my mind six years ago.

18947. Do you say that was one of the reasons which entered your mind?—I do not speak positively; in fact I do not speak positively of anything that is not before me in black and white.

18948. Do you think the amount of Mr. Fuller's tender for the whole of section 3 was probably a reason why he was not considered at that time an eligible contractor for the whole?—I just repeat what I said before.

18949. What is that?—That it probably entered into consideration.

Two contracts made, one with Sifton, Glass & Co., the other with Fuller, and from calculations which witness has made for the first time, it appears that

18950. And do you think that having entered into consideration, that was the result of the consideration?—The result is exactly as shown by these contracts. Two contracts were entered into, one with Sifton, Glass & Co. and the other with Richard Fuller, and it appears from the figures that have now been worked out, as far as I know now for the first time by me, that had Mr. Fuller's tender for the whole line

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Fuller's tender for the whole of section 3 would have been less than it cost.

The remark that Fuller's price was too low applies to his revised offer by which he added \$60,000 to it.

been accepted and carried out for the tender, the cost would have been a little less.

18951. Do I understand you to suggest as one of the reasons why the Government may not have availed themselves of the lowest price, that perhaps the tender was not considered eligible because the price was low: is that right?—Yes.

18952. You are speaking now of his revised offer being too low, because he revised his offer by adding \$60,000 to it; does your remark apply to his revised offer?—I suppose so.

18953. Did you not recommend persons who tendered still lower—Dwight, or somebody else—as eligible?—No; I do not think I did.

18954. I gather from your report that you suggested to the Government they could get the work done for less than Mr. Fuller's offer, by letting part of the contract to him and the other portion to somebody else?—I stated what appeared to me clear, that if the work was let to Mr. Dwight for the amount of his tender, the two sums together would come to less than the next lowest tender.

18955. Do you not then suggest that the Government can get the work done for less than Mr. Fuller's revised tender?—I used these words: "I find H. P. Dwight's the next lowest tender for the section. He tenders to do it for \$56,250." This sum, added to the \$117,250, makes \$173,500 for the whole of section No. 3.

18956. Do you not suggest that the Government may safely, therefore, give the contract for the whole of section 3 to the persons who will undertake to do it for \$173,500?—I do not suggest anything in this. I state a fact. It is a mere matter of addition.

18957. But do you not mean by offering that report to the Department to suggest that they will probably get the work done for that amount if these tenderers come forward and contract?—Well, it may be taken as a suggestion. It might suggest itself to the Minister's mind, but I do not suggest anything. I simply state a fact—a mere matter of addition.

When witness in his report to the Minister, points out that the work could be done cheaper than Fuller's revised tender, he thinks he made no suggestion.

18958. Do you know whether, at that time, you had the impression that no men would be eligible who would offer to do it for \$173,500?—I do not remember.

18959. You do not remember?—I do not remember all my impressions.

18960. Of course you do not remember that Mr. Fuller's offer to do it for \$116,000 was so low that it would make him not eligible. I suppose you have no recollection about that?—I have no recollection about that.

18961. Can you say generally which of these contractors—I mean Fuller for the western portion of section 3, or Sifton, Glass & Co. for the eastern portion of section 3, which corresponds really with section 1—have turned out to be the most satisfactory contractors as to maintenance?—I do not think either one or the other has been very satisfactory.

Neither Fuller nor Sifton, Glass & Co. have been satisfactory contractors.

18962. Assuming that they were both unsatisfactory, which was most unsatisfactory?—I cannot—indeed, I cannot speak positively on the matter without reference to my reports. It is impossible to carry all these impressions in one's mind.

Telegraph—  
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Contract No. 3.

Edmonton to  
telegraph system  
British Columbia.

Contract not  
carried out.

18963. Proceeding now to contract No. 3, that appears by your report of 1877 to be from Edmonton westward to the existing system of British Columbia, a length of about 550 miles; it was made with Mr. F. J. Barnard: can you say whether that contract was carried out?—That contract was not carried out; I can say that.

18964. Can you say generally the reason?—Well, the reasons are given at great length in a great number of reports and voluminous evidence, which possibly may be before the Commission.

18965. In reality it has not been. We have not cared to examine into the details, for the reason that we understand it is in the Department of the Minister of Justice for settlement, but I thought you could tell us, shortly, the cause of its not being completed?—I might possibly by referring to some late reports.

18966. Was he stopped by the Government, or did he refuse to proceed?—Well, it is a very long story. If I could find my last report on the subject, the whole history is condensed into the fewest possible words there, and it might save the time of the Commission to lay it before them.

18967. For the present we are not going into details?—I should very much prefer taking that course, because my memory is not very clear about figures and other things. The history of it seems to be given in the first three pages of this report. The report itself is very long. The historical part is not very long, and I do not know that it can be condensed, because it is somewhat complicated. The reference to the dispute between Mr. Barnard and the Department need not be referred to. I will be very happy to read the historical part.

18968. Read whatever you think necessary just to let us see the reason for the stoppage of the work as you understand it?—These are quotations from a report of mine dated 19th February, 1879. In 1874 tenders were invited and received. On the 12th of August I reported on the tenders, and, with regard to the contract subsequently awarded to Mr. Barnard, I quote from my report as follows:—

Reports in favour  
of giving contract  
to Barnard.

“With regard to section 4, from the telegraph system in British Columbia to Edmonton, it is most important that a portion of the work shall be placed in the hands of a contractor whose ability to carry it out cannot be called in question. The lowest tender is that by Mr. William R. Macdonald, of Yale. The price he asks for the work is, in my judgment, so low, and the time within which he would undertake to complete it so short, that I have grave doubts as to the tender being *bona fide*. The next lowest is the tender of Waddle & Smith, of Kingston, but as these gentlemen are the lowest for section 5, which, if awarded to them, would require all their energies to complete; and as section 5 extends from Fort Garry to Lake Superior, while section 4 is for a great extent beyond the Rocky Mountains, I do not think it would be advisable to place both sections in the hands of the gentlemen last referred to. The next lowest tender is that of F. J. Barnard, of Victoria. This gentleman is well and favourably known in British Columbia, and is believed to possess sufficient energy and resources to carry out anything he may undertake. I have no hesitation, therefore, in recommending that section 4 be placed in his hands. I observe, however, that he gives no price for maintaining the line after its erection. I would therefore recommend that before his tender be accepted he be required to state some reasonable rate for maintenance.” \* \* \*

Relative positions  
of tenderers.

“The relative position of the tenders above referred to was as follows:—Wm. R. Macdonald, \$133,225, maintenance for five years included, except salary of operators; to be completed in nine months. Next, Waddle & Smith, of Kingston, \$224,500; maintenance, \$24 per mile per annum without profits, \$12 per mile per annum with profits; to be completed in eighteen months. The third lowest tender is F. J. Barnard, \$272,250; to be completed in two years.

Assumes the  
responsibility of  
recommending a

“It will thus be seen that I assumed the grave responsibility of recommending the acceptance of a tender more than double the lowest, in order that the work may be placed in the hands of a man who is believed to be possessed of ample resources, skill,

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tender more than double the lowest.

Barnard undertook to complete work by 2nd October, 1876.

9th April, directed to discontinue work on the British Columbia end.

Between Cache Creek and Kamloops had performed work to value of \$8,000.

March, 1876, directed to proceed with work in British Columbia but to follow line from Tête Jaune Cache to Fort George.

Did nothing. May 10th, 1878, Barnard directed to recommence the work on the original route. Ultimately Barnard went on with work.

**Construction.**

Barnard has not proceeded with line from Tête Jaune Cache to Edmonton.

local experience and energy. Mr. Barnard was believed to be such a man, and it was thought that by placing the work in his hands the telegraph would have been satisfactorily completed beyond a question by the time stipulated in the contract. The contract was awarded to Mr. Barnard in September, 1874, and it was executed on the 10th of November following. He undertook to complete the telegraph from end to end by the 2nd October, 1876. It was understood that the work was to have been commenced at both ends—Cache Creek and Edmonton—and pushed as vigorously as possible to a common central point, say the boundary of British Columbia at Yellow Head Pass. To render the statement of facts clear, as well as brief, I shall consider the matter in two parts, and refer first to the westerly half, or that portion within British Columbia second to the easterly half, namely, from the mountains to Edmonton. First, the section in British Columbia: On the 9th of April, some seven months after the contract was signed, the contractor was directed by telegraph to discontinue building the telegraph in British Columbia. At this date he had performed work between Cache Creek and Kamloops, to the value of \$8,000, which amount was paid him by certificate. Mr. Barnard received no further directions until the 3rd of March, 1876, when he was ordered to proceed with the work in British Columbia, but in a direction different from that originally intended. He was directed to follow the line of location from Tête Jaune Cache to Fort George. No change was made east of Tête Jaune Cache. A correspondence ensued, but it does not appear that Mr. Barnard gave effect to the directions given him; nothing whatever has been done by him between Tête Jaune Cache and Fort George. On May 18th, 1878, Mr. Barnard was telegraphed to re-commence the work on the route originally intended, namely, *via* Kamloops to Cache Creek. On June 8th, the contractor demurs unless paid money alleged to be due him for losses sustained. On the 10th of February, 1878, Mr. Barnard is called upon to state precisely if he is prepared to proceed with the construction of the line at the prices and terms of the contract. On 30th of July, Mr. Barnard replies that he is prepared to go on: Mr. Barnard appears to have re-commenced operations some time in August last, and has continued since. According to the last returns, he has done work in construction of the line valued at \$21,531; wire delivered, valued at \$21,456; poles replaced, \$1,044; total, \$44,031; and he has been paid this amount less a percentage retained of \$2,131.

*“2nd.—From Tête Jaune Cache to Edmonton.”*

“It has been stated that the contract was awarded to Mr. Barnard in September, 1874, and that he had until the 2nd of October, 1876, to complete it. At the latter date nothing whatever had been done on this half of the line. On the 18th of April, 1877, Mr. Barnard was asked if he intended proceeding with the work between Yellow Head Pass and Edmonton, to which he gave an evasive reply. On the 23rd of April, 1877, the contractor was again directed by telegraph to proceed with the work between Tête Jaune Cache and Edmonton. On the 4th of May, 1877, the contractor was asked by telegraph: ‘Are you going on with telegraph Tête Jaune Cache to Edmonton this season? Answer yes or no immediately.’ On the 7th of May, 1877, Mr. Barnard replied that he was prepared to carry out the contract, but so far as I am aware he has, up to the present date, done nothing whatever between Edmonton and Tête Jaune Cache.”

That is the whole of the historical part.

18969. Was Cache Creek the western terminus of his contract originally, as you understood it, or in the neighbourhood of it?—I think it was. When the contract was entered into the point was left open, if I remember right. There was another point named, Lac la Hache, referred to in the memorandum of information for parties tendering: “Lac la Hache or other convenient part.”

18970. Was it in the same part of the Province?—Yes. It was found that Cache Creek was the most convenient point to make connection with the British Columbia system.

18971. Originally it was intended that the contractor should proceed easterly from that neighbourhood?—Yes; from that neighbourhood.

18972. And how did you understand that the eastern portion of his contract was to be built: by commencing from the eastern end of the contract?—By commencing at Edmonton and working west, or at any other place that he found most convenient.

Eastern portion of contract to be built commencing at Edmonton and working west.

**Telegraph—  
Construction.  
Contract No. 3.**

18973. Was it expected that the contractor would proceed gradually from each of those termini towards a common central point?—Yes; it was expected by me that he would carry on work on both ends of his contract: the easterly portion by starting from the easterly end, and the westerly by starting from the western end. In the latter case, if he brought men through British Columbia he would in all probability begin work near Yellow Head Pass and work towards Edmonton.

18974. But at all events you expected that he would make some preparations at the eastern end and move westerly?—Yes.

18975. He failed to do that, as I understand?—Yes.

Believes contractor's intention from beginning was to commence in British Columbia, and work towards the North-West Territories.

18976. In the dispute between him and the Government, do you understand that his contention is that he was only bound to proceed easterly from the western end of the contract?—I believe that he never intended to do anything else but begin in British Columbia, at Cache Creek, and work towards the North-West Territories.

18977. At the time you first telegraphed or wrote him to cease operations, can you remember the proportion of the work that had been done, or if it was commenced?—Yes; it is given in a report or schedule.

When Barnard first stopped he had done work to the estimated value of \$8,000.

18978. Please state about how much of the line he had done when he first stopped?—He had done work to the estimated value of \$8,000.

18979. Would you say in about what locality that was done?—Yes; between Cache Creek and Kamloops.

18980. At or about the time of this contract being entered into, how far had the telegraph system of British Columbia extended, and in what direction?—It extended from Vancouver Island to the valley of the Fraser; up the valley of the Fraser to the Cariboo district.

18981. In a northerly or north-easterly direction from Vancouver?—Yes.

18982. And it was intended that this work that was to be done by Mr. Barnard was to tap that system at the most convenient point?—Yes.

18983. At the time that he was stopped, I understood you to say that he had not proceeded further than somewhere about Kamloops?—All the work done by him was between Cache Creek and Kamloops, if my memory serves me right.

Subsequently directed contractor to proceed from Tête Jaune Cache to Fort George.

18984. You subsequently directed him to proceed between two points?—Yes.

18985. What were those two points?—Tête Jaune Cache and Fort George; on another route altogether.

18986. About how far would the starting point of that line be, which you directed him to make, from the nearest work he had done at the time that he was stopped?—A long way.

18987. About how long?—About 200 miles.

18988. In entering into the contract with these different parties, do you know whether it was expected or intended by the Government that they should build portions of the line—disjointed portions—from time to time, or whether they should proceed gradually from different termini or from one terminus?—I don't know that any particular

**Telegraph—  
Construction.  
Contract No. 3.**

What was expected from contractors.

Reasons for directing contractor to start from Tête Jaune Cache to Fort George.

The telegraph was to follow route of railway and it was thought Bute Inlet would be the terminus.

Telegraphed instructions to Barnard.

Originally idea was to go to Lac la Hache.

Losses consequent on change of location would be borne by Government.

expectation was entertained; they were expected to finish the work about the time which was stipulated in the contract, and in order to do that they would have to do work at different points along the sections.

18939. In directing him to start then from Tête Jaune Cache towards Fort George, did you think that was in pursuance of the original intention as to the mode of building the line by the contractors?—It was due to a change of view on the part of the Government with respect to the terminus of the line.

18990. What was the change of view?—Rather, it was probably due to something else. The telegraph was to be built on the route of the railway, and the route through British Columbia had not been formally adopted; but to comply with the terms of the Act, if my memory is correct, the Government of the day adopted the line from Tête Jaune Cache to Fort George.

18991. You mean adopted that as the railway line, so as to comply with the Act which required the telegraph to follow the located line of the railway?—Yes; I think that was probably the reason. It was then thought that Bute Inlet would be the terminus of the line.

18992. So that, according to your recollection, the line from Tête Jaune Cache to Fort George was adopted as the located line of the railway in order that the telegraph might be built over it?—Yes; I think so.

18993. And in pursuance of that Mr. Barnard was directed to start from that point and proceed towards Fort George with the building of the telegraph?—Yes.

18994. Did you take part in directing him to proceed?—It strikes me I telegraphed him.

18995. Was that in pursuance of your views as the Chief Engineer of the railway?—It was simply carrying out my directions from the Minister.

18996. Do you consider that that direction to the contractor was according to the original intention of the contract as to the method of progressing with the building of this line: I mean that he should commence at a detached locality?—It was quite well known that the contract did not contemplate the line going in that direction in the first place; it contemplated going to Lac la Hache or Cache Creek, or some other convenient point, but the views of the Government with regard to the probable terminus became matured, and the circumstance I refer to rendered it necessary to make a change.

18997. What I mean by asking if this was in pursuance of the original expectation at the time the contract was made, is this: to see whether you think any contractor should be obliged to take up and build his portion of the telegraph line, commencing at some point distant entirely from his base of supplies, and from any portion which he had already completed?—Of course Mr. Barnard would have a claim for any loss sustained by him in consequence of any change.

18998. Then if any losses were sustained in consequence of that change they would not be covered by the original contract?—No; he would have to be compensated.

18999. So that this particular direction that you speak of was not absolutely within the original terms of the contract?—I think not; it was not contemplated when the contract was entered into.

**Telegraph—  
Construction.  
Contract No. 3.**

1900. I suppose you have taken no part in the settlement of the dispute since it has gone into the hands of the Department?—My last action on it was this report, part of which I have just read.

No negotiation has taken place between witnesses Government as to the terms of the settlement.

1901. I mean no negotiation has taken place between you and the Government as to the terms of the settlement, or anything of that sort?—None whatever.

**Tendering—  
Contract No. 4.**

1902. The next contract, No. 4, was also for a portion of the telegraph line, I believe?—No. 4 was for constructing the telegraph from Fort William to Selkirk : 410 miles.

First tender Waddle & Smith's \$189,120 for construction ; for maintenance \$12 per mile with, \$24 per mile without profits.

1903. Please state the first few tenders for the different sections: the amount of the tenders for section No. 5, which is contract No. 4, and the tenderers in the order in which you found them?—The first tender was that of Waddle & Smith, of Kingston, \$189,120.

1904. Is that for construction alone?—Yes; for maintenance, \$2,400 per 100 miles—\$12 per mile with profits, and \$24 per mile without profits.

1905. That rate of maintenance which you mention would, of course, be per annum?—Per annum, I fancy. The tender does not say so, but it must certainly have meant so. I see it in pencil here (pointing to schedule), but it is in my own handwriting—at least, it looks like my own handwriting.

Gross offer without profits witness computes at \$239,520.

1906. Then what do you make out the gross offer of Waddle & Smith to be for that section, and the maintenance for five years?—Without profits?

1907. Without profits?—\$239,520.

Sutton & Thirkell's offer \$214,950 including maintenance.

1908. And the next lowest tender?—The next lowest on the list here is that of Sutton & Thirkell, Lindsay, \$214,950, including maintenance.

1909. Then that is really a lower tender than the first named one?—It would appear so.

Sutton & Thompson's tender, \$243,150 including maintenance.

1910. Assuming that the tenderer did not get the profits, perhaps that is what turned the scale in this case, in your judgment, when you made out the report?—No; the construction—the simple price for construction, without adding the maintenance—seems to have been the way. The next tender is that of Sutton, Thompson & Co. It does not state whether it includes maintenance or not, but the sum is \$243,150.

1911. Upon looking at the tender, will you say whether the amount does or does not include the maintenance?—Yes; this seems to include maintenance. It is an omission in the table attached to my report.

1912. And the Sutton & Thirkell tender appears to cover the maintenance as well?—Yes; that is mentioned in the table of tenders for that section.

\$25,200 in favour of Sutton & Thirkell's tender.

1913. Then, as far as these two tenders are concerned, I understand there is a difference of \$25,200 in favour of the Sutton & Thirkell tender?—There would appear to be.

1914. That is to say, it is so much lower than the other?—Yes.

System of dealing with tenders.

1915. Did you, as a rule, take part in the negotiations with the persons who tendered, as to their getting contracts?—No; it was not generally done. The system may be described thus: the tenders were

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received by the Secretary, Mr. Braun, according to advertisement. They accumulated in his drawer until the time had expired upon which they were to be received; then a day was fixed soon after for opening those tenders. They were generally opened by Mr. Trudeau, Mr. Braun and myself, and sometimes a fourth person might be present. Tenders were marked as they were opened, and as each separate tender was opened a corresponding mark was put on each of the papers contained in the envelope, and an entry was made on a sheet of paper which was originally called the abstract of tenders. That being done, I was called upon to report the nature of the tenders to the Minister. Having reported on the tenders, I had nothing more to do, unless I was specially requested, until the contract was entered into. Then it was my duty, as chief executive officer, to see that contract carried out.

As a rule having reported on tenders to Minister, witness's duty ceased until he saw that contract was executed.

19016. When you say you reported the nature of the tenders, do you mean you reported their relative rank from a pecuniary point of view? —I reported just in the way you see in these various reports before you, some of which I have had in my hand to-day.

19017. I suppose one of the main elements in your report would be the relative merit of the tenders as to the money question?—Yes; I state the amount of each tender as you see in the reports on the table.

19018. After a particular tenderer was selected, who would open the negotiations with him, as a rule?—Mr. Braun was the official mouthpiece of the Department, and he, I think, was always the person who communicated with the lowest tenderer.

Braun official mouthpiece.

19019. In this instance you appear to have communicated direct, in the first instance, with Waddle & Smith?—Then I may have been instructed specially to do so.

In this instance witness official mouthpiece perhaps under instructions.

19020. You communicated with them by letter and also by telegram on the same date: do you know why you, being Engineer-in-Chief, did what was usually done by the Secretary of the Department?—No; if I were specially instructed in this instance, of course I would obey my instructions.

19021. Do you mean that wherever it appears you took any part in the negotiations with the contractor, it was under special instructions and out of your ordinary duty?—It was not the common practice.

19022. Could you say from whom you would get instructions?—Yes, I received instructions from the Premier, and Minister of Public Works in this instance; and the letter itself bears on the face of it evidence to show I had simply discharged my duty in writing him, because the last paragraph sets forth that the party "will be good enough to communicate immediately with the Premier on the subject." I discharged my duty in writing this letter; I did not ask him to write to me.

Letter shows that he was instructed by Minister.

19023. The telegram which was produced by Mr. Waddle himself, dated the 12th of August, I think, does not appear in any of the printed correspondence, but it is in these words from you to him: "Could you immediately come to Ottawa about your tender for Pacific telegraph. Answer." Do you remember anything peculiar about the matter which would take it out of the ordinary course?—The Secretary may not have been then in town. It was in the month of August I see, and at that season of the year sometimes a good many of the officials are out of town.



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19024. But I understand you do not remember anything particular about it?—No; I do not remember. In writing that letter and that telegraph I was performing the duty of Secretary.

**Can give no  
reason why Sutton  
& Thirkell  
were passed over  
and \$28,200 more  
given to Sutton  
& Thompson.**

19025. The correspondence which has been furnished to us concerning this contract shows that the persons whom you have named as the lowest tenderers did not furnish the security at the time that the Department desired, and that the Department passed over to the next lowest tenderers, Sutton & Thirkell, and a correspondence goes on between the Department and Sutton & Thirkell down to the 16th of December, 1874, at which time it appears they were likely to get the contract at the lower one of these two prices which you have named, that is \$214,950: can you give any reason for passing over their tender and giving the contract to the higher tender of Sutton & Thompson, at an increase of \$28,200?—I remember no reasons. There may be some reason. I do not see that I had any further connection with the matter.

19026. I am asking you if you remember anything that led to Sutton & Thompson getting the contract instead of Sutton & Thirkell?—That letter and telegram, as far as I can see from the correspondence before me, was the last of the correspondence that I had anything to do with. I do not remember corresponding with them.

**Apparently  
negotiation  
issuing in con-  
tract opened by  
a letter from  
Oliver, David-  
son & Co. to  
witness.**

19027. Now it appears that the negotiation which was completed by the contract was really opened between you and Oliver, Davidson & Co. Oliver, Davidson & Co. write you on the 24th of December, saying: "We now arrange to carry out the tender of Sutton, Thompson & Co. What time would be convenient to have the matter closed? Could it stand over until after the Ontario elections?" And you answered them, saying: "Any time that is convenient will answer?"—That appears to have been about five months after my letter and the telegram to the lowest tenderer. There had been a good deal of correspondence in the meantime that I had no connection with whatever, and why they wrote me I do not know.

**Cannot explain  
how when Sutton  
& Thirkell were  
about to get con-  
tract at lower  
rate Oliver,  
Davidson & Co.  
should write  
saying they had  
secured the  
higher tender.**

19028. It appears by the official correspondence that Sutton & Thirkell were offered the contract at the lower sum of these two which you have named, that is, \$214,950, and that down to the 16th of December, there was a probability of the contract being let at that, the lower of the two sums, but between the 16th of December and the 19th of December something happened which led to their writing to you, saying that they had now secured the higher tender: I am asking you for the explanation?—I am afraid I cannot give you any. I have no recollection of it, but I may possibly be able to show you where I was during that period. Very likely I was out of town.

19029. Mr. Davidson, one of the firm of Oliver, Davidson & Co., says he came to Ottawa with one of his partners, Mr. Oliver on the 19th of December, which would be the end of the three days allowed for finding security, and Mr. Davidson says that he and Mr. Oliver saw you in your office and talked over the matter, and that in that conversation, if he recollects aright, Mr. Fleming said that he wished the Government could let it to some responsible parties, that he did not want to be bothered with men who had no money giving them trouble, and he says that he thinks he heard you say that you would recommend that they should get it. Now, if that did happen, it would be some explanation of their opening up a corres-

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Contract No. 4.**

pondence with you on the 24th, saying that they had now secured Sutton & Thompson's position?—Yes.

19030. Does that evidence of Mr. Davidson recall this circumstance to you?—I have sent to see if there are any documents that will indicate where I was at that time, or when I returned to town, or anything else that would bring it back to my mind. (After examining some letter-books) : It is not unlikely I said something of that kind ; I do not remember.

Explanation of Oliver, Davidson & Co. communicating with witness.

19031. Can you explain why, if you were not the person to negotiate with parties who were endeavouring to get contracts, Oliver, Davidson & Co. should write you on the 24th December informing you that they had now arranged to carry out the tender of Sutton, Thompson & Co. ? —My office was a public office. I was acting in a public capacity, and I could not prevent any one coming to my office or writing or talking to me on any subject they chose. I was obliged to acknowledge their letters as courteously as I could.

19032. And in this matter you not only acknowledged the receipt of their letter, but you answered substantially the question they put in theirs?—In order to enable me to answer that, in all probability I went to the Minister, or Deputy Minister : some of the authorities who had to do with the making of contracts. It is not unlikely I went in to Mr. Mackenzie, or probably I sent a message to Mr. Buckingham to enquire if this could be done, so that I could answer this letter. Probably I sent Mr. Buckingham or some one else to the Minister's room.

19033. You are mentioning these probabilities merely from surmise ? —Merely from surmise ; I have no recollection of it. I am endeavouring to answer you how it was done. I would like you to understand that from first to last I had nothing to do with the making of contracts, unless I was specially asked to interfere.

19034. I gather that to be the substance of your recollection now ? —I had nothing to do with the contracts at all until they were executed ; then I was the executive officer to see them carried out.

19035. I am calling your attention to this particular instance to see if it recalls to your mind a different state of affairs?—No. Oliver, Davidson & Co. possibly thought I had more to do with making contracts than I really had, and came to my office and had some conversation. For the same reason they very likely sent me this letter, and, of course, I was bound to acknowledge the receipt of the letter, and give as good a reply as I could.

19036. It appears from the evidence that, down to the 19th of December, Sutton and Oliver and Davidson were prepared to carry out their contract upon the basis of the lower tender, and that when they came down here they learned something from some one which induced them to go back and procure the Sutton & Thompson position so as to get a higher price?—Yes.

Up to 19th December, Sutton, Oliver & Davidson, prepared to take contract on lower tender of Sutton & Thirkell, but when they came to Ottawa they decided to get the higher tender : for this witness can give no explanation.

19037. Now, recalling that to your mind, do you remember whether there was any conversation on that particular subject, on that view of it, in the Department?—Not with me, that I have any recollection of.

19038. Do you remember the circumstance of any conversation with Mr. Oliver or Mr. Davidson about this matter?—I do not.

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19039. Do you remember that you had any conversation with any person about the contract for that section 5, upon the question of the figures or amounts?—No; I remember they were in my office more than once—whether it was Oliver and Davidson or a gentleman named Brown.

BURPE.

T. R. BURPE, sworn and examined :

*By the Chairman :—*

Not present at  
conversation  
between Fleming  
and contractor.

19040. Were you present at any conversation between Mr. Fleming and either Mr. Oliver, Mr. Davidson, or Mr. Brown, or Mr. Sutton, or any other person interested in this contract for section 5 of the telegraph line?—None that I remember now. I was in the next room. I remember seeing those gentlemen in the office, but I was not present in the room.

19041. Then you did not hear anything that passed between them and Mr. Fleming?—Nothing.

FLEMING.

SANDFORD FLEMING'S examination continued :

Pemb. Branch—  
Contract No. 5.

*By the Chairman :—*

19042. I understand the substance of your evidence upon this matter to be : that you cannot explain how that happened at all, and you took no part in it; I mean the transaction by which Sutton got the higher priced contract, he being interested in both tenders?—I state positively that I know nothing about it.

19043. The next contract, which was No. 5, was for some of the construction of the railway, I believe?—Contract No. 5 is for a portion of the construction of the Pembina Branch.

Line did not go to  
boundary because  
St. Paul and  
Manitoba Rail-  
way not located.

19044. As to the contract No. 5, which was for the Pembina Branch southward, I notice that in the advertisement asking for tenders the line does not go altogether to the boundary : will you explain why that was?—I think I did so yesterday, Sir. On account of the railway connection in Minnesota not being established. The St. Paul and Manitoba Railway, now in operation, was not then constructed or located.

19045. And at the north there was a portion left not covered by the tenders?—Yes. Well we had not that portion of the line located at the time the advertisements were put in the papers calling for tenders. I think that is the reason.

Price 22 cts. for  
earth work.

19046. The prices in this contract I think I understood you to say were low?—They were thought to be low. Indeed there is only one price in the contract, that is the price for earth work, 22 cts.

19047. Do you know of any matter connected with that contract which you think ought to be explained to us to understand the matter?—I do not think there is anything.

19048. You do not remember any particular circumstance connected with it?—No; it was a very flat country to build a road through, and it was raised a little above the surface to prevent it being covered with water at times, and also to make it easier to work in winter.

19049. There is another piece of work which is called contract 5 A—that is the extension northward from Winnipeg towards Selkirk?—

Yes.

19050. Was that work let by public competition?—No. If I remember right there was some correspondence between myself and Mr. Whitehead and the Minister on that subject. There is a memorandum prepared by me, dated 19th of April, 1877, which explains the matter and which I will be happy to read. Rails had been furnished to the contractors for the grading of the main line from Selkirk easterly. There was some difficulty in getting those rails to Selkirk. It is suggested in this memorandum that a temporary track should be laid from St. Boniface to Selkirk in order that the rails may be taken overland instead of down the river, the river being difficult of navigation at certain seasons. The contractor for the Pembina Branch—for the central and southern portion of the Pembina Branch—Mr. Whitehead, offered to do the grading of the extension to Selkirk at the same rate as his original contract, 22 cts., and to lay the track at the same rate as the contract price for sections 14 and 15. It was estimated that \$60,000 would be sufficient to lay a temporary track.

**Pemb. Branch—  
Contract 5 A.**

From Winnipeg  
to Selkirk.

**Not let by public  
competition.**

Difficulty in  
getting rails to  
contract 14.

Whitehead the  
contractor for  
other portion of  
Pembina Branch  
offered to grade  
extension to Sel-  
kirk at 22 cts., and  
to lay track at  
contract price for  
sections 14 and 15.

19051. That would include the furnishing of the ties besides the other three items you have mentioned?—Yes; do all the grading of the track, furnish ties and bridge streams between St. Boniface and Selkirk, while the cost of taking the rails down the river from St. Boniface to section 14 would come to about \$30,000, and it was considered in the public interest to lay the track and save the \$30,000 or a large portion of it.

\$60,000 calculated  
as ample for tem-  
porary track  
whereas it would  
have cost \$30,000  
to take the rails  
from St. Boniface  
to section 14.

19052. I understand you to suggest by that report that the actual outlay by the Government would be only \$30,000 beyond the amount required to transport them by the river?—Yes.

19053. And that that would enable them to transport other material as well as those rails on different occasions?—It was estimated that \$30,000 more than the cost of taking the rails by the river would be sufficient to lay the temporary track spoken of.

19054. When you say temporary track, do you mean that it was to be changed or was simply incomplete?—Simply incomplete.

19055. It was not temporary in the sense that it was to be removed again?—It was to be laid what I call sub-grade.

19056. But it was to remain on the permanent location?—Yes; on the permanent location.

19057. It appears by the evidence that instead of the expenditure being confined to this \$60,000 which you suggested, it reached considerably over \$100,000: do you know how it happened that more work was done or higher rates were given?—I was in England that year.

Means by tem-  
porary track a  
sub-grade on a  
permanent  
location.

Expenditure  
reached consider-  
ably over  
\$100,000.

19058. It appears after your report on the 19th of April that by order of the Privy Council, dated 11th of May, it was decided to have this work done and at about the cost which you named: now can you explain how it happened after the 11th of May, 1877, that very much more work was done at a very much higher cost?—I left Ottawa before the 11th of May and I am afraid I cannot explain. I left Ottawa for England. I find some letters here in my letter-book which were written in Montreal on the 11th of May.

**Pembina Branch—  
Contract 5 A.**

On 11th May, Braun instructed Whitehead to proceed, this step taken when witness out of country.

19059. It appears that Mr. Rowan, in Winnipeg, was instructed by a telegram from Mr. Braun on the 11th of May to authorize Mr. Whitehead to proceed: was that done in any way under your instructions?—It was not; at least, I do not think so. It could not have been under my instructions. I was not in Ottawa on the 11th of May. I had left before the 11th of May, and did not return for some months afterwards.

19060. Could you say about what time it first came to your knowledge that the expenditure upon this North Pembina Branch was much higher than you had recommended in your report of the 19th of April?—I think it was a long time afterwards, when I returned from England.

19061. Do you remember the circumstance of your finding that the expenditure was more than you had anticipated or suggested?—I have not a very clear recollection.

19062. Did you not ascertain on your return from England what progress had been made on the North Pembina Branch?—I had returned from England for some time, but I think that particular contract was under the management of the gentleman whom I had left in my place.

19063. And do you think that it remained under his management on your return?—I think so, because I again went back to England.

19064. You returned the following spring, then?—I returned the following winter to Canada, and went back to England for my family, I think.

Astonished to find out how exceeded estimates so much.

19065. Do you remember that at any time you were struck with the actual expenditure on the North Pembina Branch, as compared with the expenditure you had recommended?—I can give you no dates, but I was astonished to find it exceeded the estimates so much—could not but be astonished.

19066. Did you enquire into the reason for it?—No doubt I did to some extent.

19067. Do you remember the fact that you made any particular enquiry concerning it?—I do not.

19068. Do you remember that of your own motion you ascertained the reasons for the expenditure being so great?—I have learned something about it since I came to this room, by the paper that is before me. The paper which is now before me contains, first, a telegram from Mr. Braun to Mr. Rowan, dated 11th May, 1877, to the following effect:—

“Authorize Mr. Whitehead to proceed with the Pembina extension as part of the first contract at 22 cts. per yard for the earth work, and the other work at prices as per his contract 15.”

Letter from Braun to Marcus Smith notifying him that Whitehead was to go on with work at 22 cts. for earth and the rest of work at contract prices of contract 15.

That is one document; and I find another, dated May 16th, from Mr. Braun, addressed to Mr. Marcus Smith, acting Chief Engineer of the Canadian Pacific Railway, Ottawa. It is a short letter, and I will read the whole of it:

“SIR,—I beg to inform you that on the 11th inst. Mr. Rowan was instructed by telegraph to authorize Mr. Whitehead to proceed with works on the Pembina extension as part of his first contract at 22 cts. per cubic yard for earth excavation, and the other work as per prices in his contract for section 15. I have the honour to be, &c.”

19069. Had the matter ever been discussed with you as to prices which he was to get for any work beyond these four items which you

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Contract 5 A.

have mentioned in your report of the 19th of April?—Not that I have any recollection of.

19070. For instance, it appears that he has got for off-take ditches the price which he was getting on section 15, do you think that would be a reasonable price to pay for off-take ditches on the Pembina Branch?—If it was reasonable on section 15, it would probably be reasonable on 5 A.

19071. Do you say it would be a reasonable price to pay on 5 A, judging from the country and the nature of the soil?—Well, reasonable or unreasonable, the engineer of the Department was authorized to certify for work done at these rates.

Reasonable or unreasonable engineer of Department authorized to certify for work at these rates.

19072. That would justify the Department in paying: I was asking your opinion of the work?—I cannot give opinions hastily. I generally weigh my opinions.

19073. Can you give me, as part of your evidence, an idea of what it would be worth: the off-take ditches on section 5 A?—A good deal has been said, in my hearing, about the difficulty of doing that work, by the contractor himself, Mr. Whitehead. He explained it was extremely difficult: that the soil in those off-take ditches was very much heavier than the soil anywhere else; and he spoke of it as being an exceptional material. He called it "gumbo." Mr. Smellie has information that he can give you on that subject.

Contractor had spoken of difficulty of work, the material being heavy "gumbo."

19074. Have you any means of knowing the nature of the country from which you could give me an opinion as to the probable value of off-take ditches on section 5 A?—Yes.

19075. And what is your opinion?—My opinion is, it is a large price for off-take ditches.

Price paid for off-take ditches on 5 A large.

19076. Mr. Whitehead says that had these off-take ditches been let by public competition, they might have been done at from 20 cts. to 25 cts. instead of 45 cts., which he got; that is his evidence on the subject?—Well, the whole thing seems to be a mistake.

The whole thing a mistake.

19077. A mistake by whom?—By some one. There was no intention of doing off-take ditches in the first place.

19078. Then do you mean by some one in the Department?—A mistake somewhere.

19079. Do you mean by the person who ordered the off-take ditches to be done?—Yes; there was no authority for making off-take ditches at any such price, as far as I know.

The mistake made by the person who ordered the off-take ditches.

19080. Have you, at any time, taken any part in authorizing this work on the Pembina Branch beyond that which is covered by your report of the 19th of April?—Well, I may latterly; but I have no recollection of taking any particular part in it.

19081. I mean those items upon which section 15 prices were charged?—I returned to Ottawa in October, 1878, and I was informed that the money had been expended. \$141,000 had been expended at that time in place of \$60,000.

Witness returned to Ottawa, October, 1878, and was informed that \$141,000 instead of \$60,000, had been expended.

19082. Then do you think that this work, which was by mistake ordered to be done on 5 A, was not done at any time under your authority?—It was not done under my direct authority that I know

**Pemb. Branch—  
Contract 5 A.**

So early as 16th July, 1877. Smellie drew the attention of the Department to the high prices paid for items not contemplated when the appropriation was fixed at \$60,000.

of. I find that that subject attracted early attention. On the 16th of July, Mr. Smellie, who had charge of the head office here and saw that the certificates in the contractor's favour were properly prepared, drew attention to the matter by letter addressed to the Secretary of the Department, Mr. Braun, on the 16th of July, 1877, within two months after the Order-in-Council was passed. It is not a long letter. I can read it if it is the desire of the Commission; it meets the point that has been raised.

19083. Please read it?—Mr. Smellie said :

"SIR,—In the monthly estimate just received for work done on the extension of the Pembina Branch there are several items of work returned which do not appear to have been taken into consideration when the work was let and the appropriation fixed at \$60,000; for instance, in clearing and grubbing there is an expenditure for month of June of \$3,480; for loose rock excavation, \$525; and for excavation in the off-take ditches, \$4,077. The quantity is 9,060 cubic yards, and the rate fixed by Mr. Rowan is 45 cts. as for similar work on contract No. 15. The price allowed to Mr. Whitehead for this work in his original contract was 33 cts.; the ordinary excavation being 22 cts. per cubic yard. I cannot form any idea of the extent of this additional work, but I have asked Mr. Rowan to furnish an estimate. In the meantime I would recommend that the estimate for the month of June be paid, the price for off-take ditches being made 33 cts. per cubic yard.

"I am your obedient servant,  
"W. B. SMELLIE,  
"For and in the absence of the Chief Engineer."

To this letter of Smellie no reply was made.

Mr. Smellie informs me that he received no reply to that.

19084. You find that letter in your Department from the Engineer of the Department to the Secretary of the Department?—Yes. Mr. Smellie can probably speak on this subject more directly than I can myself.

19085. Is there anything further about section 5 A that you could explain?—No; I say that Mr. Smellie could give, in a few words, any further explanation you might desire.

**SMELLIE.**

W. B. SMELLIE, called and sworn :

*By the Chairman :—*

19086. You seem to have taken part in a correspondence concerning this matter of the extra charges upon 5 A contract: will you please explain what you did about it, or what you ascertained?—It has reference entirely to that item of off-take ditches mentioned in that letter which Mr. Fleming has just read.

No direct answer made to witness's letter in which he pointed out the high price paid for off-take ditches.

19087. Did you learn anything in answer to your letter to Mr. Braun?—I think, as far as I can remember now, there was no direct answer made to that letter.

19088. Had you charge of the Department here in Ottawa at that time?—Yes; in Mr. Fleming's absence.

19089. Did you learn from Mr. Rowan, or any one else, any explanation of the charges upon that contract: I mean those charges beyond the ones mentioned in Mr. Fleming's suggestion of the 19th of April, because by degrees you must have seen that the amount swelled very much beyond the amount originally intended?—This letter explains that certain items were included in the estimates that came in that were not evidently intended when the work was originally let to Mr. Whitehead.

**Pemb Branch—  
Contract 5 A.**

19090. I quite understand what was said in the letter, but I do not understand that the investigation by you should stop there, because from time to time you must have seen that larger amounts each month came in until at last you saw something considerably beyond the \$60,000 was involved, and I ask whether you pushed the matter to ascertain the nature of the expenditure?—I saw that in July, 1877—

19091. After that did you push the investigation any further, and ascertain where the expenditure began which was not justified by any Order-in-Council or by any proper authority?—The matter was mentioned to the acting Chief Engineer, Mr. Marcus Smith, and I remember specially bringing this matter of the 33 cts. for off-take ditches before him, and in subsequent returns the figures of 45 cts. were restored, he said, under the Order-in-Council.

After writing above letter witness mentioned the matter to Marcus Smith who contended that the Order-in-Council justified 45 cts. instead of 33 cts.

19092. Do you say now that Mr. Marcus Smith contended that the Order-in-Council justified the price of 45 cts. for off-take ditches?—Yes.

19093. And that he decided to allow Mr. Whitehead that price?—He restored that figure because I changed the estimates. I altered the estimates to 33 cts. and the figure was restored afterwards to 45 cts.

Witness altered the figures to 33 cts. and Marcus Smith restored it to 45 cts.

19094. Did you call the attention of any one to the other items, such as loose rock?—It is mentioned in the letter. I called the attention of the Department to it.

19095. I understood you to say just now that your investigation touched only the off-take ditches?—I made it known to the Department.

19096. Beyond that letter to Mr. Braun that you speak of, did you make any further investigation?—Not except to Mr. Smith.

19097. Did you speak to him as to loose rock and other items?—I do not remember particularly the instance, but I remember particularly the off-take ditches.

19098. I am speaking now of the other items: do you remember any item but off-take ditches?—I could not speak definitely.

19099. Do you remember whether there was any written communication to Mr. Smith, or whether it was verbal conversation, between you?—I am not aware of anything being written.

19100. You see this expenditure involves a great many more items than off-take ditches?—Certainly.

19101. Every item beyond the four mentioned in Mr. Fleming's report was, so far as we can learn, beyond the authority?—That is my view.

Every item beyond the four in Fleming's letter beyond authority, but there was no further investigation.

19102. And very much beyond the original estimate?—Yes, Sir.

19103. Then you are not aware of any other investigation, beyond the off-take ditches, except what is mentioned in your letter there?—No, I do not remember anything.

19104. Is there anything further about this particular contract, 5 A, that you would like to explain now?—I do not think of anything.



**Purchase of  
Rails—  
Contracts Nos.  
6-11.**

SANDFORD FLEMING'S examination continued :

*By the Chairman :—*

Prepared a memorandum on the 24th of March, 1876.

19105. As to the next contract in order, which would be contract No. 6, do you remember how that was brought about : the origin of the matter ?—Steel rails. I ought to have some recollection about that. I can give you, from a memorandum which I prepared on the 24th of March, 1876, some information respecting the purchase of the steel rails.

19106. Before we take up your memorandum of March, 1876, to which you allude, could you from your recollection say whether you had made any report in writing, about the time of the transaction itself, as to the necessity for rails, or as to your views upon the subject in any way ?—It appears from my memorandum that my communications with the Minister were chiefly verbal.

19107. But not altogether, I suppose ?—Not wholly ; because on a certain day I submitted to him a draft specification and other papers recommending the purchase of rails.

13th August, 1874, witness submitted a paper recommending to Minister the purchase of rails. Sees by memorandum of March, 1876, that in 1874 mentioned to Minister that price of rails had reached a low figure.

19108. Do you say that you submitted to him a paper recommending the purchase ?—Here it is. On the 13th August, 1874, I renewed my recommendations and furnished a draft specification " to be acted on if thought best ;" these are the words I find here. I see before that date, early in August, 1874, I mentioned to the Minister that the price of rails had reached what was considered a very low figure.

19109. You are stating what you state now, as I understand, from reading this memorandum of March, 1876 ?—Yes.

19110. Before we speak of the contents of this memorandum let me know whether you remember having had any communication, either verbal or in writing, with any one connected with the Government, in which you gave your views upon the necessity of this purchase ?—I am giving my opinion from a memorandum. I have no recollection of writing on the subject at these dates.

Witness's recollection very shaky apart from memorandum of 1876.

19111. Have you any recollection of any conversation with him and the substance of the conversation in that direction : I mean independent of the memorandum ?—My recollection is very shaky, apart from the memorandum.

Has a faint recollection.

19112. Then, being shaky, do you say that you have any recollection or not ?—Well, I have a faint recollection.

19113. What does that bring to your mind, the faint recollection, independent of the memorandum ?—I cannot speak independent of the memorandum. I have read the first page of the memorandum, and I know the contents.

General recollection that he had advices from England from rail inspector that price of rails was low, and saying it would be a favourable time for making purchases.

19114. Can you say now, independent of this memorandum, that you remember any particular view or suggestion made by you to any one on behalf of the Government in respect to rails ?—I have a general recollection that I spoke on the subject to the Minister of Public Works.

19115. Have you also a general recollection of the substance of what you said then ?—Yes ; I have a general recollection that I had advices from England from our rail inspector there, and from others, to the effect that the price of rails was very low, and it would be a very favourable opportunity for making a purchase.

19116. Is there anything further that you recollect?—I would very much prefer speaking from my written memorandum, a paper that was written when the matters were fresh in my mind.

19117. Of course we have no objection to your reading from the memorandum, but in order to ascertain the value, even of what is in the memorandum, I would like to ascertain what you remember?—My memory is a very poor one.

19118. You will notice that this memorandum was written a long while after the transaction?—It is only some two years afterwards, and it is now seven years.

19119. I am aware that two years is not as long as seven years. I am endeavouring to ascertain whether you have a recollection on the subject. If you say you have not, why that ends it; if you say you have, I wish to ascertain what it is?—I prefer speaking from the paper before me.

19120. Then, speaking from the paper, what do you say happened about the origin of this transaction of rails?—

“During the summer of 1874, advices from England showed a great decline in the price of steel rails—

19121. You are reading now, as I understand, from your memorandum of 1876?—Yes; I am reading my memorandum:

“It was generally considered that they had all but reached the lowest rate, and that an excellent opportunity presented itself of providing a quantity of rails, at lower prices than they would in all probability be obtained for at any future period. Early in August, 1874, the Chief Engineer mentioned the matter to the Minister of Public Works, and advised that steps should be taken to secure such quantity as might be deemed advisable. On the 13th of the same month he renewed his recommendation and furnished a draft specification to be acted on if thought best.

“The Chief Engineer was absent from Ottawa, until near the end of September, when he again renewed his recommendation to secure the rails. A notice calling for tenders on the 8th October was advertised on the 29th September; on the 3rd October the time was extended for receiving tenders to the 16th November, and specifications dated October 3rd were printed. By the latter, a copy of which is attached hereto, it was provided that tenders would be received on the 16th November following.

“It was felt that to advertise for tenders for rails for the Pacific Railway, or for any considerable portion of it, would defeat the object in view, viz: to secure rails at a low rate, and hence the character of the advertisement and specification.

“‘Pacific Railway’ is not mentioned in either, and tenders for a large quantity are not invited.

“Tenders for the delivery of 350,000 tons were received, the prices ranging from \$63.53 to \$82.73 per ton, delivered in Montreal.

“The average rate was \$57 per ton.

“The lowest tenders were:

From Cox & Green, for West Cumberland Co .....	\$53 53 per ton.
From Joseph Robinson, for Ebbw Vale Co.....	53 53 “ “
From Cooper, Fairman & Co., for Mersey Co.....	54 26 “ “
From Post & Co., for Guest & Co. (mean).....	54 62 “ “

“Contracts were entered into with these parties at the above prices for all the rails they were willing to deliver, viz:

West Cumberland Co .....	5,000 tons.
Mersey Co .....	20,000 “
Ebbw Vale Co .....	5,000 “
Guest & Co .....	10,000 “
<b>Total .....</b>	<b>40,000 tons.</b>

“In addition to the above it was arranged to accept the most favourable terms for the delivery of rails f.o.b. in England for transportation to British Columbia. Accordingly contracts were made as follows:—

West Cumberland Co., for 5,000 tons at \$48.67, f. o. b.
Naylor, Benzon & Co. for 5,000 tons at \$51.10, f. o. b.

Purchase of  
Rails—  
Contracts Sep.  
6-11.

Witness's  
memory a very  
poor one.

Contents of mem-  
orandum made  
in 1876.

According to  
memorandum of  
1876, early in  
August, 1874,  
witness mention-  
ed to Minister  
that it was a  
favourable time  
for purchasing  
rails.

29th September,  
notice calling for  
tenders on the  
8th October, time  
extended to 16th  
November.

Tenders for  
350,000 tons  
received at prices  
ranging between  
\$53.53 and  
\$82.73 delivered  
at Montreal.

Contracts made  
with four parties  
for all the rails  
they were willing  
to deliver at  
prices from \$53.53  
to \$54.82.

40,000 tons.

Contracts also  
made for delivery  
f. o. b. in England  
for British  
Columbia for  
10,000 tons.

**Purchase of  
Rails—  
Contracts Nos.  
6-11.**

How witness  
came to make a  
written memor-  
andum in March,  
1876.

19122. Do you remember how it was that in March, 1876, you came to make a written memorandum of the history of this matter? Yes, I think I do. Parliament was then sitting, and I think the matter was then under discussion, and it was my duty to prepare this memorandum.

19123. At that particular time, 1876?—Yes.

19124. Do you mean that Parliament had not been sitting at any previous time?—Yes, it had.

Pacific Railway  
being under dis-  
cussion Minister  
called on witness  
to state what he  
knew.

19125. You mention that because Parliament was sitting it was your duty to prepare that memorandum; was that the first time that Parliament had sat since the transaction?—No. I suppose the matter was under discussion. The Pacific Railway was under discussion in the month of March, 1876. I suppose I was called upon to state what I knew about the purchase.

19126. Do you mean called upon by the Minister?—Called upon by the Minister.

19127. Then this memorandum was made, as I understand you now, in response to a request by the Minister?—I think it is very likely. I have no recollection of what was the origin of it.

19128. It does not appear to be addressed to any one: do you know whether it was communicated to any one?—It was made an official document.

19129. Did you find that recorded in the Department of Public Works?—I have no doubt it was furnished to the Minister.

Original memor-  
andum dated  
April 3rd, 1876.

19130. You find the original now in the records of the Department?—I find the original in my hand, which has come from the records of the Department. It is dated "Department of Public Works, April 3rd, 1876. No. 11,160."

19131. In this memorandum you say that during the summer of 1874, advices from England showed a great decline in the price of steel rails: had you any means in your Department of Public Works, or in your own branch of the Department, of knowing the general run of the prices of such things in England?—Yes.

Witness's means  
of knowing how  
prices ran; cor-  
respondence with  
Sandberg who  
was paid by the  
quantity of rails  
he inspected.

19132. What means had you?—I had correspondents in England in connection with the Intercolonial Railway, one of whom was Mr. Sandberg, Inspector of Rails of the Intercolonial Railway.

19133. Was he an officer of our Government?—He was employed and paid by the Canadian Government.

19134. Employed, do you mean, for looking after the interest of the public here?—Employed for looking after their interest in England, where the rails were being made for the Intercolonial Railway.

19135. In what way was he employed?—He was employed as inspector.

19136. As inspector?—Inspector of rails.

19137. Do you know whether he was paid by salary or by the number of rails he inspected?—I think he was paid by the quantity of rails he inspected.

19138. And he was looking after the interest of the Canadian public?—Yes; in connection with the manufacture of rails.

**Purchase of  
Rails—  
Contracts Nos.  
6-11.**

19139. Was he asked, do you remember, to communicate the prices or to decide when it was a good time to have rails purchased?—I think it was voluntarily on his part. He is a man who is considered very reliable, and he furnished every information respecting the rails, their price and quality.

The information that it was a favourable time to buy voluntary on the part of Sandberg who was paid according to the number of rails he inspected.

19140. This information was voluntary on his part, as I understand you?—It was voluntary; I think I may have asked him to do so, I do not at this moment remember.

19141. Had you any other person informing you upon the same subject?—Yes; a Mr. Livesey that I was in correspondence with—not John Livesey who is well known here.

Witness also corresponded with Livesey.

19142. What is his position?—He is an engineer, and has had to do with the inspection of rails and other railway property.

19143. How was he interested in this matter?—He was not interested, he was a private correspondent of mine.

19144. Was he engaged in looking after the interests of Canadians?—He was not in any way employed or paid by the Canadian Government.

Livesey a private correspondent of witness.

19145. Was there any other authority to whom you looked for an opinion?—I name those two; I do not remember others at this moment.

19146. Are there any periodicals in England published which would give a tolerably fair idea of current prices?—Yes.

19147. What periodicals?—The various engineering papers: the *Engineer*, *Engineering*, *Iron*, and several other papers of that kind.

Periodicals which give an idea of current prices.

19148. Do you know whether you had in your branch of the Department any such periodicals on file?—No; I took the periodicals at my private house.

19149. You had them in your own control?—Yes; I took some of them.

19150. Do you remember which periodicals you had control of at that time?—No; I do not remember. I remember one. I remember the paper called *Engineering*.

19151. Do you think *Engineering* at that time gave the prices of iron?—I do not remember whether it did or not. I cannot tell you. It is very likely there were articles in it referring to the downfall of rails.

19152. Did it purport to furnish from month to month, or from week to week, or any other regular period, the changes in the market?—I could tell you better by referring to it.

19153. You do not remember?—No; I do not remember at this moment.

Does not remember whether *engineering* furnished the market prices.

19154. Could you say from what source these advices came with which you start your memorandum in March as being the reason for advising the purchase?—I have already mentioned them.

19155. Do you mean Sandberg and Livesey?—I mean more especially Mr. Sandberg.

Acted principally on Sandberg's counsel.

19156. Were those letters to you official, as a person employed by the Government?—I should say they were official. They were not marked not official.

**Purchase of  
Rails—  
Contracts Nos.  
8-11.**

19157. Are they still on record?—I have no doubt they are still in the office.

**When witness  
advised that rails  
should be bought  
did not mention  
any quantity.**

19158. You say that early in August, 1874, you mentioned the matter to the Minister of Public Works, and advised that steps should be taken to secure such quantity as might be deemed advisable: did you at that time take the responsibility of saying what quantity it would be advisable to get?—I do not think I did.

19159. Do you know that before the transaction you ever did report to the Department the quantity that you deemed advisable?—I do not think so.

19160. Then, in your opinion, who decided the quantity?—The quantity was decided after the tenders came in.

**Quantity decid-  
ed by the Min-  
ister.**

19161. And in your opinion, who decided it?—It was decided by the Minister.

19162. Your memorandum mentions that on the 13th of the same month you renewed your recommendation, and furnished a draft specification to be acted on if thought best: do you remember whether you, at that time, offered any recommendation whether it would be best or not, beyond what was said upon a previous occasion?—Well, I cannot say any more than is written here.

**Witness knew a  
large amount was  
involved in pur-  
chase of rails.**

19163. Did you understand as early as August, 1874, and while you were suggesting this purchase, that a large amount of money would be involved in procuring the material?—Oh, yes; because I knew that rails were expensive articles.

19164. In your experience, was it usual to enter into such a transaction without more than an informal conversation between the Minister and the Chief Engineer?—I take it there were more formal steps. He would, in all probability, consult his colleagues in the Government.

19165. That is your surmise?—Yes.

19166. I was not asking about that, I was asking about your experience?—This was an exceptional case. This was the first Pacific Railway we had undertaken to build.

19167. But you had other experience before the Pacific Railway was built?—Yes, I had.

**Minister can  
explain whether  
there was any-  
thing more than  
an informal  
conversation  
before entering  
on so serious a  
step.**

19168. I am asking about your experience?—I do not say there was no more than an informal conversation.

19169. Are you aware that there was anything more?—The responsibility was with the Minister, and he can explain whether there was anything more; I cannot.

19170. That is not answering my question, Mr. Fleming, do you think it is? I am asking whether you are aware of anything?—I take it, if there had been anything more that I was aware of I would have made a memorandum.

**In case of In-  
tercolonial  
written reports  
by witness and  
commissioners  
made before rails  
were purchased.**

19171. Then what is your answer?—I have given my answer and it is taken down. In the case of the Intercolonial there were reports on the subject from the Commissioners as well as from myself.

19172. You mean written reports?—Written reports advising the purchase of rails. There was nothing in this case that I remember of

Purchase of  
 Rails—  
 Contracts Nos.  
 6-11.

except the specification that I prepared. An order was issued to advertise for tenders.

19173. That, I understand, was a step in the actual transaction. I am not asking you now as to the steps in the transaction after it was commenced. I am asking you now for steps, if any, which occurred before the transaction was commenced, and which may have made an impression on the Minister's mind?—There may have been many Orders-in-Council passed in connection with the Pacific Railway that I am not aware of. This memorandum gives the history of it, as far as I know, and I would rather trust to this memorandum than to my own recollection a great deal—very much rather.

19174. I understand that you have had experience in a position somewhat similar to this in at least one other railway?—Yes; I have had some little experience in those matters.

19175. In your experience have you known transactions of this kind, and for a large amount, to take place without anything more formal between the engineer and the Minister than a conversation or conversations?—When the conversation took place it was not known how large or how small the transaction would be. We only asked for 5,000 tons of rails in the advertisement. The transaction grew a large one at a later date.

19176. Do you mean that to be an answer to my question?—Yes.

19177. Taking the quantity to be only 5,000 tons, am I to assume from what you say that you have known transactions of that kind—5,000 tons transactions—without anything more formal than a conversation?—The Government were not bound even to take 5,000 tons.

19178. Do you think that is an answer to my question? Surely, Mr. Fleming, you do not think I am asking what the Government were bound to do?—I do not know what you are aiming at. I am endeavouring to give the facts as far as I can give them.

18179. And you say that in this case they were not bound to take more than 5,000 tons, and that you assume that to be an answer to my question?—It is much easier to ask questions than to answer them sometimes. I am quite willing to answer all questions that I can.

19180. I am sure of that, Mr. Fleming, and I have no desire to get more than your own recollection and view of the matter as you remember it. You have mentioned the fact that in this case the Government was not bound to take more than 5,000 tons, as though that were a material part of the answer to my question: now that it is reduced to 5,000 tons, have you, in your experience, known of 5,000 tons of rails being ordered without anything more than a conversation between the Minister and the Chief Engineer?—I do not at this moment remember any instance.

19181. Then the reducing of the quantity to 5,000 tons was not material?—I do not know whether it was or not.

19182. In deciding to recommend a purchase of rails because the price was low, did you take into account at that time the probability of the period at which they would be required for use?—Doubtless I did.

**Purchase of  
Rails—  
Contracts Nos.  
6-11.**

Principal reason why rails were purchased, their low price.

**Time when they would be required was material, but witness settled in his mind that the transaction was a good one.**

19183. Do you remember at what time it was expected they would be used, or any considerable portion of them?—The principal reason why the rails were purchased was the supposed low prices. That was the chief reason. The rails would be required some time or other before very long.

19184. The time at which they would be wanted would be a material element in the problem?—Yes; I suppose it would.

19185. Then, I am asking whether, it being a material element, you settled upon it in your mind?—I settled upon it in my mind that the whole transaction was a very good one.

19186. You do not mean irrespective of that element?—Including every consideration.

19187. Then, as to that particular feature, how did you settle that?—It is impossible for me to tell at this hour. If you had asked me the question seven years ago I might have been able to answer it.

19188. This is a very large transaction, or became a large transaction, after your first recommendation, and it evidently occupied your mind as long ago as March, 1876, and you then made a formal memorandum of the circumstances which led to the purchase?—It has been banished from my mind for years until now.

**Cannot say when he thought the rails would be required.**

19189. Can you say now at what time you supposed they would be required when you recommended them to be bought?—I cannot say what my calculations were at that time of day. I cannot now say what they were at that time.

**Quantity not fixed until after the tenders were received.**

19190. I have gathered from what you said a little while ago that at the beginning, when you recommended that some should be purchased, you had no idea of the quantity that might probably be purchased, and that the quantities were settled upon afterwards; now, after the tenders came in, and after the Government decided to make purchases, I think that you added that even then you made no recommendation as to the quantities: am I right as to that impression?—You are pretty nearly right. The quantity was not fixed until after the tenders were received.

19191. Then after the tenders were received, did you take the responsibility of recommending the quantities to be purchased?—Whether I did or not, I certainly would have recommended the purchase if I had been asked at that time.

19192. The purchase of what?—The rails.

19193. The purchase of what quantity?—50,000 tons.

19194. As a matter of fact, do you know whether you did recommend any quantities?—I have no doubt whatever that I said to Mr. Mackenzie: "You cannot purchase too many rails at that price."

**Thought the rails had reached bottom.**

19195. And that recommendation, I understand, was based entirely upon your idea of the price at that time being as low a one as they would reach?—From all I could learn, it appeared that rails had reached bottom, and there would be a rebound immediately. I have no hesitation in saying that that was my impression at the time, although it did not prove so. These rails had fallen from £18 a ton down to £10 a ton, and remained at £10 a ton some six months, and no one in the trade expected it would go any lower.

**Purchase of  
Rails.  
Contracts Nos.  
6-11.**

19196. When you speak of no one in the trade expecting, you mean according to the information you received?—Of course.

19197. As a matter of fact you had not had communication with any one?—I only spoke through information in my possession. As far as the information in my possession goes that was the fact.

19198. In this memorandum you say that in addition to the above quantity of 40,000 tons it was arranged to accept the most favourable terms for the delivery of rails free on board in England for transportation to British Columbia: how did you ascertain that those terms were the most favourable terms at that time when this new 10,000 tons were purchased?—It will be stated in this memorandum. I cannot tell you now.

19199. Did you take any part in ascertaining whether more favourable terms could be got for that second purchase for British Columbia?—I do not remember.

Does not remember whether he took any part in ascertaining whether more favourable terms could be got for the rails for British Columbia.

19200. Do you think you took that as a matter of course, or do you know whether you investigated before making that recommendation?—I really do not remember.

19201. It may have been taken for granted by you without making any investigation?—Possibly.

OTTAWA, Thursday, 14th April, 1881.

SANDFORD FLEMING'S examination continued:

*By the Chairman:—*

19202. We were speaking yesterday of the transactions connected with the first purchases of the steel rails: do you remember whether you took any part in the making of the purchases beyond the reports of which you spoke yesterday, and the suggestion mentioned in your memorandum of March, 1876; for instance, did you take any part in deciding who should get the contracts, or how they should be fulfilled?—I think the abstract of tenders would give some information on that point. Looking at the abstract I see that I was not present when the tenders were opened. They were opened by Mr. Trudeau and Mr. Tilley on the 17th November, 1874; however, they were passed over to me, and on the 19th November I reported on them, which report I now hold in my hand. (Exhibit No. 117.) I have no recollection of taking any part in the arranging of the contracts.

19203. As far as you understand the matter, are you of the opinion that the quality of the rails was according to contract?—As far as I know the quality was strictly according to contract. I see a letter dated 11th February, 1875, from Mr. Sandberg, who was appointed to inspect the rails; and my correspondence with Mr. Sandberg after that, I have no doubt he was appointed on my recommendation.

Quality of rails according to contract.

19204. But on the main point you are of the impression that they were satisfactory?—Yes; I have no reason to think otherwise—no reason at all.

19205. I suppose that matter would be one within your jurisdiction as Chief Engineer would it not?—Yes; that came within my jurisdiction.



**Purchase of  
Rails—  
Contracts Nos.  
61-1.**

The rails  
thoroughly  
inspected.

19206. Does any other matter occur to you connected with those rails which you think ought to be mentioned by way of evidence?—Nothing occurs to me. I may say that they were subjected to a very rigid inspection by one of the best rail inspectors in England, Mr. Sandberg; and I have reason to think that the inspection was thorough. Samples of the rails were sent out here and could be exhibited to the Commissioners at any time. They were twisted about as if they were made of lead instead of steel.

19207. It appears that at the first invitation for tenders the time named was very short: did you take any part in settling upon the opportunity that would be given to the public for competition?—I do not think I was consulted on that; I took no part in it.

Cannot explain  
why time was so  
short at first,  
or why it was  
enlarged.

Diagram show-  
ing fluctuations  
in price.

19208. Do you know how the time was so short, in the first instance, and why it was enlarged afterwards?—No; I cannot explain that matter. I have in my hand and I produce a printed diagram furnished by Mr. Sandberg showing the fluctuations in the price of rails, both iron and steel; in the case of iron since the year 1855, and in the case of steel since they were first made in 1861. It shows, among other things, the great fall from the year 1873 to the year 1874, and then the equally great fall from the year 1874 to the year 1879, and the position last year. (Exhibit No. 291.)

19209. This diagram is not dated, but from the shaded line it appears to give information as late as the end of 1878: is that the way you understand it?—It gives information to the year 1880; from 1878 up to 1880 has been put on by hand, not printed.

19210. The printed portion ends with the year 1878?—Yes.

19211. Was this part which was put in by hand put in before it reached you?—I think it was put in by Mr. Sandberg.

**Georgian Bay  
Branch—  
Contract No. 12.**

19212. As contracts Nos. 6 to 11 inclusive, touch only a subject on which you have no more to say, we will proceed to the next contract, No. 12, which relates to the Georgian Bay Branch: do you remember what part you first took in that matter?—I do not know, I am sure; there is some correspondence.

Under 37 Vic.,  
chap. 14, Georgian  
Bay Branch con-  
sidered part of  
Canadian Pacific  
Railway system.

19213. In the first place, do you remember that you understood that to be part of the Canadian Pacific Railway system proper?—Yes; I think under the Act it was treated as part of the system. Under the Act 37 Vic., cap. 14, the Georgian Bay Branch was considered part of the system.

19214. The termini of this branch appear to have been established by an Order-in-Council: do you remember whether you took any part in recommending the termini as the best available ends of the branch?—I remember taking some part. I recollect pointing out we could not exactly define the point, and it would be better to make it within the limits of four adjacent townships, which townships, if I remember right, were lettered A, B, C and D.

Witness did not  
recommend the  
general line let to  
Foster.

19215. Did you recommend the general line which was let to Mr. Foster as being one desirable to locate for the purpose of this branch?—I did not.

This done by  
Order-in-Council.

19216. Do you know how the direction and location of that was established, and why the Engineer-in-Chief was not asked to report?—I understand it was by Order-in-Council.

Georgian Bay  
Branch—  
Contract No. 12.

19217. Do you mean that you were not consulted verbally or in writing on the matter, nor asked to make any report?—I cannot say I was not consulted. If I remember rightly, Mr. Hazlewood, who had finished his connection with the Intercolonial Railway, was asked by the Minister—but this is not of my own knowledge. It has come to my knowledge that Mr. Hazlewood was asked if a line could be built from one point to another, and he made a reconnaissance of the ground and said that it could. On that information an Order-in-Council was passed.

Hazlewood said  
line could be  
built.

19218. That you understand to be the origin of this location?—Yes; these points are named in an Order-in-Council, whatever date it may have.

19219. Was Mr. Hazlewood under you at that time: was he of your staff?—He had been under me before, and may be considered under me then, although I have no recollection of all the circumstances that then occurred. I do not know whether I instructed him, or whether he got his instructions direct from the Minister.

19220. Do you remember whether you were in favour of that branch, judging the matter from an engineering point of view?—I never could see the immediate necessity for it, I must say.

Could not see  
the immediate  
necessity for  
Georgian Bay  
branch.

19221. When you say immediate you mean at the time it was contracted for?—I could not at that time see the immediate necessity for it.

19222. Who was the person to whom the Government looked at that time for engineering views on all matters connected with the Pacific Railway?—They looked to myself.

19223. Did you give them any engineering views upon this matter?—I am not sure that I was in Ottawa at the time that the views were wanted, but the correspondence that I have sent for will probably bring that matter back to my recollection.

19224. Were you then aware of any engineering reasons for the selection of this particular line which was contracted for by Mr. Foster?—I do not think the line was selected on engineering grounds—at least not altogether.

Line not selected  
altogether on  
engineering  
grounds.

19225. Well, if it was partially so, the reasons upon which it was partially so would be useful?—It was ascertained by the examination made by Mr. Hazlewood that there were no special engineering objections, Mr. Hazlewood having been employed to walk over the country.

19226. In fixing the contract with Mr. Foster, you are aware probably, that certain gradients were made absolutely indispensable?—There were certain maximum gradients stipulated in the contract. I read from the contract:

"Gradients and alignments shall be the best that the physical features of the country will admit of without involving unusual or unnecessarily heavy works of construction, with respect to which the engineer will decide; but that in no case will the gradients exceed 1 per 100 ascending westerly, or 1 in 200 ascending easterly, and the engineer shall, in all cases, decide where the maximum gradient will be allowed."

In no case the  
gradients to  
exceed 1 per 100  
west, or 1 per  
200 east.

19227. Are you aware whether there had been any such examination of the country as would make it certain, or probable, that such maximum gradients could be obtained?—I think there had been such an examination.

**Georgian Bay  
Branch—  
Contract No. 12.**

Hazlewood examined country summer of 1874, and reported to witness who reported to Hon. A. Mackenzie, no difficulty in obtaining a fair line with easy curves between Pembroke and Lake White Partridge.

19228. Who do you think made that examination?—Mr. Hazlewood, a gentleman in whom I had the greatest possible confidence. Mr. Hazlewood made an examination of the country in the summer of 1874. Mr. Hazlewood reported to me at different times during that year: the 14th of July, the 5th of August and the 15th of September. At the close of the season, on the 6th of October, when he returned, I reported the result of his examination to the Minister, and I now put in my report of the 6th of October, 1874. (Exhibit No. 29.) I have not, at this time, read over this report, but I see in one paragraph, the third last, the following words referring to what Mr. Hazlewood saw: "He thinks there would be no great difficulty in obtaining a fair line with easy grades and curves between Pembroke and the Lake White Partridge, at which latter point the examination to Renfrew branched off." In another paragraph I see it stated: "The grades and curves will be extremely easy." That is with reference to the valley of the River Bonnechere.

**Witness trusted  
to Hazlewood.**

19229. The locality you name is not affected at all by this contract with Mr. Foster: my question was directed to that portion of the country covered by his contract, and I ask if you are aware whether any information had been obtained which showed such gradients as the specified maximum gradients were obtainable?—These gradients were fixed on the information furnished by Mr. Hazlewood. He believed that those gradients could be secured. I did not make the examination myself; I trusted to him and had every confidence in him.

19230. Do you know where there is any evidence now that he made such an examination as would give that information: up to the present we have not had any?—The paper I hold in my hand—

19231. But that speaks of country which is not affected by this contract. You have defined the lines between two points?—I have mentioned two points, but the other points are mentioned in this letter—that is the concluding paragraph. I have not been able to read it through, but the words I have quoted caught my eye. I have now read the portion of the report respecting the country covered by the Georgian Bay Branch, and I may quote, as follows, from the same:—

**Witness reads  
that portion of  
his report relating  
to Georgian  
Bay.**

"Mr. Hazlewood proceeded first to Parry Sound district and travelled by the road laid from Lake Rousseau to Lake Nipissing. He selected the corner posts between lots 158 and 159 as the initial point, and started from that place on the 1st of July on a direct course for the mouth of River French, a distance of about 60 miles. He reports the country between these points as being favourable for railway construction, no obstacles of any importance presenting themselves, except near River French, where the heaviest rock excavation will be necessary. The streams to be crossed are few and unimportant, and there is an ample supply of good stone. The land, as a general rule, is level, and, as far as could be judged, much of it adapted for settlement. The timber is large and valuable. Pine, apparently of a fine quality, is to be had in abundance. The mouths of River French were reached on the evening of the 7th of July. \* \* \* On the 17th of July he left the Nipissing road and walked in as straight a course as possible easterly towards Pembroke. About one and a-half miles from the road, he crossed the River Comonda about twenty-five feet in width flowing in a northerly direction. A short distance further up, he turned to the westward. For the first eight miles some rough ground was encountered, but with a little time and care Mr. Hazlewood is convinced that a good line may be secured. At ten and a-half miles he crossed the River South or Namanitagog, seventy-five feet in width, and eight feet deep; and at sixteen and a-half miles, again crossed this river, fifteen feet in width. From the latter point he followed the general course of the River South to about the twenty-first mile. At seventeen and a-half miles he came upon a large deposit of gravel, the first seen between this point and River French, a total distance of seventy-seven miles. At the twenty-first mile the River South was lost sight of, but at the twenty-fourth mile a brook was crossed which he took to be one of its heads, and at the twenty-sixth and a-half mile crossed

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what he supposed to be the other head. This latter stream he followed to the twenty-eighth mile, where it was finally lost sight of. The valley of the River South from this point (twenty-eight miles) back to the eighth mile is wide, and offers no serious obstructions to the location of an easy line through it. About the twenty-ninth mile he reached the water-shed. Here the aspect of the country changes a little; the ridges were less elevated and his track crossed them at an angle, instead of running with them as heretofore. At the thirtieth mile he crossed a brook running north-easterly, and a mile further on passed a lake having its outlet in the same direction. At the thirty-fifth mile he reached Creek Nipissing, an important lumbering stream; at the point of crossing it is fifty feet wide. All the streams from the thirtieth mile flow into this creek. Mr. Hazlewood said he would anticipate no difficulty in getting from the valley of the River South to the valley of Creek Nipissing, the water-shed between them being quite low. \* \* \* Speaking generally of the country walked over between River French and Lake Burnt"—

A little beyond the eastern end of the Georgian Bay Branch—some twenty miles beyond the eastern end of the Georgian Bay Branch, probably:—

"Mr. Hazlewood remarks that he feels quite safe in stating that the railway could be located on a very direct course between these points—in fact, that the departure from a straight line would probably not increase the distance more than 5 per cent. He reports a large quantity of good land met with, covered generally with a fine growth of timber, consisting of pine, maple —"

And so on. 'That is all that refers to the Georgian Bay Branch proper.

19232. You gather apparently from Mr. Hazlewood's letter to you that the line easterly from that initial point was over rather a level country: that very few obstacles were presented?—Yes; and I am still of the same opinion. The line easterly from initial point over rather a level country.

19233. Are you aware that after the contract was entered into with Mr. Foster he stated to the Government it was impossible to obtain these maximum gradients, and asked that the contract should be qualified in some way, so as to relieve him of that condition?—Yes; I think I remember that, and I am almost certain that I reported on the subject at the time.

19234. In a letter of the 20th of December, 1875, from Mr. Foster to the Minister of Public Works he asks for concessions from the Government concerning this contract. Among other things he states that the surveys of the branch were commenced at the westerly end, and such difficulties were encountered in obtaining the desired gradient of twenty-six feet per mile ascending eastward, that a re-survey of the ground had to be ordered, upon which a large party of engineers were still at work; and Mr. Shanly reported, as I understand, that it was impossible in that locality to obtain these gradients: have you any reason to change the opinion which was expressed in your report about that time to the effect that they could be obtained?—Mr. Shanly reported on the 26th of October, 1875, from information not obtained personally, but through a Mr. Harris who was employed by Mr. Foster. That letter was forwarded to me for my report. I reported on that letter on the 17th of November following, which report sets forth the views I then entertained. It is not long and I will be very happy to read it. I will quote from the letter if you will allow me. I will quote the second paragraph: 20th December, 1875, Foster wrote pointing out difficulties in way of required gradients.

"I have given this subject my best attention and have had the advantage of the views of Mr. Ridout, the engineer in charge of the work, and Mr. Hazlewood, the gentleman who made the original reconnaissance of the country. It does not appear that the surveys made under the direction of Mr. Foster have yet extended over the whole length of the proposed line. They have, as far as I can learn, been confined to the work of two survey parties, one working easterly from French River, the other working westerly from Renfrew. When last heard from the two together had made Witness's report on Foster's representations.

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Branch—  
Contract No. 12.

a preliminary survey of the extent of some 140 miles, while the whole distance between French River and Renfrew is about 210 miles. It thus appears that about one-third of the whole distance has not yet been surveyed in any way. It is frequently necessary and always advisable to make exhaustive surveys before deciding on the rejection or adoption of any particular line, specially in a country such as the one upon which the proposed railway is to be built. While I have no doubt that a line could be found on a lower general elevation in the direction indicated by Mr. Sharly (that was a line by the Ottawa and River Matawan, a considerable distance to the north), I am not, by any means, satisfied that a line coming up to the condition of a contract cannot be secured on the general route shown on the contract plan. The proper course, in my judgment, is for the contractor to carry on the surveys with every possible energy, until a line coming within the terms of the contract be found. There is no necessity for adhering rigidly to the exact line drawn on the contract plan. This was never intended. That line was simply to show the general direction of the intended railway. It would be sufficient, in my opinion, that the line, when found, should run in a fairly direct course from the termini to a central point in the space lettered on the plan A, B, C and D."

Witness recommended that contractor should carry on the surveys until a line within terms of contract was found.

19235. I understand that you adhere to the opinion suggested in this letter, that there was no reason to abolish that contract upon the ground that the maximum grade could not be obtained which was there prescribed?—That was then my opinion.

19236. Have you any reason to change it since?—I am not here to express an opinion. I am not expressing an engineering opinion now; I am speaking of what I did then.

Not prepared to give an opinion on short notice.

19237. And you think you ought not to give an opinion now?—I am not prepared to give an engineering opinion on short notice.

19238. While you were Engineer-in-Chief of the Canadian Pacific Railway, do you remember that you came to a different opinion from that explained in this report?—I do not remember that I ever came to any different opinion.

19239. Upon the question which you raise now, as to the nature of your evidence, I may say that as you are subpoenaed as a skilled witness and at a higher daily allowance than an ordinary witness, we think we are entitled to your opinion upon the matter upon which you are skilled, that is, such an opinion as you can give at the moment?—I am not in the habit of giving hasty opinions. To give an opinion that would be worth anything I would require to consider the matter very fully.

19240. I am only mentioning this so that we may understand each other in the future: we do not want to get deliberate opinions from you while you are in the witness box, but if there is any matter upon which you can there give an opinion as a skilled witness we may have to ask for that opinion?—I am not at all desirous of concealing anything, even my opinion if I have any opinions; but one cannot form opinions so rapidly as you would appear to imagine.

Witness not prepared to give opinion without due consideration.

19241. I am only mentioning this so that you may be governed by it in whatever way you think proper hereafter if such questions again arise?—I may say, I would like it to be understood I am not prepared to give any fresh opinions now without due consideration, and I do not wish to conceal anything that has passed.

19242. Do you remember whether, while you were Chief Engineer, you were asked for any further report on the necessity of cancelling the contract on the ground of the difficulty of the gradients?—The written records may show, but I have no recollection of it.

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19243. It appears that this contract was at first cancelled by the Government, and the question arose as to how much Mr. Foster ought to get from the Government, if anything, on account of his expenditure, and I believe you were asked to give your report upon that matter: do you remember the substance of that report, and the grounds which you had for it?—No; I should like to see the report. There is an Order-in-Council of March 8th, 1876, mentioned here in this report, I would require to see. I have sent for some information on this point. I think it is more likely that Mr. Ridout, who was in charge of that particular work, will be able to bring with him the information that is desired. It is only right that I should draw your attention to a letter of mine of the 9th February, 1877, with regard to gradients of the Georgian Bay Branch. In that letter I give my hurried views with regard to the survey made by Mr. Lumsden, subsequent to the other surveys, and I state in that letter that “the light gradients ascending eastward which they expected have not been obtained.” That is the point that I wish to bring under your notice.

In a letter dated 9th February, 1877, pointed out that the light gradients ascending eastward had not been obtained as expected.

19244. In this letter you intimate to the Minister that the gradients which you had at first expected were not obtainable?—No; not that they were not obtainable, but that they had not been obtained.

19245. This was on Mr. Lumsden's location?—Yes.

19246. Was that nearly in the same locality as the one commenced by Mr. Foster?—Yes; I think it is over the same ground, because it refers to the terminus lettered A, B, C and D, and on the opposite page, No. 24, there is a description of that survey by Mr. Smith.

19247. If I remember, the line as let to Mr. Foster commenced at the mouth of French River and this commenced twenty miles eastward, avoiding some of the sixty miles of country which Mr. Shanly reported as being so difficult?—That was an afterthought on the part of Mr. Foster or some one else. It was discovered that the French River might be rendered navigable from Cantin's Bay, and a survey was made instead of from the mouth of the river from Cantin's Bay to the central point in the townships A, B, C and D.

It having been discovered that the French River was navigable to a point known as Cantin's Bay, the survey was made not from the mouth of the river but from this point.

19248. The point to which I draw your attention now is that the substance of Mr. Shanly's report is that the prescribed gradients could not be obtained, and Mr. Lumsden's survey commenced twenty miles further eastward, therefore the country between those two points, twenty miles apart, is not affected at all by this new survey?—No.

19259. I mean they do not touch the correctness of the report by Mr. Shanly in any way?—I am not at all certain that you are right in that; because I am still of the opinion that the gradients could be had over that twenty miles if they were wanted.

19250. I am not saying that Mr. Shanly was right, I am only calling your attention to this: that the report of the survey commencing twenty miles up the river may not affect the correctness of somebody else's survey commencing at the mouth of the river?—The difficulties referred to by Mr. Shanly, as I understand it, were not on the twenty miles extending from Cantin's Bay to the mouth of French River, but at other points.

19251. That may have been so, but he alludes to the country starting—or, in his words, “advancing eastward from French River?”—I am very confident about that.

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**Lumsden's  
location.**

19252. Do you mean that this new location by Mr. Lumsden was over a portion of the same line as that let to Mr. Foster?—Yes; in fact this was still Mr. Foster's work—it was not out of his hands.

**Witness wishes to  
conceal nothing.**

19253. I do not so understand it. I understand the contract with Mr. Foster was ended in February, 1876, and this report was in February, 1877?—I formed my present opinion from a letter addressed to Mr. Foster. On reading the letter, however, I see it is on another subject. The letter I refer to is on page 24 on the top of the page. I misstated it in that particular. I draw your attention now to this letter because, as I informed you, I wish to conceal nothing, and I discover on looking over this paper that Mr. Lumsden had not obtained the gradients that we wanted to find.

19254. I wish to see whether that had any bearing on the previous line, because if it was on a different line it will not enlighten us?—It is practically on the same route, except on the western twenty miles.

**Lumsden's survey  
certainly showed  
it would be very  
difficult to get  
Hazlewood's  
grades.**

19255. Looking now at your letter of the 9th February, 1877, are you still of the opinion that the impression you got from Mr. Hazlewood's letters was the correct one, that is to say, that the gradients prescribed in the Foster contract were obtainable?—They certainly showed me that the difficulty in getting them was greater than I originally thought, but it did not prove that it was impossible to get them.

19256. Have you been over that portion of the line yourself at any time?—I have not. I had very great faith in Mr. Hazlewood, a faith that is not easily shaken, and he expressed himself very strongly about it.

19257. Since that, however, you have come to a different conclusion, as I understand it?—I do not think so. I have not said so. I have said that I learned from the survey of Mr. Lumsden that the difficulties were greater than I originally thought. I have a recollection of Mr. Hazlewood saying to me—I think in the presence of Mr. Ridout, but I am not very clear about that—"send me there, and I will get you the grades."

19258. Are you able to say now whether this money that was paid to Mr. Foster on account of his explorations and surveys, at that time when he had the contract for the Georgian Bay Branch, has been available to the Government in subsequent transactions?—To some extent.

**Foster claimed  
\$63,000.**

19259. Can you give any further information upon the subject of this expenditure by Mr. Foster?—Yes; I have made enquiries since the Court adjourned, and Mr. Ridout, who was in charge of that branch of the service, has brought certain papers here which show, among other things, that Mr. Foster had made a claim of some \$63,000, and produced vouchers for that expenditure in connection with the Canada Central extension and the Georgian Bay Branch. There is another paper dated 29th April, 1876, by Mr. Walter Shanly, addressed to the Deputy Minister of Public Works, Mr. Trudeau, in which he says with respect to the Georgian Bay Branch:

**Walter Shanly,  
on Foster's  
accounts.**

"I have the honour to certify that I have examined the accounts submitted by Mr. A. B. Foster, contractor, for his outlay and liabilities in connection with above, and amounting in all to \$50,966.27. The first item in schedule of accounts submitted is for construction of building wharf, &c., at mouth of French River, \$9,424.83. Of this I have no personal knowledge, the work having been done before Mr. Foster had engaged me as his consulting engineer; nor have I since visited the place.

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"For surveys amount expended \$31,838.15, the accounts for which I have examined and certify to the whole having been fairly incurred for the purposes detailed. In some of the details the charges are perhaps open to criticism as somewhat high, but taking the whole number of miles of line surveyed, 187, the total expenditure is by no means extravagant or unreasonable. The remainder of the account is made up of the following items: Head office and accountant's expenses, \$2,500; consulting engineer for service, \$2,500; 10 per cent. upon whole account, \$4,623.29, the last of which only calls for special explanation, and is intended to meet the sundry and various expenses incident to preparing for carrying out a large contract, and which though they cannot always be formulated into specific accounts and vouchers, notwithstanding, constitute a fair and first charge against the work. Taking the whole outlay, exclusive of that at the mouth of French River (which not having come under my cognizance I am unable to certify to), I consider it as fair and reasonable for the work performed. Mr. Ridout, the Government Engineer, can speak as to the structures and expenditure at French River.

"I have the honour to be, &c.,  
"W. SHANLY."

Now it appears that I conferred with Mr. Ridout—who is here and can give evidence if required—and reported on the 28th April. There is a little difficulty about the dates. Mr. Shanly's letter is the 29th; my report is the 28th April, and sets forth that I had made every enquiry into the subject and satisfied myself that in the event of the Georgian Bay Branch being proceeded with, the expenditure incurred would be available generally for the prosecution of the work.

Witness reported that expenditure would be available for work.

19260. Have you any means of knowing to what extent that expenditure was made available afterwards?—I require to consult with Mr. Ridout before giving an answer to that.

19261. Perhaps it would be as well for us to call him at some future time, if you have no means of knowing now?—I understand that a portion of this was immediately available - what amount I do not remember. The balance consisted of expenditure on surveys, as explained in Mr. Shanly's letter, and was represented by vouchers, pay-lists and certified accounts for supplies purchased, &c.

19262. It appears on page 17 of that printed Return, that the surveys altogether claimed by Mr. Foster amounted to an item of about \$24,000 for the Georgian Bay Branch, and about \$19,000 for the Canada Central; now in this last account which amounts to something like \$41,000, exclusive of the buildings at the mouth of French River, he charges for surveys \$31,838; and I understand you to certify that the expenditure incurred will generally be available in the prosecution of the Georgian Bay Branch: now from his detailed account he only claims \$24,000 to have been spent for surveys on the Georgian Bay Branch?—It may be a typographical error. That letter is dated February; the date I refer to is further on. The date of Mr. Shanly's letter is the 29th April, and possibly surveys may have been made in the meantime.

19263. It does not appear so from the general tenor of this printed Return. On the 8th February, 1876, Mr. Foster sent in an account for \$63,489, and that included Georgian Bay Branch survey \$24,532, and Canada Central extension survey \$19,125. Subsequently he gets an account passed which includes \$31,838, for surveys alone, and that is paid to him apparently, upon your letter that the expenditure incurred will be generally available in the prosecution of the Georgian Bay Branch?—I am not able to explain it. Possibly accounts may have come in after the 9th February, and he may have been justified in making that statement. Of course I attach great weight to the state-

Cannot explain how Foster gets an account passed on witness's letter for \$31,838 for surveys, whereas in his detailed account he had claimed only \$24,532.



Georgian Bay  
Branch—  
Contract Nos.  
13 and 46.

ment of Mr. Shanly, who had every opportunity of looking into Mr. Foster's accounts.

19264. Do you know why the line from the mouth of French River to Douglas which would include the Georgian Bay Branch proper, to the extension of the Canada Central, was adopted on the line which was laid down in these two contracts—I mean, for instance, going through the centre or near the centre of those townships A, B, C and D?—I think that is due to some policy of the Government which was never, that I remember of, very fully explained to me.

Route not chosen  
on engineering  
grounds, but on a  
route policy.

19265. It was not for any engineering reasons that that particular route was adopted?—It was not for any engineering reasons. My impression is that the Government—and I am merely making reference to the impression that has been on my mind—the Government had some idea of bridging the Ottawa so as to connect with the Occidental line on the eastern side of the Ottawa—bridging the Ottawa in the neighbourhood of Portage du Fort.

19266. That, you think, might be a reason for establishing the eastern terminus in that neighbourhood?—On the Georgian Bay Branch.

19267. It is not on the Georgian Bay Branch; it is, if anything, on the Canada Central extension?—Yes; I imagine that was the reason. They desired to have as direct a line as possible from the neighbourhood of Douglas, which is nearly opposite Portage du Fort, across to the mouth of French River.

Better line from  
an engineering  
stand-point  
farther to the  
north.

19268. Assuming the spot that you speak of to be a desirable terminus at the east, for this subsidized extension of the Canada Central, and the mouth of French River being a desirable western terminus for the Georgian Bay Branch, I wish to know if you are aware of any engineering reason why the line was taken through the centre of those four townships, and on the route which is generally laid down in these two contracts, one with Mr. Foster and one with the Canada Central Railway Co.?—I know of no engineering reason. I am satisfied that a better line, from an engineering stand-point, might have been had further to the north, but I imagine—and this must be taken as a surmise on my part—that the Government were desirous of bringing the line as far south as possible in order to make the connection with Toronto and Ontario as short as possible.

19269. I understand you were not asked to give any engineering report on the subject as to whether that was a desirable route or not?—No; no other reports than those I have already referred to to-day—the reports of Mr. Hazlewood's exploration.

19270. Does any of them touch this subject: whether that is a desirable route between French River and the eastern terminus you have described?—I was not called upon to ascertain which was the best route between the two points mentioned—Portage du Fort and the French River. If that had been the object I should have ascertained.

19271. Then I am to understand that that particular route was adopted for other than engineering reasons?—Yes; I think so.

Contract let on a  
walking exploration  
to save time.

19272. Do you know why in this case it was considered desirable to let the contract upon the route adopted without anything more than a walking exploration of the country?—I suppose it was to save time; I know of no other reason.

Georgian Bay  
Branch—  
Contract No. 13.

19273. And do you think it did save time?—I do not know. The line has not been built yet.

19274. But do you mean that it accomplished the object, that it saved the time by not having an instrumental survey?—I do not think it accomplished the object. It did not effect a saving of time at all events, inasmuch as the line is not now constructed, although four or five years have elapsed.

19275. The next contract is No. 13, for the portion of the line commencing in the neighbourhood of Thunder Bay. Before going into the particulars of this contract I would like to ask you if you would explain the reasons why that was considered a desirable terminus to choose as well as the reasons for laying down the course of the line that was then adopted westerly?—I think that is very fully explained in the printed report or printed evidence taken before the Senate Committee a year or two ago. My first effort was to discover a route which would touch Lake Superior at a point on its northern side eligible for a terminus on that lake, and which would give us the shortest distance between the prairie region and the navigation of the lake, while at the same time it would leave as little of the main line to be constructed easterly from the point referred to as possible. It seemed to me that if we could get a line direct from the prairie region to Nipigon Bay that the desired object would be accomplished, and every effort was made to discover a direct line; but these efforts failed, the country between Nipigon Bay and the interior directly west of it being exceedingly rough. Efforts were renewed to find other lines. One was tried to the north, following by Lake Nipigon and thence by Sturgeon Lake and other lakes towards Rat Portage, in fact exhaustive surveys were made in that direction, none of which proved to be entirely satisfactory.

**Railway Location—  
Contract No. 13.**  
First effort to find a route which would touch Lake Superior at a point on its northern side eligible for a terminus on lake, failed.

19276. You are speaking now of the country, as I understand, between Rat Portage and Lake Nipigon?—Yes; we were driven north of the rugged country that I have referred to. Another effort was made to find a line to the south of the rugged country by Shebandowan and what is known as the Dawson route. That effort also failed. Finally we found what seemed to be the best and shortest route between the waters of Lake Superior and the north side of Lake of the Woods, which route is practically the one now under construction. The surveys were not entirely completed at the time I refer to, but sufficient information had been obtained to satisfy us that the route was perfectly practicable; it would give us the desired easy gradients, and it would be the shortest line of communication between the points referred to.

Another effort made to find a line south of the rugged country by Shebandowan, also failed.

Finally route found.

19277. Which points?—The navigation of Lake Superior, Rat Portage and the prairie region. At that time, if I remember right, the public were impatient to have the Pacific Railway commenced, and the Government appeared to be equally desirous. Although the surveys were not completed it was thought possible to put a short section under contract. Hence section 13, I think it is named, on the one end, and section 14 on the other, were adopted and tenders were advertised for.

**Railway Construction—**  
Although surveys incomplete it was thought possible to put short section under contract.

19278. I do not know whether it is generally considered that the cost of the railway is a matter for consideration by that portion of the Department controlled by engineers: how is that?—Yes; it is a very material consideration.

**Railway Construction—  
Contract No. 13.**  
Cost of railway within Engineering Department.

19279. It is within the jurisdiction of the Engineering Department as a rule?—Yes.

19280. Did you consider, in adopting the particular route which was adopted in this case, the probable cost of making the road?—I did.

19281. Did you consider that, at the time the tenders were invited, the proper time had arrived, from an engineering point of view, to ask for tenders?—I considered that sufficient information had been obtained to justify us in inviting tenders under the circumstances.

19282. From an engineering point of view?—I preferred having the commencement of the work postponed a little later, but I was aware that the public were impatient to have the work started.

19283. Then do you mean that the work was started at the time it was for other than engineering reasons?—Yes; to some extent.

19284. And those reasons to some extent conflicted with engineering reasons?—To some extent they did so.

19285. I am asking you what you thought at the time?—I don't remember what I thought at the time.

19286. I understood you to say just now that the probable cost of the work was, within the Engineering Department, a proper question for consideration by the engineers?—It certainly is.

19287. Did you consider that the time had arrived when this work ought to be commenced, having due regard to the probable cost of it?—I did, under the circumstances I have explained.

19288. I do not quite understand what are the circumstances which you have explained?—Public grounds.

19289. Did those public grounds, as you understand it, make it desirable to commence the railway when engineering reasons would not have made it desirable?—Engineering reasons certainly weighed, but public reasons were stronger than engineering reasons.

19290. Do you mean that they outweighed the engineering reasons?—Yes.

19291. Then I assume, from what you said before about your position in relation to the Government, that you were informed by the Government that those other reasons were to prevail over the engineering reasons?—I do not think I was so informed. I think it was a matter of public notoriety.

19292. But public notoriety was not governing the transactions of the Department?—The officers of the Department had to be governed by the directions received from the Minister and the Government.

19293. Do you think that at the time section 13 was advertised the engineers had obtained sufficient information to enable the contract to be let at the lowest possible price?—Information was not so full as could be desired, and I do not know that they had obtained enough to enable them to let it at the lowest possible price, but it was sufficient for the purpose of letting it in the way in which it was let.

19294. At the time that the tenders were invited, I understand you to say that this particular section was expected to go to Shebandowan Lake, or further in that direction than it did go?—When this section was let it was expected that we would get a line through by Lake

Work started because public was impatient.

Time had come to commence the work on public grounds, which outweighed engineering reasons.

Shebandowan to Rat Portage, and the first contract was to construct the line from Fort William to a point in the neighbourhood of Lake Shebandowan. That, however, was changed afterwards. I should also add, now that it comes to my recollection, there was some idea of utilizing the navigable stretches of the Dawson route, for a time at all events, between Lake Shebandowan and Rat Portage; and it was thought important that one of those lakes—Lake Shebandowan or some other lake—should be tapped by the first link of the railway. It was, however, discovered that we could not obtain a continuous line of railway in that particular direction without an enormous cost, and the direction of the line was, some time after the work was commenced on section 13, changed. A portion of the section was abandoned, and the line branched off from a point called, if I remember right, Sunshine Creek, some fifteen miles to the east of Lake Shebandowan.

**Railway Construction—  
Contract No. 13**

When contract 13 was let it was expected to get a line through by Lake Shebandowan to Rat Portage; some idea of using the water stretches; line changed.

19295. I have gathered from what has already been said by other witnesses and the reports, that before the letting of this contract Rat Portage was considered to be an objective point; at all events it was a governing point on this route westerly from Lake Superior?—Yes.

**Rat Portage considered a governing point.**

19296. Then, at the time of letting this contract 13, it was understood that the railway to be finally located would probably go to Rat Portage?—Yes; but it was thought we would get another line to Rat Portage than the one ultimately adopted.

19297. At the time of letting this contract 13 it was not known whether the route of the railway from Lake Superior to Rat Portage would be by Lake Shebandowan and the water stretches, or by the route which has since been adopted?—It was not known.

19298. So that the letting of this contract at that time was experimental to some extent?—It was done before the route throughout was known.

Letting contract experimental.

19299. Do you remember whether the hope of getting a line by Lake Shebandowan to Rat Portage through the water stretches was abandoned and this more northerly one adopted, for engineering reasons, or was it for other reasons?—Since the line has been all surveyed the Dawson route was abandoned for engineering reasons and for reasons of economy.

19300. Were these reasons ascertained by a further exploration and examination of the country, or were they from a change of policy having reference to trade or settlement?—My impression is that these reasons were established by examinations of the country that were made. As I said before, we discovered that the line projected from Lake Shebandowan to Rainy River and thence across to Rat Portage, or some other crossing point of Lake of the Woods, was impracticable within any reasonable expenditure.

19301. Do you mean a more southerly direction?—A more southerly direction; yes.

19302. Have you considered how Thunder Bay compares with the mouth of the Nipigon as a terminus on Lake Superior, other things being equal?—My own preference has been given to Nipigon Bay as a terminal point on account of the better shelter, and for other reasons. Better shelter is found there, and there are other reasons; but we could not reach Nipigon Bay with so short a line of railway as we could Thunder Bay.

**Nipigon Bay a better terminus than Thunder Bay—but Thunder Bay reached by a shorter line.**

**Railway Construction—  
Contract No. 13.**  
Water stretches  
policy.

19303. Do you know whether, in abandoning the mixed route of water and land that you have spoken of, the question of its being available for all seasons was considered and was one of the grounds for giving the preference to the more northern route?—Well, I do not know as to that. I have no doubt it entered into consideration.

19304. Your consideration?—Oh, my own view has always been in favour of a continuous railway. I thought it desirable to utilize these lakes and navigable rivers as far as they could be rendered useful during the construction of the railway.

19305. But not as a permanent part of the route?—Not as a permanent portion of the route as far as the railway is concerned.

**Tendering.**

19306. Do you remember whether you took any active part in the letting of this contract, No. 13, originally?—I find by the paper in my hand (Exhibit No. 36) that the tenders were received on or about March 1st, 1875, and were opened in the presence of Mr. Braun, Mr. Rowan and Mr. Palmer. I was not at the opening of them myself, but I reported on them the same day, March 1st, and furnished the Minister with a statement respecting these tenders. There were thirty-seven in all, and the eight lowest are given here. Shall I read them?

19307. No, not all; read the first two or three?—The lowest was by E. A. Charters & Co., \$363,420; G. W. Taylor, \$397,520; Sifton & Ward, \$406,194; J. Wardrop, \$410,025; Steacy & Steacy, \$414,160; and so forth.

19308. Do you remember whether there was any decided change in the character of this work shortly after the contract?—The route was changed, as I have already said, beyond a certain point—beyond Sunshine Creek.

**Explains why he wrote that Charters & Co. should be passed over if Smith had not heard from him.**

19309. There is a short letter attached to the tender of Charters & Co. for this section, in which you suggest that he ought to be passed over if Mr. Smith had not heard from him: will you please look at the letter and explain the reason why you took any part in it, and what the object was?—I can only surmise what it means. I think it probable that the Minister was then very much engaged, Parliament being in session, in March, 1875, and the Secretary may have informed me that Charters, the lowest tenderer, had not accepted, and asked me what he had better do. In all probability I volunteered to ask the Minister if he might pass on to the next tender. I may have been going to see the Minister then, on other business at the House, or the Privy Council, and not being able to see him I sent in this memorandum.

19310. As I understand, it was not usual for you as the Engineer-in-Chief to take any part in the letting of contracts or the awarding of them?—It was occasionally done, but it was not usual.

19311. Then this letter does not refresh your memory as to taking part in any transaction which led to one party getting a contract ahead of another?—It does not.

**Railway Construction—**  
Thinks contractor had done little or no work between Sunshine Creek and Shebandowan at the date of change of route.

19312. Do you remember whether you ever had occasion to consider the amount of expenditure which was lost by changing the route from Sunshine Creek north-westerly instead of pursuing it towards Shebandowan—that is to say, the expenditure which was occasioned by the first intention to go to Shebandowan, and contracting for a part of the line which was not used in consequence of the change?—If there was any it was reported on. My impression is the contractors had done little

**Railway Construction—  
Contracts Nos.  
13, 15 and 25.**

or nothing between Sunshine Creek and Shebandowan at the date at which the change was made, and that the contractors were asked by letter if they would be willing to carry on the work on the new line or not. This I remember: the contractors preferred abandoning the new portion and shortening their contract some fifteen miles.

19313. According to your recollection, they had the option of continuing the same number of miles upon the new route that they had given up upon the first projected route?—I may be wrong in this; but I think the contract would provide for a change of route, because when it was entered into in all probability it was thought to be possible that the line would require to be altered.

19314. I think this is the first of a set of contracts, which were let upon estimates of quantities which turned out to be not very correct—13, 14, 15 and 25?—Yes; this is the first contract for grading, other than the Pembina Branch.

19315. I think upon all these numbers I have named the quantities which are mentioned in the specifications upon which tenders were invited turned out to be not very accurate?—Yes; it turned out that the quantities of work paid for, on sections 14, 15, and 25 I think, were in excess of the original estimate. I have made a report upon that subject, which I have sent for. I gave my careful attention to the whole question of excess in quantities, and advised the Minister to allow a re-measurement of the work to be made. A re-measurement of the work was made—a verification measurement—and it was reported on.

**Quantities  
inaccurate.**

**Re-measurement  
made.**

19316. Are you speaking now of section 13 particularly?—I am speaking of the different sections that you named. My report is dated May 19th, 1880, and there is another of the same date. These reports will give all the information that I possess. There are three reports dated May 19th, according to my own letter-book. One has reference to section 14, another has reference to sections 14 and 25, and another has reference to section 25.

19317. Do these reports touch sections 13 and 15?—They all bear on the question of excessive quantities.

19318. But not particularly on sections 13 and 15?—There is another one somewhere else. I never understood the excess was great on section 13, and the matter was settled in 1878, so that there was nothing to be gained by opening it up. The final payments had been made, I think, to the contractor. I am probably mistaken in supposing there is another on section 13. I find by another document in my hands a statement to this effect: In the case of section 13, the writer was not called upon to take any action, as the work had been completed, the contract closed, and the money paid before he returned to Canada.

19319. The next contract in order is No. 14, which, I understand, to be easterly from Selkirk?—No. 14 extends from Selkirk to Cross Lake, a distance of seventy-seven miles. Sifton & Ward were the contractors.

**Railway Location—  
Contract No. 14.  
Sifton & Ward  
contractors.**

19320. Would you give a short explanation, somewhat similar to that which you gave concerning 13, as to the reason for the selection of this particular locality or route?—The crossing of Red River was chosen for reasons given in my last report for 1880, page 204. We desired to get the most eligible line between that crossing-point and

**Red River  
crossing.**

**Railway Location—  
Contract No. 14.**

Rat Portage at the mouth of Lake of the Woods, and every effort was made to obtain it, and, as far as I know, the line is now constructed on the most eligible route.

**Crossing at  
Selkirk.**

19321. Was the selection of Selkirk as the crossing-point of the main line made, as you understand, from engineering reasons, or were you governed in any way by considerations of a political character?—It was not for political reasons, that I know of; it was recommended by me for reasons set forth in the report I have referred to.

**Reasons for  
choosing site of  
crossing based  
mainly upon the  
idea of floods  
damaging the  
crossing higher  
up.**

19322. Are your reasons, as far as you remember without going through the report, based upon an idea of floods damaging the crossing higher up the river?—To a large extent, mainly.

**Stone Fort feasi-  
ble but not so  
cheap as Selkirk.**

19323. Would a crossing at Stone Fort, or in that neighborhood, have been subject to the objection which you make to the crossing at Winnipeg?—A crossing could have been made at Stone Fort, but I do not know that it would have been so cheap. I do not know that it would have been any better, and it would not have served the public interest so well.

19324. As at Selkirk?—As at Selkirk.

19325. Then the selection of Selkirk in preference to some point as far south as Stone Fort was, at all events, due to some other reasons besides floods?—There are various reasons given in this report I refer to. The main reason is that which you named, the country in the neighbourhood of Winnipeg being subject to floods, as compared with the Stone Fort. I may be permitted to read one or two paragraphs at page 271, which would give the reply that you desire:

**Consideration  
controlling loca-  
tion of River  
Crossing.**

"Wherever the railway forms a convenient connection with the deep water of the river, that point will practically become the head of navigation of Lake Winnipeg. In course of time a busy town will spring up and the land on the town site will assume a value it never before possessed. To the north of Sugar Point, in the locality designated Selkirk, a block of more than 1,000 acres remains ungranted and under the control of the Government—this is probably the only block of land along the whole course of the Red River which has not passed into private hands or into the possession of the Hudson Bay Co.

"This large block of land abuts on the river, where a bridge may be constructed with least apprehension as to the safety of the structure in time of floods, and where its erection could, under no circumstances, involve questions of damages. Near the river there is a natural deep water inlet, which can easily be reached by a short branch from the main line of railway; along this inlet, and between it and the river the land is admirably suited for a capacious piling ground, vessels lying in the inlet are in no way exposed to damage from floods, in proof of which it may be mentioned that the Hudson Bay Co. have used it as a place of shelter for years past. They have no land, or buildings, or other property here, but they have found no safety in the open river near their establishment at Stone Fort, and at this moment the steamer *Cobville* and another vessel, all the craft the company have in these parts, are moored for the winter in the inlet, which indents the Government block of land. Thus there cannot be a question as to the eligibility of this point for sheltering shipping in winter, as well as for the purposes of navigation in summer.

"In conclusion, I may be permitted to say that these various considerations, in my judgment, control the location of the railway, and, guided by the facts I have endeavoured to lay before you, I am not able to recommend the Government to assume the responsibility of bridging Red River at any point where the proposed structure would be seriously imperilled, where prolonged interruption to traffic might be looked for on the occurrence of a disaster, the imminence of which no one can judge. I am strongly of opinion that the Pacific Railway should be carried across the river somewhere between Sugar Point and St. Peter's Church, and the circumstances which I have briefly described dictate that the crossing should be on the block of the Government land at Selkirk."

In another letter of mine, dated the 10th February, in reply to a document sent in by the Commissioner of the Hudson Bay Co., and printed

**Railway Location—  
Contract No. 11.**

at page 279 of the report for 1880, I find some reference to the same question that you are particularly enquiring into now. It is in reference to the difficulty of bridging at Stone Fort and to the existence of a block of public land at Selkirk. I quote:

"It is stated that the Stone Fort has never been submerged. This agrees with the information I have already submitted. One witness quoted by Mr. Balsillie (Mr. McDermott) testifies that the water rose on one occasion to within several feet of the top of the banks. From this it is clear that at extreme floods the water rises more than thirty feet. This is quite enough to indicate the difficulty there would be in erecting piers that would withstand the force of the swollen current; and in view of the causes and consequences of the inundation, it would, in my judgment, be out of the question to augment the disasters, even in the very slightest degree, by placing obstructions in the already too contracted water-way. There is no doubt in my mind as to the most eligible site for the Pacific Railway bridge, and the documents now submitted only confirm the view I hold; but, for argument sake, if we assumed that at the Stone Fort there exists a site in every respect as good as at Selkirk, there are other circumstances which the Government will recognize the importance of. At Selkirk there is a large block of land (over 1,500 acres) belonging to the Crown. In my report of 8th December I have said its area is over 1,000 acres, but it is really more than 1,500 acres. This block is admirably adapted for a town site, and it would be greatly enhanced in value by the location of the bridge within its limits. At Stone Fort the Government does not now control a single acre of land, and any benefit to property from the establishment of the bridge at that place would accrue to individuals, and mainly to the Hudson Bay Co., where they have 1,750 acres."

**Reasons against crossing at Stone Fort.**

19326. Do you think that your judgment upon that matter, as to the locality of the crossing, would have been the same if the Government had not owned the land in the neighbourhood of the crossing?—I think the existence of a block of land was an element. In the quotations which I have just read, I have said that a crossing might be made within certain limits—between Sugar Point and St. Peter's Church—how far apart I am not at this moment prepared to say, some miles apart, but the Government block of land exists between those limits.

**The Government owning land at Selkirk one of the elements controlling decision.**

19327. Am I to understand that the reasons would be convincing to you without reference to the ownership of the land?—As to the relative merits of points south of Stone Fort, it would—Winnipeg for example.

19328. But, as between Stone Fort and Selkirk, suppose, for instance, the owners of land near Stone Fort would give a grant of land to the Government, would that change your views?—I would see reason to modify my views. I would require time to consider. If the Government owned a large block of land at Stone Fort, it would alter the circumstances a good deal.

**If land at Stone Fort had been granted to Government would alter his opinion.**

19329. You see a block of land might be purchased at some other locality?—If you could purchase at a fair price, but even then it would not do to have large piers in the river; you would require a span.

19330. I want to get your judgment upon matters independent of the ownership of the land, because that does not seem to me just now to be a difficulty insurmountable. If the ownership of a large block of land was desirable, it might be advisable to purchase it. I want to know how far your judgment was based on the ownership of the land, whether that was a material part of the question in your mind?—It was an element, certainly.

19331. Speaking of land, I may as well ask here—because we have asked other persons—whether you have any reason to believe that any persons connected with the Department, or your staff, had any land in

**Alleged improper influence.**



**Location and Construction—Contract No. 14.**  
**Witness interested in no land near the crossing chosen.**

the neighbourhood, or whether that exercised any influence in the selection of the crossing?—I can speak for myself. I am interested in no land except at Stone Fort. I am the owner of a few Hudson Bay Co.'s shares, and if I am interested anywhere it would be in enhancing the value of land at Stone Fort.

19332. Were there any persons at all upon the staff, as far as you know, who were interested in the selection of a locality?—I have no hesitation in saying I do not know any one; I do not at this moment know who owns the land adjoining the block of 1,000 acres.

19333. Do you know whether a creek called Tait's Creek is a tributary of Red River?—I do; it is a small stream which flows into Red River.

19334. Near what point?—It is above St. Andrew's—a little south of the parish of St. Andrew's.

**Character of site of the crossing at Selkirk.**

19335. Is it near the proposed crossing at Selkirk?—Oh, no; it is nearer Winnipeg than Selkirk—at least it is just about midway between Selkirk and Winnipeg.

19336. It runs southerly towards the point you have named?—It runs somewhat southerly towards Red River, from the interior of the country.

19337. Is there a low portion of the country through which that creek runs, somewhere near the crossing at Selkirk?—I am not aware that it is particularly low, but I am aware that the overflow from Tait's Creek has passed north-east to the Red River; that is, perhaps, what you have reference to.

19338. Not altogether; that is connected with it. It has been suggested that the land itself through which the creek runs, and the neighbourhood of the creek, is so low that the bridge would have to extend a great distance from Red River, and be built over this low land?—I do not think so at all. I do not think it is lower than a few feet under the general level of the prairie—two or three, or five feet, just a gentle depression.

19339. My impression is that Mr. Rowan said it was about a 1,000 feet which would require to be bridged over the low land?—It may be 1,000 feet in length, but it is perfectly flat. It is a mere gentle undulation in the prairie, as I understand it, and as the measurements show.

**No serious engineering difficulty in the way of making bridge anywhere between Winnipeg and Selkirk.**

19340. Is there any serious engineering difficulty in making a bridge over any part of the Red River between Winnipeg and Selkirk?—I do not know any serious engineering difficulty. It is a matter of expense—a mere matter of cost.

19341. Well, upon the question of cost, are there any particular points where it would be very much more expensive than Selkirk?—It would be expensive to cross the river between Stone Fort and Tait's Creek in a way which would not interfere with the flow of the current through the Narrows there. It would be inadvisable to erect piers in the channel. It would require to be a clear span. I have not the plans before me, but they could easily be had, and the Commissioners could see for themselves the difficulty.

**The bridge at Stone Fort should be a clear span.**

19342. Do you think that at Stone Fort it ought to be a clear span?—It ought to be a clear span.

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19343. The water rises so high, it requires tall piers?—The water rises so high that, according to Mr. McDermott—perhaps one of the oldest settlers there, and still living—it rose within a few feet of the bank, a swollen current running like a mill race at high water.

19344. I think you mention in your report that that height of water would probably require about thirty feet for the piers?—No. I mentioned that if Mr. McDermott be correct (and I do not doubt it at all) the water rises about thirty feet. The freshet rises thirty feet above its natural flow.

19345. Do you remember what would be the length of the span if the bridge were built in that shape across the river at Stone Fort?—I do not remember even to 100 feet—400 or 500 feet I should think. It is probably given here in my report. I cannot find the place, but the documents can be sent for. We have sections of every part of the river.

Span would be  
from 400 to 500  
feet.

19346. Do you think that Selkirk would have been selected by you if it was understood that the railway would go south of Lake Manitoba, instead of north by the Narrows, as you intended?—I think so.

19347. That would have made no difference in the selection of the crossing?—No; not with the information that came into my possession.

19348. I do not know whether you mention it in your report, but perhaps you could say whether the fact of its being navigable from Lake Winnipeg to the crossing, in your opinion made it more desirable to have it there?—I read a reference to that, but I did not read it all. The river is actually navigable beyond Selkirk; it is navigable as far as Stone Fort, but the navigation is not an easy navigation. The river bends a good deal, and there is no flat on the margin of the river for erecting store-houses or piling lumber or any other kind of freight.

19349. Do you remember whether at the time the water stretches were considered available, it was contemplated in the Engineering Department of railway affairs that navigation might be obtained all the way to Winnipeg—through the River Winnipeg, for instance?—I do not remember having heard that that was ever entertained. The River Winnipeg is not navigable.

Water stretches  
policy.

19350. That was no part of the scheme at any time?—I do not think that formed a part of the scheme of any one. The lockage would be so tremendous that no one would ever entertain it, I think, seriously. I know that my views with regard to the crossing of Red River are somewhat obnoxious to the people who live at certain points of Manitoba, and I am sorry for it. I could not help it. I know also they have no faith in what I say, or they would not incur the expenditure on buildings, &c., in Winnipeg that they do. They seem to think that I am all wrong, but, acting in the public interest, I could not have taken any other course.

The navigation  
through to Win-  
nipeg via Winni-  
peg River no part  
of water stretches  
scheme.

19351. Instead of this location of the line which was covered by contract 14, other lines have been suggested and spoken of in the evidence before us: do you know whether there is any other line from Rat Portage in a southerly direction?—Yes.

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19352. Which might be made available?—Various lines were run through that country before we settled down on what appeared to me to be the best one—lines to the north and lines to the south of the one now constructed.

The southerly line suggested by Carre compared with present one, and found that the rough land was less, but the quantities greater and the total mileage more.

19353. There was one line which was spoken of by Mr. Carre, starting westerly from Rat Portage, following section 15 a short distance on the route now adopted, and then diverging southerly, by which a great deal of the rough country at the west end of section 15 and the east of section 14 could have been avoided and the open country much more quickly reached than by the one now followed: do you remember whether that was considered by you?—Yes; very carefully considered. A comparison was made as to the cost of that line with the one now constructed, and it was found that although the actual mileage of rough land was less in the southern one than the one constructed, the quantities were greater, and, at all events, taken with the increased total mileage, there was no economy but rather a loss in adopting that route. That is my recollection of it.

19354. I think he says in his evidence that against thirty-seven miles of the present route, forty-one or forty-two of that line could have been built at a saving of \$250,000; and I think he intimates that he has given the profiles and quantities to your Department showing that result?—All I can say is, it was from a careful consideration of the information produced by Mr. Carre, laid before me, not over thirty-seven miles or forty-two miles, or any limited section of either line, but the whole distance from Rat Portage to Selkirk, that I made up my mind that the other line was the best and cheapest. The figures may not have been accurate. I accepted them as being accurate, and dealt with them accordingly.

19355. Do you remember the circumstance of Mr. Carre making a report upon the line I speak of, and that being considered by you?—I do.

When Carre made his report the work had not proceeded so far as to make the amount executed a consideration against Carre's proposal had that been otherwise desirable.

19356. And do you think that that consideration took place before section 14 was settled upon as it is now located?—It took place while section 14 was under contract, but before it had proceeded very far. The work had commenced at the Selkirk end and the contractors were working in an easterly direction, and whichever route had been adopted between the point on which they were working and Rat Portage, it would have made but little difference to them.

19357. The fact of work having been proceeded with to some extent upon the then section 14 did not govern your consideration as to the expediency of adhering to the northern line?—Not to any great extent. It is just possible they may have done some little work, but it was not a very large quantity of work. I could not speak positively to that without seeing the papers.

19358. Could you say whether your reasons for selecting the northern route in preference to this southern one have been reduced to writing at any time?—I think a memorandum was prepared at the time and submitted to the Minister, showing the different calculations as to the cost of the several routes.

19359. Are you aware that there has been considerable discussion about the expediency of selecting the northern route as against the

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southern?—I am quite aware. It has come before me in the several committees of the Senate and the Commons, and it is fresh in my mind.

19360. Have you adhered to the opinion you express in this memorandum that the northern route was more economical than the southern?—I have never had any reason to change it. There was no object that I know of other than the engineering one in adopting the northern route.

19361. I understand you to say, substantially, that from an engineering point of view the selection of that route was the best?—It was a judicious selection.

Notwithstanding the great difference of opinion which he knows to exist, holds that the selection of route was judicious.

19362. Now, as to the expediency of putting it under contract at the time that it happened: do you say that the information which the Engineering Department had obtained was sufficient to enable them to ask for tenders and get the best offer that could be obtained?—I think it was sufficient for the purpose. We had not all the information we desired, but it was sufficient to let the contracts in that particular way.

19363. I gather from your evidence before one of the committees that you do not consider it necessary to have very exact quantities before calling for tenders?—It is always desirable to have exact information.

19364. But it is not always necessary?—It is not always necessary.

19365. Why would it be desirable?—Desirable so that there would be no disappointment afterwards. We have had instances where the supposed quantities were greatly exceeded in actual execution; that leads to disappointment and dissatisfaction. The contractors were, to some extent, disappointed. If we err in assuming the quantities to be greater than they actually turn out in execution, the contractor may say that he expected more profit from his work, and establish a claim for not getting a profit on work not performed. For these reasons it is desirable to have the quantities as exact as possible; but when it is in the interest of the country to proceed to work earlier than it is possible to get information, it is expedient to go on with it.

Desirable to have exact quantities before proceeding with work, but not essential.

19366. Assuming there are no other reasons than financial, is it material that the quantities should be obtained with something like accuracy?—It is desirable; it is not essential. If we had to wait until we had got the exact, precise quantities over the whole line, from Selkirk to Fort William, I doubt very much if the work would have been started to-day, or much before this present year. Every year, even after the contracts are let and the work half performed or well advanced, we make changes which are desirable—changes that alter the quantities, improvements in the line as we get information, as the country becomes cleared and we get fresh information.

19367. Do you think that the quantities were ascertained as carefully as under the circumstances of that day was possible before these tenders were invited?—Well, I can hardly say. My recollection does not go back to inform me whether the surveys were made in winter or in summer. I know that some of the surveys were made in winter when it was impossible to tell the nature of the ground, when it might have been muskeg or, in some cases, water, and if it turned out to be ground of that treacherous description it might affect the cost a good deal. On this very section—section 14—a good deal of it turned out to

Some surveys made in winter when nature of ground could not be ascertained, a great deal of which turned out to be muskeg.

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struction—  
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be muskeg, a great deal of it. If the survey was made in winter you would have some difficulty in telling how much of it was muskeg without going to the expense of boring through the frozen crust and ascertaining by that process.

19368. Besides the disappointment of contractors or owners of property, does not the accuracy of the quantities supplied to the tenderers sometimes affect the actual cost of the work, particularly where the offers are not consistent in the prices?—It would in some special cases, but as a general rule it cannot make much difference whether the quantities be strictly accurate or not.

19369. Do you think it would make any difference whether they were not even approximately accurate—whether they were altogether wild?—Well, I mean quantities that are not what you call wild.

19370. Approximately correct?—If you will allow me I will give an example. Take any of those cases in contracts that have been let on the Pacific Railway, I am not aware of a single instance where the result has been as you fear.

19371. You do not think, for instance, that that would alter the rank of tenders?—Not to any appreciable extent. That has been tested in every contract that has been entered into on the Pacific Railway, and it has been found that there is no great mistake committed.

There may have been some delay, but it is the habit of contractors at the close of a contract to magnify difficulties.

19372. I think on contract, No. 14, that the contractor has complained that the western end of the route was not located so that he could commence work at the proper time, and that in fact he had to transport his supplies over a link of five miles, or thereabouts, in order that he might proceed with the construction of the line further to the east than that?—Very likely, there may have been some little delay, but at the close of a contract I find contractors magnify those difficulties as much as they possibly can.

19373. Do you remember that the line was not ready next the Red River?—I do not say that it was. My recollection is not very clear on the subject.

19374. Have you taken any active part in the settlement of accounts connected with this contract?—I have taken some part. I have endeavoured to find out why there was such a discrepancy between the quantities said to have been performed and the first estimates—the assumed quantities on which the tenders were made.

Sifton, Ward & Co.'s claims on work done by Whitehead.

19375. Are you aware that besides the difference in the ordinary quantities over the line the contractor is making a very large claim for the finishing of the work at the east end by Mr. Whitehead—that he is claiming a large amount beyond Whitehead's price?—Yes; I have heard of that claim.

19376. Has that come under your notice for the purpose of settlement?—I have reported upon it, and I prefer to refer to that report rather than trust to my recollection. The report is dated 28th February, 1879, and in that report everything is considered. There is a list of the claims submitted by Sifton, Ward & Co., some of which I had dealt with by recommending they should be paid, but the majority I have rejected as being inadmissible.

**Contract No. 15.** 19377. As to the next contract in order, No. 15, can you say, in a general way, what sort of information had been obtained before asking

**Railway Construction—  
Contract No. 15.**

for tenders: this was somewhat later than section 14?—We had made various surveys through that section of country and arrived at what we considered the best position for the railway, and had a location survey made on that line, if I remember right, with cross-sections. I think all that was done in this case before the tenders were invited.

19378. Do you think that cross-sectioning had taken place before the advertisements?—I think so.

Line cross-sectioned before advertising.  
(See Ques. 19365.)

19379. Do you mean that the quantities to be obtained by cross-sectioning were available for the purpose of giving the tenderers that information?—I think in this particular case they were.

19380. My recollection is the cross-sectioning had taken place, but the results had never yet been made known. They had not been calculated? Possibly that is the case. I know a great deal of time was spent in making the location survey, and my instructions to the gentlemen who made the location surveys was to make frequent cross-sections.

19381. The nature of that country required cross-sectioning to give anything like accurate or even approximate quantities?—I think these cross-sections must have been made a couple of years before the tenders were invited.

Thinks cross-sections made a couple of years before calling for tenders.  
(See Ques. 19365.)

19382. The centre line would not give sufficient information to ascertain the quantities for the purpose of inviting tenders?—The cross-sections were mainly for the purpose of securing the best location.

19383. What I meant was that the nature of this country was such that it would require something more than a centre line to ascertain anything like approximate quantities?—Yes.

19384. In a flat country it is not very material; the centre line will give it sufficiently near?—Yes; but in this country it required some other means of getting approximate quantities. The cross-sections are not made solely for that purpose, but for the purpose of making a proper location. The changes from one hill to another were so frequent you could not make a location properly without them.

19385. But independent of that matter, would it not be necessary for the purpose of ascertaining the quantities to have cross-sections?—Not necessarily, because we had let contracts previously without them, but we required them more in that country than in any portion of the country we had let contracts in before.

19386. In a rough uneven country like this was it likely you would give anything like approximate quantities without the results of cross-sectioning?—You could not.

Could not in such a country give approximate quantities without cross-sectioning.

19387. Then, if the results of cross-sectioning were not known before inviting tenders, there had not been sufficient information to get approximate quantities?—I do not say they were not known.

19388. But if they were not known?—They must have been known.

19389. But if they were not known?—If they were not known the quantities could not have been very accurate.

19390. Could they have been accurate enough to ask for tenders based on the quantities?—They could be well guessed; it was a mere guess.

**Railway Construction—  
Contract No. 15.**

As a matter of fact great discrepancy as to contracts.

19391. As a matter of fact, I believe it is well known to yourself as well as to others who investigated it, that the quantities turned out to be very different from the specification and bill of works given to the tenderers?—Yes; as a matter of fact, it was so.

19392. How do you account for the discrepancy?—It is accounted for in some of my reports; I think I have mentioned them already to-day—those of the 19th of May. I made a special report on that very matter some time or other after investigating the matter. I find in my own letter-book a report on the subject. I have not the least idea of what it is, but I will be happy to read it. It is dated 16th May, 1879, and is as follows:—[Witness read the report.] (Exhibit No. 326.) Here is a report on the very matter you have been asking me about—the two lines from Rat Portage to Selkirk.

19393. What is the date?—It is dated May 20th, 1879, and is as follows:—[Witness read the report.] A copy of this will be produced, also copies of letters of Mr. Rowan and Mr. Carre referred to herein, will be furnished. (Exhibit No. 327.)

If line went to Winnipeg instead of Selkirk southerly line might have been the better.

19394. I suppose many of the reasons advanced in these reports concerning the expediency of adopting the northern line, would not apply if you thought you could go further south than Selkirk to cross Red River—if, for instance, some point between Stone Fort and Winnipeg had been adopted as a crossing?—Of course that would materially alter the conditions. If we were to go to Winnipeg, for instance, instead of Selkirk, it would possibly have been an advantage to take the southern line. I do not say it would. It would have been a matter of great consideration, at all events.

Witness mistaken in saying ground had been cross-sectioned before tenders were invited.

19395. Are you still of opinion that the information to be obtained by cross-sectioning was obtained before tenders were invited?—It appears from the letter I have just read that I must have been mistaken with regard to the cross-sectioning of the ground before the tenders were taken. In all probability my recollection is at fault, with regard to the cross-sectioning of the ground before tenders were received.

Filling at Cross Lake.

19396. Do you know whether you have made any special report, or given any special consideration to the question of filling Cross Lake: whether a little divergence would have been more advantageous and less expensive?—Yes; I have given it some consideration. I shall read you, in connection with that matter, a few paragraphs from a memorandum I prepared some time ago, and which I shall, if required, produce. It is as follows:—

Reasons for location of line in its neighbourhood of Cross Lake.

“The question has been raised that the writer caused needless expenditure by an ill-judged location of the line on section 15, in the neighbourhood of Cross Lake. There are points between the terminus on Lake Superior and the prairie region which govern the whole location. The geographical position of Lake of the Woods and the international boundary define Keewatin at the outlet of the lake to be one of these points. Selkirk, in the writer's view, is clearly another. The problem was to connect these points by the shortest, best and cheapest route. With the exception of a limited area of prairie or thinly wooded country near Selkirk the whole distance is forest. A great extent of the surface is rocky, broken and rugged, with many long narrow lakes, some of which it is impossible to avoid. Cross Lake, met some thirty-six miles west of Keewatin, is of this class. The country here, and for a long distance is exceedingly rough, and when the surveys commenced, it was a wilderness well nigh impenetrable. It was necessary, however, to find a railway line through it; not simply a line over which trains could be taken, whatever the cost of working them, but a railway which could be operated cheaply, and which would admit of the conveyance of farm produce to the eastern markets at the lowest rates, a result only to be attained by limiting the

gradients. This view has governed the writer from the earliest inception of the undertaking. In his published reports of January, 1874 he sets forth the paramount importance of finding a location with the easiest possible gradients running easterly. He directed attention to it again in his report of 1877 and again in 1879. Extracts from these reports are appended. This principle has been constantly kept in prominence and its importance has been generally admitted. It has been frequently brought forward during the last six years. The writer does not know any instance of a public man having protested against it or of any newspaper having taken exception to it although a great extent of the country between Lake Superior and the Red River is very rugged, the general elevation over long distances is not diversified. There are no great elevations or depressions to control the location and enforce the introduction of heavy gradients. Cross Lake is probably the only place on the 410 miles where any saving worth consideration could have been effected by a departure from the principle of light gradients, which it was found possible to apply generally. In the neighbourhood of Cross Lake a number of lines were surveyed. Ultimately the choice was narrowed down to two lines, connecting common points east and west of Cross Lake, about six miles apart. No. 1 crossed the lake at a high level and gave the desired easy gradients, none of which exceeded a rise of twenty-six feet per mile, and the longest being about one mile. No. 2 crossed the lake at another place on a lower level, but it involved a continuous ascent of two and three-quarter miles and sharp curves, with a rise of forty-four feet per mile. The lake, at the crossing No. 1, is 600 feet wide, and that of No. 2 fully 900 feet. For five miles east of the lake, the work is heavier on No. 2 than on No. 1; while at the lake, and for one mile west of it, the work is considerably the heaviest on No. 1. Although No. 2 would, upon the whole, cost less in the first place, No. 2 would undoubtedly in the end prove by far the most economical. After full consideration, line No. 1 was selected, and it is on this line that construction is now being carried on."

**Railway Construction—  
Contract No. 15.**

**Reasons for  
locating line in  
neighbourhood  
of Cross Lake.**

19397. Do you still remain of the opinion that the line adopted is upon the whole, the most desirable one in the public interest?—I think so. I have no reason to change my opinion.

**No reason to  
change his  
opinion.**

19398. Proceeding to the next contract in order, No. 16, with the Canada Central Railway Co., did you take an active part in the management of that, or was Mr. Ridout the Government engineer?—The origin of this appears to have been an Order-in-Council, dated the 4th of November. My recollection of it is: that the Order-in-Council was placed in my hand as an authority for action, and Mr. Ridout was appointed to look after the matter in detail, and still has the matter in hand.

**Contract No. 16.**

19399. Is there any matter about that which occurs to you as being desirable to explain?—Section 16?

19400. Yes?—No; I do not think there is anything.

19401. The next contract in order is No. 17, with Anderson, Anderson & Co.: that was for the transportation of rails to British Columbia?—I am afraid I cannot give you any explanation about that. It was not done through me.

**Transportation  
of Rails—  
Contract No. 17.**

19402. The next is contract 18, with the Red River Transportation Co.: do you remember whether you took any active part in the management of that?—I think I had very little to do with that.

**Tendering—  
Contract No. 18.**

19403. The first thing that has come to our knowledge on this subject is a letter from Fuller & Milne, dated April, 1875, at Hamilton, which was referred to you for your report?—I do not remember writing a letter, but this is undoubtedly my letter.

19404. Do you remember anything about the matter?—No, I do not; nothing more than is set forth in this letter. I acknowledge the writing to be that of Mr. Burpe, who did all the writing for me.

19405. It appears by the correspondence that on the 21st April, before you made this report upon Messrs. Fuller & Milne's tender, the Government had received a subsequent tender from Mr. Kittson, the



**Tendering—  
Contract No. 18.**

Cannot explain how he reported on Fuller's offer and not on Kittson's.

General Manager of the Red River Transportation Co., who afterwards got the contract; in this he makes an offer to do the same work but at a slightly higher rate: do you know how it came to pass that you reported on May 5th upon the Fuller offer of the 16th of April, and that no report was asked for on the Kittson offer of the 21st of April—does that refresh your memory in any way?—There may be some report that was not produced. I could not say there was any report.

19406. Do you remember, now that I have mentioned those circumstances, anything further about it?—No; I do not. Unless they were put before me, I do not know anything about it.

19407. Do you know any reason why at that time Mr. Kittson, or the Red River Transportation Co., should get the contract at a higher rate than Fuller & Milne?—I do not know any reason. I simply state in that report that their price does not seem to be unreasonable; but before accepting it I advise the Department to look into certain matters.

19408. Do you remember anything special about the contract with Moses Chevrette?—I think Mr. Hazlewood, who was resident engineer on that district, had instructions to make the best arrangements he could with respect to the erection of engineers' houses, and this is one of the arrangements made.

**Contract No. 20.**

19409. The next contract in order is No. 20, with the Merchants Lake and River Steamship Co.: it was for the transportation of rails and fastenings from Montreal to Fort William or Duluth during the season of 1875?—It occurs to me that tenders were invited for the transportation of those rails. As far as my recollection serves me, I had nothing to do with this, except, perhaps, the preparation of a draft of the advertisement asking for tenders. I think I prepared that advertisement, and perhaps I wrote a report pointing out the necessity of entering into an arrangement of this sort.

Does not remember.

19410. The origin of the transaction appears to have been an offer from Cooper, Fairman & Co. in the spring of 1875, and was made concerning 5,000 tons of rails or thereabouts. In the following year the transportation of a similar quantity appears to have been awarded to these parties, as far as we can learn, without competition: do you know whether there was any competition, or why it was necessary to do it in that shape?—I do not remember anything about it.

**Contract No. 21.**

19411. Is there anything special about contract No. 21, with Patrick Kenny, for the removal of rails to the Lachine Canal Cut from the side of the vessel, which you could explain?—I think that was done entirely by Mr. Trudeau.

19412. You have nothing you wish to explain or say about it?—No.

**Contract No. 23.**

Explains.

19413. As to the next contract, No. 22, with Holcomb & Stewart, for the transportation of rails from Montreal to Kingston, are you able to explain whether you took any part in it, and if so, what part?—It is a matter that was reported on in September, 1875. It appeared advisable, from enquiries made by Mr. L. G. Bell, who furnished the Department with a report on the subject the previous month, to store the rails at the Penitentiary Wharf, Kingston, instead of at the western end of the Lachine Canal, and I recommended that the forwarders in Montreal and Kingston be asked to state the rates at which they would

**Tendering—  
Contract No. 22.**

perform the service, so that the lowest offer might be accepted. I think that suggestion was acted on, and on the 20th September, I again reported on the subject, giving the replies received from different parties, namely: D. McPhie offering to carry the rails for \$1.35 per ton; from Holcomb & Stewart, offering to carry the rails for \$1.30 per ton; from Miller & Jones, offering to carry the rails for \$1.50 per ton. Holcomb & Stewart was the lowest, and it was accepted. Holcomb & Stewart proposed to make a reduction of 10 cts. per ton, provided the Government would assume the expense of unloading and piling the rails, and as the Penitentiary labour was available for that purpose, I thought it advisable to accept their offer; and I further recommended that a telegram be immediately sent to Holcomb & Stewart to proceed with the loading of the barges with the rails, and also to notify the Penitentiary authorities respecting the unloading of the rails by the convicts.

19414. Is there anything further that you wish to state concerning this contract?—Nothing further.

19415. As to the next contract, have you anything to say by way of explanation?—I have reason to believe that the cross ties were advertised and tenders received in the ordinary way, not in Ottawa, but at Fort William, by the district engineer, and the lowest tender accepted and the matter duly reported. **Contract No. 23,**

19416. Has it been fulfilled satisfactorily?—As far as I know the contract has been satisfactorily completed.

19417. As to the next in order, No. 24, can you give us any information?—On the 15th of May, 1875, I was authorized to instruct Mr. Hazlewood to enter into arrangements, on the most favourable terms, for the erection of a sufficient number of engineers' houses at points where they may hereafter be utilized in connection with the operating of the road, and I communicated that authority to Mr. Hazlewood. On the 30th of September, 1875, Mr. Hazlewood enclosed to me a copy of bond and contract for the erection of an engineer's house at the town plot of Fort William, the contractors being Oliver, Davidson & Co., the price being \$3,000, with some extra for plastering, \$83.70. **Engineers'  
Houses—  
Contract No. 24.**

19418. Has the contract been satisfactorily performed?—The contract has been completed.

OTTAWA, Tuesday, 19th April, 1881.

SANDFORD FLEMING'S examination continued:

*By the Chairman:—*

19419. I understand that you have looked over the evidence reported by the official reporters, and that you find one or two instances in which you think it ought to be substantially corrected: I believe one of those instances relates to the price of rails which had fallen from £18 to £10, and that you are reported to have said it remained at the lower price six months: do you wish to correct that answer?—Yes; I wish to leave out the word six. The rails remained for about six months at the price named, but I think the advertisement was put in the papers before these six months expired. **Corrections.  
Price of Rails.**

**Corrections.**

19420. So that they had been at the lower price for a shorter period than six months before advertising?—Yes; that is my recollection of it.

**Telegraph—  
Contract No. 31.**

19421. In speaking of the telegraph westerly from Fort George contracted to be done by Mr. Barnard, you said that it was then thought that Bute Inlet would be the terminus: do you wish to correct that?—I meant to say Bute Inlet or some point north of that.

19422. Is there any other part of your evidence that you think requires correction?—I think it is substantially as given.

**Tendering—  
Contract No. 25.**

19423. The next contract is No. 25, that was for the construction of a portion of the main line: the work on this section was submitted to public competition?—Section 25 was, I believe, advertised for in the usual way. According to a copy of the advertisement in my hand, the work was advertised on the 22nd of April, 1876, and tenders were invited on the 22nd of May following. Tenders were received on the 22nd of May, 1876. They were opened that afternoon in the presence of Messrs. Marcus Smith, James H. Rowan and myself.

19424. At Ottawa?—At Ottawa.

19425. Who appeared to have made the lowest tender?—On the same day, May 22nd, I reported to the Minister on these tenders:

**Purcell the  
lowest.**

"Twelve tenders have been received accompanied by a cheque for \$1,000 in each case; the tenders stand in the following order:—First, P. Purcell, \$1,037,061, bonus or penalty \$10 per day; second, Richard Nagle, \$1,148,625, bonus or penalty \$10 per day; third, Hunter & Murray, \$1,190,625, bonus or penalty, \$10 per day; fourth, Sifton & Farwell, \$1,245,600, bonus or penalty, \$500 per day; fifth, J. O'Brien & Co., \$1,247,830, bonus or penalty, \$500 per day."

These are the five lowest tenders.

**Bonus to hasten  
construction.**

19426. In the form of the tender which was given to persons applying for it, there is some explanation of this bonus which you have spoken of: will you please state your recollection of that?—It was considered very important to have the rails laid from the waters of Lake Superior, to the navigable waters of Lac des Mille Lacs at the earliest day, and the tenderers were invited to say what bonus in addition to the contract rates they would ask as an inducement to have the line opened by the 1st day of August, 1877, as far as Lac des Mille Lacs, and by the 1st day of August, 1878, as far as English River, and they were to be bound under the contract to have the rails ready for the use of trains by these dates, receiving the bonus referred to for every day that they had the rails so laid before the dates named. They were also to be bound under the contract to pay a penalty of the amount stated for every day that the rails were not so ready by the dates referred to.

**Purcell's figures  
altered.**

19427. As you were present at the opening of the tenders, I would like you to say whether you noticed that the tenders of this successful party, Mr. Purcell, had been altered materially before that time?—There is no reference to it on the abstract of tenders. (After looking at the tender): I have no recollection of having noticed it. If the alteration was made possibly I did.

**Opening tenders**

19428. There are some initials in pencil at the end of the tender: do you know whose initials they are?—I may state that before I reported on the tenders, as a rule I handed them over to some one in the office to check the amounts, in order to ascertain whether the total amount was correct or not. The initials possibly

Tendering—  
Contract No. 95.

refer to the gentleman who checked the amount in this tender. I think they are Mr. J. H. Rowan's initials; he was at the opening of the tenders.

19429. Has it been the system in your experience to remark, at the time of opening tenders, upon any peculiarity of that kind—any alteration in them?—Yes; when it appeared to affect the question in any way. This tender, like all the other tenders, is initialled by the party who opened it. I am perfectly satisfied that it never saw the light of day in the office until it was opened by those parties.

19430. How could you be certain of that?—Because Mr. Braun holds these papers in his own custody, and is extremely careful to lock them up in his drawer after they are handed to him.

Braun the custodian of tenders, and therefore no idea their contents could escape before the proper time.

19431. Then I understand your evidence to be based on the idea that he takes such care of them that they could not be opened?—They could not be opened by any one else but himself.

19432. It is on your idea of his carefulness that you are giving this evidence?—Yes.

19433. You are not aware, of your own knowledge, of the way in which he treats them after he receives them?—No; but I am quite satisfied that he treats them in the way I have described to you.

19434. That is your belief?—Yes.

19435. But not your knowledge?—It is my firm belief.

19436. But not your knowledge?—Not my knowledge because I do not stand by his drawer.

19437. This tender appears to have been altered by a considerable amount, but still so as to keep it a little below the next competing tender, Mr. Nagle's. My object in asking was to see whether that circumstance had attracted your attention at the time of opening the tenders?—Not that I know of. I have no recollection of it having attracted my attention.

19438. And you say it is not the habit to make a record of any such circumstance as that?—Yes; it was the habit to make a record of everything that it was necessary to make a record of.

19439. Was that recorded?—It does not appear to have been recorded on the abstract.

19440. I asked you whether it was the habit to record such circumstances—whether they were considered important or not—I mean such as a material alteration in the body of a tender?—It was the habit to record everything on the abstract that affected the question in any way.

19441. Was it the habit to record those circumstances which would alter the position of the contract?—Alter the contract amount?

19442. Yes, or give the tenderer any new advantage—I mean, in fact, to record any peculiar circumstances connected with the document, whether they should turn out to be important or not: was there such a practice in your Department?—Well, I do not know at all at this hour. I do not consider this is a very material thing, because this man may have tendered a great deal too low before.

Does not consider the alteration in the body of a tender a very serious matter.

**Tendering—  
Contract No. 35.**

Changes in tenders usually noted and recorded; but this not done in this instance.

19443. He evidently thought so, and that he might as well get another \$100,000 as not; but I am only asking at present whether there was any system in your Department by which at the opening of tenders such a circumstance would be recorded by any of the persons opening the tenders?—It was usually done in anything of this kind.

19444. Was it done in this case?—It does not appear to have been done in this case.

19445. Can you account why it was not done in this case?—I cannot, except that it was in a hurry. There may have been similar corrections in the other tenders that are not recorded.

19446. We have none of the other tenders in this case produced as exhibits?—This was probably due to an error in the addition, which the contractor discovered himself before he sent in his tender.

Thinks contractor could explain.

19447. If you will look closely at the document itself you will see that that is not the explanation of it; that it is an alteration of the price upon which the calculation was made. The moneyed out amounts are altered accordingly?—The price of rock work? I dare say the contractor would be better able to tell than me—Mr. Purcell. My attention has never been before drawn to it in this marked way. We frequently received tenders that were not very well made up. The contractors are not always very good penmen, and there are frequent corrections not unlike that made. If you examine numbers of tenders you will find various corrections in them.

Explanation of witness's part in the transaction.

19448. I think you said on a former occasion that the rule was you took no part in the negotiations after the tenders were opened which led to the completion of the contract; in this case there are three letters, each of them either to or from you, in connection with this matter: I would be glad if you would look at them and say what led you to take a part in this matter that you did not usually take?—These three letters are all dated the 25th of May. I have no doubt that this man was in Ottawa at the time, and that he had called at my office, and that he had mentioned a fact that I communicated to the Minister, which was that he was prepared to make the bonus and penalty any sum up to \$500 per day. Then, in the same letter addressed to Mr. Purcell, I state that I am authorized to ask him to inform the Department, in the event of his offer being accepted, how soon he would be prepared to deposit \$50,000, in accordance with the 115th clause of the specifications. Mr. Purcell replies that he is prepared to make the bonus and penalty \$500 per day; and having reference to the deposit required by the 115th clause of the specifications, he says that he will be prepared to comply with the requirements of this clause on Monday the 29th—four days afterwards. In these letters, one sent by me and one received by me, I felt that I was doing the duty of Secretary, as I have already explained to you, because I immediately enclosed both to Mr. Braun, the proper Secretary of the Department. The letter I find here is one addressed to Mr. Braun:

“I beg to enclose herewith a copy of a letter which, under the authority of the Minister, I transmitted to Mr. P. Purcell to-day. I also enclose a copy of his reply.”

19449. I understood you before to say, in effect, that after reporting upon the position of the different tenders to the Department, that the

Tendering—  
Contract No. 25.

negotiations were carried on, and ought to have been carried on, between the parties and some one in the Department other than you?—Yes.

19450. The point of my question is, to know why, in this case, the parties negotiated directly with you, and not with the parties you describe as being the mouthpiece of the Department?—I did think so, and think so still, but I could not prevent Mr. Purcell coming to my office or addressing me by letter, and when he did so I had to acknowledge the receipt of it and act under instructions.

19451. That is your explanation now of this exceptional negotiation?—That is my explanation. It is quite clear that that was my idea at the time, because on the very day that I received and sent those letters, I handed them both to the proper Secretary of the Department.

19452. Do you remember whether you and Mr. Purcell did negotiate anything further than appears in those papers?—I have not the least recollection of it.

19453. Do you remember that it was considered that Mr. Purcell was not pecuniarily strong enough to undertake the work?—I think it is very likely.

Has not clear recollection of its being thought that Purcell was not strong enough to take the contract.

19454. Do you remember?—I have no clear recollection of it.

19455. Did you take any part in the negotiations which led to the introduction of Mr. Ryan as a partner?—Not that I know of. I think I can reply to a question which you put a little while ago, now. Referring to my letter-book, which is really my official memory, I discover a recommendation which I made respecting the acceptance of the tenders for section 25:

“With respect to contract 25, I find that the bonus and penalty in the three last tenders is merely nominal, and would not have the desired effect of stimulating the contractor. I think the extreme importance of having railway communication in this section at as early a day as possible, justifies me in advising that the acceptance of the fourth lowest tender, that of Sifton & Farwell, for \$1,245,600; or of the 5th, that of J. O'Brien & Co., for \$1,247,830, with the bonus and penalty in each case of \$500, be favourably considered.”

Now, I think very likely this had come to the knowledge of Mr. Purcell, and possibly Purcell & Ryan, and that would lead to their writing the letter in your hand, offering to increase their bonus from \$10 to \$500 per day.

A recommendation of witness probably led Purcell to increase their bonus and penalty to \$500 a day.

19456. That would probably not come to Mr. Ryan's knowledge, because the proposal to introduce him as a partner was five days later?—No; in all probability it would come to the knowledge of Mr. Purcell who writes that letter.

19457. If you will notice, that was brought to Mr. Purcell's knowledge by a letter from you, because on May the 25th he commences his letter to you in these words: “In reply to your letter of this day, I beg to say that I am prepared to make the bonus and penalty \$500 a day.” Thus it still appears that you started the negotiations with him on that subject?—No; it does not follow at all. In all probability the matter which I have referred to in my report came to the knowledge of Mr. Purcell, and I surmise that he called at my office and offered to change the bonus from \$10 to \$500, the same as the others, and being desirous to have the matter put on record, in some way or other, these letters passed. I think that is very likely.

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Does not recollect. 19458. You mention these probabilities without recollecting them? —I do not recollect them.

19459. Your official memory—that is your letter-book—does not show them?—This shows nothing but what is recorded.

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struction.**

19460. Do you remember whether the quantities upon this section 25 much exceeded in execution those which were estimated at the time of asking for tenders?—Yes; they greatly exceeded the originally estimated quantities.

19461. Could you say, without looking carefully into documents, whether that arose from errors in the original quantities or from alterations of the line or other changes made afterwards?—I can give a great deal of information upon that point which I will be most happy to furnish. This report in my hands dated 19th May, 1860, addressed to the Minister of Railways and Canals, gives some information. (Exhibit No. 294.)

19462. As to the probability of difficulties arising in the measurement of earth excavation over this section, have you given any attention to this circumstance: that the surveys were made in winter, and it was difficult to ascertain at that time the nature of the ground over which the parties were passing?—Yes; that was one of the difficulties.

**General know-  
ledge of country  
obtained from  
others before  
contract was let.**

19463. Before these contracts were let were you aware of the general nature of the country there—I mean whether it was rock, or earth, or sand?—I had a general knowledge, which knowledge I obtained not personally but from others—those who made the surveys and who produced the profile of the projected line, and I may say the assumed quantity, or quantities that were announced to intending contractors, were derived from that information.

19464. As to the question of the expediency of a different kind of survey being ordered at a different time of the year, I am asking now whether you had acquired a general knowledge of the nature of the country?—Yes; I had a general knowledge of the nature of the country.

**Thought at the  
time there was  
sufficient infor-  
mation for the  
purpose of letting  
contract.**

19465. Did you think that surveys in the winter would give you sufficient information on which to base these quantities?—I thought at the time it gave us sufficient information for the purpose of letting this work in the way in which it was done. It was not necessary to have exact quantities, and on reference to the form of tender you will find that the estimate does not convey an idea of exact quantities. For example we have 10,000 yards of rock excavation, 1,000,000 yards earth excavation, and so on, in round figures.

19466. I have already gathered, from what you have said, that you do not consider it very material whether the quantities offered to tenderers are correct or not: it is not with a view of asking your opinion about that, but assuming that it was desirable to give approximate quantities, I am asking whether, knowing the nature of the country as you did, you were of the impression that surveys made only in winter could obtain those quantities—whether you could sufficiently ascertain the probable shrinkage of the ground?—Oh, well we could not state what the shrinkage would be in soft ground. We could form an approximate estimate of the quantities required to fill up val-

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leys and remove hills and so forth, but we could not tell how much shrinkage there would be in places where the ground is very soft.

19467. In other words, you could get the surface line, but you could not get much knowledge of the material below it?—Yes. We had not at that date a very good knowledge of the character of the country. We assumed it was like much of the country that we were familiar with in other parts of Canada, but it has turned out that a great deal of it was exceedingly soft and muskeggy, as it is called—full of muskeg.

At time had no good knowledge of the character of the country.

19468. Would a better knowledge than you obtained have been desirable for engineering purposes?—Yes; very desirable.

19469. Could it have been obtained by surveys in summer instead of winter?—It could have been obtained to some extent by surveys in summer, but not to a full extent, without spending a great deal of time over it. In some respects winter is a better time for making surveys than summer; you get over soft grounds and lakes and rivers easier.

19470. That is where time is an object to get over it?—Yes.

19471. But where a thorough knowledge of the country is requisite winter would not be the best time?—No; unfortunately winter occupies a very large portion of the year up there.

19472. Was any portion of the survey done in the summer, or at a time when you could ascertain the nature of the ground?—We were engaged in making the survey summer and winter.

Made survey summer and winter.

19473. In this portion of the country?—Yes; that particular district.

19474. Then the nature of the country was well known?—Not so well known as it is now.

19475. Do you consider that the nature of the soil was pretty well understood before these contracts were let?—I do not think it was.

The nature of the soil not well understood.

19476. Do I understand you to say that there had been summer surveys of this particular territory?—We had been surveying that particular territory for several years before these contracts were let, not over the same line, but in different directions.

19477. But is the character of this particular section peculiar to itself, or is it of the same character as the neighbouring country?—Oh, it is peculiar to the whole district.

19478. You say it is peculiar to the whole district?—Yes; I do not say that surveys were made over the precise line that has since been constructed, but surveys were made in the district between Lake Superior and Red River.

19479. Were any surveys made which would ascertain the nature of the country to be of the kind which it turned out to be?—We had no accurate knowledge of the nature of the soil before we commenced to make the excavations and the embankments. The object of the surveys was for another purpose altogether. It was specially for the purpose of getting the most favourable line for a railway.

Object of surveys to get the most favourable line irrespective of nature of soil.

19480. Irrespective of the nature of the soil?—Irrespective of the nature of the soil.

19481. Is that not a material element in deciding the locality of a line?—Yes; but when the nature of the soil is the same generally it affects all lines alike.



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Nature of the soil had not been ascertained.

Nature of soil could have been ascertained by summer surveys; there were summer surveys, but the summer surveys not directed to discover nature of soil.

Boring recognized for ascertaining nature of soil was not ordered to be done.

In paying contractor a larger quantity of material allowed for than was represented in the work.

19482. Then the nature of the soil generally had been ascertained?  
—The nature of the soil generally is the same.

19483. Had it been ascertained?—I say it had not been ascertained.

19484. But I thought you were making summer surveys as well as winter surveys over the country?—I say it had not been ascertained with precision and could not be ascertained until we began to work it.

19485. Is there no means of ascertaining the nature of the soil without working it in construction?—We have not in any part of Canada had to deal with the same sort of soil that is there, that I know of.

19486. You give that as a reason for not ascertaining, do you?—I do not give that as a reason for not ascertaining; I give it as a reason for not knowing its precise nature.

19487. I take it for granted that you thought it was the same as the soil of other parts of the country?—Yes; it comes to that.

19488. Does it come to this: that you had not ascertained the nature of the soil?—That is what I said throughout.

19489. Could it have been ascertained by summer surveys?—It could have been ascertained.

19490. Were there summer surveys?—There were summer surveys.

19491. I cannot follow your reasoning; perhaps I have not got your answer properly?—These summer surveys were not directed specially to the discovery of the nature of the soil; they were directed specially to the discovery of the most eligible line for the railway.

19492. Although there had been summer surveys precaution had not been taken to ascertain the nature of the soil?—There were no special enquiries made into that subject.

19493. Is there some recognized method for ascertaining?—Yes.

19494. What is the method?—By boring.

19495. Was that not ordered to be done?—That was not ordered to be done.

19496. Is it to the omission of that you think that the disappointment in the quantities is to be attributed?—I do not think so. I think it is mainly due to the system of measurements.

19497. Do you mean the measurement of the quantities as executed?  
—The measurement of the quantities as executed.

19498. How do you mean that that system of measurement has led to this disappointment: is it that a larger quantity was allowed for in the measurement than was actually executed?—According to the system of measurement adopted in paying the contractor, a larger quantity of material was allowed than is actually represented in the work.

19499. How was that?—It was owing to the excessive shrinkage it may be called, of the material itself. It has been found that the muskeg material employed in making many of the embankments is very porous, was filled with water like a sponge, and after a time the water passed away in the embankment, leaving very much smaller cubic contents than was measured up and paid for.

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19500. Did this system of measurement accord with your views on the subject?—It did not.

19501. In your opinion, what would have been the correct system of measurement?—I felt that the spirit of the contract was to pay for the work actually executed, and in cases where such material had to be used I would have adopted a different system of measurement.

19502. Had you not the control of the system of measurement at this time?—Not at this time.

19503. At what time do you consider that you are now speaking of when you say you had not the control?—The contract was let in June, 1876; I left early in July, 1876, and no work was then returned, so that I actually certified to no work done on that contract. It was done by others during my absence.

Work on this contract certified for during the absence of Fleming.

19504. When did you resume the control of the work so as to be answerable for the system of measurement after that?—When I resumed my duties in October, 1878, I found that the original estimate had been very much overrun, and I declined to certify, and have not certified as to the quantities of work done.

19505. I understand your objection to this system of measurement to be in effect this: that the contractor ought not to be paid for the full cubic measurement of the material which he has moved, but only for the quantity as it finally remained in the embankment: is that the meaning of your objection to the system?—My idea is that the contractor should be paid for every solid yard of earth work executed by him, or rock work, as the case may be.

19506. That does not quite inform me of your meaning, because you make use of the word executed: now he has executed the removal of it as well as placing it in the embankment, and I want to know whether your idea is that he should be paid for the quantity he removed, or only for the quantity finally left after compression in the embankment?—In cases where the work consists of making a cutting to admit of the railway passing through it, the contractor should be paid by the yard for all the material taken out of that cutting. In cases where he had to form an embankment he should be paid for the solid contents of the embankment and nothing more.

Contractors should be paid for all material taken out of a cutting and for the solid contents of embankment and nothing more.

19507. Is that the ordinary rule of measuring to contractors?—That is the spirit of the contract, as I understand.

19508. I am not speaking at present of the meaning of the contract, which would probably be a legal question, I am asking you whether it is the usual custom of measuring to contractors in practice, not in law: is that the usual custom?—The usual custom in other parts of the country, is to pay for measurement in excavation; but then the nature of excavation is very different in these parts of the country which I speak of.

19509. Then the system which you speak of would be exceptional, would it not?—Yes; and there is provision made in the contract for the exception, if I am not wrong.

19510. For the present, I am not asking you to construe the contract, I am asking you of matters in your experience: am I right in understanding you to say that the system which you suggest

System of measurement contended for by witness exceptional.

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would be an exceptional system, and would be owing to the peculiar character of this part of the country?—Yes, it would.

19511. Then, in this locality do you think that the quantity to be measured to the contractor would be the quantity left in the embankment finally?—The solid contents of the embankment in this case.

50 per cent. of muskeg water; witness holds that if it took two and a-half yards of muskeg to make one yard of embankment, the contractor is entitled to be paid for only one.

19512. I understand that the difficulty in this particular locality, not only regarding section 25, but some of the others in that neighbourhood, was that the soil as removed contained a large proportion of water which was afterwards not available in forming the embankment?—It turned out that the material employed, which was termed muskeg, was very much like a sponge and contained a great deal of water—more than 50 per cent. in some cases—so that it took from two yards to two yards and a-half of this muskeg material to form one yard of solid material in the embankment. The contractor was paid for the two and a-half yards; I hold that he is only entitled to be paid for the one. The whole discrepancy between the original estimates and the quantities returned and paid for, arose in that way. The original estimates were not so far astray. They were sufficiently near for the purpose they were designed to serve.

19513. Then, I understand you to say this in effect: that in order to make the embankments, it became necessary that a very much larger amount of material had to be excavated in order to finish that embankment than was expected?—No; it was not done. I do not say it was a *sine qua non*. Possibly not in all instances, but in some instances it might be had in some other way.

19514. But as to the material that was used, was it not necessary to remove a much larger quantity than was originally expected to be removed, because it did not make the same quantity in the embankment that it did *in situ*?—It was necessary to remove with the solid material a large quantity of water. The water was incorporated with the material itself. In some places it was like thick vegetable soup, and when this water drained out, the two yards and a-half were reduced to one yard.

19515. But at the time of estimating the quantities for the purpose of receiving tenders, I understand you to say it was assumed that the quantity to be removed would supply the same proportion in the embankment that excavation generally supplies?—I do not know that the matter was thought of at that time. The estimate of quantities necessary to lay before intending contractors, was ascertained in the usual way, by computing the quantities from the profiles.

19516. Was it not then assumed, as far as you know, that this excavation would supply the usual proportion of embankment?—I have already said we were not familiar with this material, that we had had no experience—at least only to a very limited extent—of that material in other parts of the country.

When estimating quantities it was assumed there would be no marked difference in the excavation from what was in other parts of the country.

19517. I ask was it not assumed that this excavation would supply the usual proportion of embankment?—It was assumed there would be no marked difference in the excavation in that section from excavations in other parts of the country.

19518. Then the disappointment which finally happened arose really for want of knowledge of the material at the beginning?—To some extent.

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19519. I understand all this explanation to mean that the disappointment arose because the nature of the material was not known, and because it had to be assumed that the ordinary proportion would be found in the excavations for the embankment that is generally found?—May I ask what disappointment you refer to?

19520. That caused by the great discrepancy between the quantities executed and estimated?—No; it arose from the system of measuring.

19521. Did it not arise because a great deal more material had to be excavated in order to supply the required quantity in the embankment?—It arose from the measuring of the water in the material, as well as the solid material itself.

How discrepancy arose.

19522. Is it not your understanding that it became necessary to take out either in water and earth, or some kind of material, a much larger quantity of material than would afterwards be found in the embankment?—I am not prepared to say it was necessary, because the material could have been taken in another way. It could have been obtained from borrowing-pits of a more suitable character in some instances at all events.

19523. Do you know whether a large portion of the embankment, as executed in any of these instances, was made from the muskeg instead of from borrowing-pits in localities where it could have been got from borrowing-pits?—It was borrowed from the adjoining muskeg in many instances, and this unstable material was used in that way. It was more convenient to the embankment.

19524. Do I understand you to suggest that it might have been obtained of a better quality, and more suitable material, from some borrowing-pits, in that neighbourhood?—In another way.

Though he cannot point to a particular case where it could have been done is convinced suitable borrowing-pits might have been found so as to avoid the necessity of using muskeg.

19525. Do you remember any marked instances where that happened, where the embankment was made from muskeg, and where it might have been made from borrowing-pits?—I cannot point to any particular instance at present. I know perfectly well the material could have been taken forward by train from suitable borrowing-pits.

19526. Have you investigated that part of the question—I mean practically to ascertain that there were borrowing-pits which would have supplied this material in the instances you complain of?—I have investigated the matter and found in some cases there were, but I cannot tell the precise places at present. However, I took every means in my power to prevent a repetition of the difficulty, and instructed the engineers in charge of the several sections up there, as soon as the matter came to my knowledge, to adopt another course, and you will find my instructions in a letter addressed in this instance to Mr. Jennings, in charge of section 42. Similar instructions were sent to other engineers. You will find it in Exhibit No. 293, pages 15, 16 and 17.

Took steps to prevent a similar difficulty in the future.

19527. You alluded a short time ago to a discretion which you thought the engineer had over the measurement of this kind of material, and by which the contractor would only be paid for what was found in the embankment. I understand that to

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Measurement to be made in excavation and where this impossible the engineer to determine the quantities in embankment.

be the substance of what you believe to be the power the engineer had over the matter: would you say what clause of the specification leads you to think so?—I think he had control under clause 30, and under clause 31, and under clause 20, but more especially under clause 30, in which these words are used:

“The measurement of quantities shall invariably be made in excavation, unless in special cases, if any, where this may be found impossible. In such cases the engineer shall determine the quantities in embankment, after making all proper allowances, of which he shall be the judge.”

19528. I understand you to say that at the time these specifications were prepared to be submitted to persons who were invited to tender, there was no knowledge of the kind of material which would be excavated, as for instance muskeg, so as to provide specially for it any further than is provided in this clause?—There was no precise information with regard to the material to be excavated, but the specifications were intended to cover every kind of material and every contingency.

19529. Could you say whether it was known at the time that these specifications were prepared that, in many instances, the material would be of the spongy character you describe, so as to make it less available than if it were more solid, and so that the quantity excavated would not be represented fully by the contents of the embankment?—I do not know as to that; but I can say that the spirit of it was given, and the intention of the contract was to pay for solid work, not for water or air.

19530. That is hardly an answer to my question, because it is possible that some court might say these documents do not contain the spirit that you think they contain. I am asking you now about the information that the Department had on this subject, and I ask again whether, at the time that these specifications were prepared, the Department or the engineering branch of it had the information that a large quantity of this material was of that character which would make it impossible to get beyond perhaps two-fifths of its equivalent in the embankment after removal?—I can only speak with regard to myself and my own knowledge. I prepared the specifications, and it never was my intention that anything further than solid material should be paid for.

Cannot say whether the Department had the information that a large quantity of this land was muskeg.

19531. You are still speaking of the intention of the document?—Yes.

19532. What I was asking about was the information that the Department possessed?—I have already said all that I can say about that.

19533. At the time that these specifications were prepared, had the engineering branch of the Department of Public Works any knowledge that the material which might be largely used in making this embankment, was of the spongy character that you describe, and contained so little solid matter that no more than two-fifths of it would be finally represented in the embankment?—We had a knowledge of the country through which the line would pass, but we had no precise knowledge of the character of the material you speak of; and I, for one, certainly had no idea that this material would be used to the extent which it has been used.

19534. Had you any idea that in that neighbourhood there was much of that material which, after being moved, would not represent more than two-fifths, or thereabouts, of its original solid contents?—I could not say that I knew what proportion of the material would be

solid. I could not say at that time what has been the result of experience since obtained. I knew that the country was a very rugged one, I knew there were a great many swamps and flat grounds, and that swamps generally contained soft material; but I had no idea then that there was so much soft material—that has since been proved.

19535. Had you the information that there was likely to be a considerable portion of the material there of the quality you describe, that is to say, that no more than two-fifths, or one-half, or somewhere thereabout, would be finally represented in the solid embankment?—No information of that sort.

19536. If you had no information of that sort at that time it would not be likely that you would draw up specifications to prepare specially for it?—My impression is that that material has been much more largely used than is called for.

19537. If you were not aware that there was this material in large quantities likely to be used, do you think it probable that you would have provided specially for that kind of material in your specification?—Had I information that there was any possibility of using this material to the same extent that it has been used, I would certainly have made provision that it should not be used to that extent.

Had he known there was a possibility of this material being extensively used he would have made provision against this.

19538. But irrespective of the extent to which it has been used, I understand you say that you had no information about the character of this material which was likely to be used to some considerable extent—I do not mean to the great extent it has been used, but to any considerable extent—and I am asking you if you had not that knowledge whether it is likely you drew your specifications so as to provide particularly against the loss which will be occasioned by the use of such material?—It is very likely if I had had information such as I have now, I would have made special provision against the use of this material, or with regard to its proper measurement.

19539. I understand you to say that the contractors have been paid for excavation to a much greater extent than they have performed the work, according to your reading of the contract?—They have not been paid more for the work; they have been paid for what is not represented in the work. They have been paid for moving some sort of substance that is not in the work at all—they have been paid for moving water.

Witness thinks contractors have been paid for what is not in work.

19540. Then they have been paid on certificates for much larger quantities than they were entitled to?—There is nothing to represent on the ground in the railway much that has been paid for at this moment.

19541. I understand that to be the result; but I am asking now for this information: whether they have received certificates for a larger quantity of work than, according to your own reading, they ought to have received under this contract?—Clearly, clearly. I might mention to you that the twelfth clause of the specification also bears on the question. It reads:

“The material to be placed in the embankment must be approved by the engineer, and any places where the natural surface of the ground upon which the embankment is to rest is covered with vegetable matter, which cannot be burnt off in the clearing, and which would, in the opinion of the engineer, impair the work, the same must be removed to his entire satisfaction.”

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That goes to show, with the other clauses that I have referred to, that the whole matter, as far as material to be used is concerned, was in the hands of the engineer.

Witness reported the facts connected with the difference between McLennan's and Bell's measurements.

19542. I understand that you made a formal report upon the subject of the difference between the measurement by Mr. McLennan, and by the gentleman who was afterwards appointed to revise it, Mr. Bell: have you anything to say upon that subject beyond what your report contains?—It is simply a statement of facts. I simply report the re-measurement of Mr. Bell's, and give the general result, but I do not go very much into the question. I just simply sent it in to close up my office work. I had ceased to be Engineer-in-Chief immediately after this report was written—the following day, in fact.

19543. Returning to the question of measurement in the embankment as against the excavation, is it usual to allow contractors something more than the earth actually found in the embankment, assuming that you had no means of measuring the excavation, and were judging entirely upon the basis of what is found in the embankment?—It has not been usual in my own case, and this contract provides for nothing of the kind. I shall read you another clause which bears on the question—clause 89:

Contractor to be paid for work actually executed

“The contractor will be paid for the work actually executed by him under the engineer's directions and to his satisfaction, at the prices stipulated in the contract; but he shall not be entitled to any additional allowance by reason of any changes or alterations.”

Then again, in clause 90:

“But any work, material or thing of any description whatsoever that may be omitted from the specification or contract which, in the opinion of the engineer, is necessary or expedient to be executed, the contractor shall, notwithstanding such omission, upon receiving written directions from the engineer, perform the same, and the payment therefor shall be at the price for such work given in the schedule of prices.”

19544. In clause 89 you read that he will not be entitled to any additional allowance by reason of any changes or alterations; the words referred to are in the section?—Yes; they are used.

19545. Do they not define the particular alterations therein alluded to?—I did not deem it necessary to use these words, because I had not read the previous part of the clause, but I shall be glad to read the whole. It points to the fact that the engineer will be at liberty to make alterations which he may deem expedient in the grades, the line of location, the width of cuttings, the fillings, the dimensions and character of structures, or any other thing connected with the works, whether or not such changes increase or diminish the quantities of work to be done.

Every clause in the contract points to the fact that the contractor is to be paid for only what he does.

19546. And the clause applies, therefore, to those particular alterations?—Certainly. Then in clause 91, in fact almost every clause in the contract points to the fact that the contractor is to be paid for what he does and not for what he does not do.

19547. That would hardly settle the question whether, when he removes spongy material, he does not do something?—It refers to what he does under the engineer's directions, and not what he does for his own convenience.

19548. It is not necessary to discuss a question of law; I suppose the point is, whether the contract promises to pay him for moving this

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kind of material by the yard?—I have no hesitation in saying that had I been present he would not have moved very much of it, or if he had it would not have been measured up in the way it was.

19549. It is quite possible that the engineer may control his movements so that he might not have so large a claim for this material under the contract; but that is a matter about which, as you were not present, I do not wish to ask you, and I understand that you do not consider yourself responsible for it?—I took active steps to put an end to it the first time it came to my knowledge.

19550. Now, as to the general principle, irrespective of this particular case: assuming that there may be cases where you have only the embankment from which to get data so as to ascertain quantities, is it not usual to allow the contractors something more than the embankment actually showed?—No; it is not.

Not usual to allow contractors more than the embankment actually showed.

19551. Speaking first of all as to rock, is there any rule or practice about that?—Rock is invariably measured in the excavation. There is no difficulty in measuring rock in excavation.

19552. I believe a yard of rock excavated really makes more than a yard of embankment?—Yes; but the contractor does not get paid for the spaces of air between the rock; he gets paid for the solid rock in the rock cutting.

19553. Could you say about how many cubic yards of ordinary earth it takes to make any given quantity, say ten yards, in the embankment: is there any understood rule in the profession about that?—There is. It depends on the material very much.

19554. Of ordinary earth?—I cannot at this moment say.

19555. I think you said, that of this muskeg which was objectionable, it sometimes took two and a-half yards to make one?—Two and a-half yards in some cases, and in other cases two yards to make one.

It sometimes took two and a-half yards of muskeg to make one yard of earth in embankment.

19556. And that in all cases it took a very much larger quantity than is represented in the bank?—So it is reported to me by those persons who have spent a large portion of time investigating it on the ground.

19557. Have you been over this contract yourself?—I have not been on the ground.

Witness has not been on the ground himself.

19558. When did you first see that country over which those lines run?—In 1872, I think.

19559. At that time did you see the neighbourhood of the country where the line runs?—Some part of it. I had just a general knowledge of the country.

19560. About what part did you see?—I could not without the map tell you, but I could sketch on the map about the position I was in.

19561. Please look at the map and name the points between Lake Superior and Red River that you touched?—I passed from Thunder Bay to the Kaministiquia, where the Mattawa flows into the Kaministiquia—that is in the neighbourhood of Sunshine Creek—and then passed up to Lake Shebandowan, from there to Lac des Milles Lacs, and generally over the Dawson route to Lake of the Woods, and thence to Fort Garry.

Route of witness in 1872 between Lake Superior and Red River.



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19562. Then you have travelled yourself over the country between Lake of the Woods and Fort Garry?—I have.

19563. Was that in a tolerably direct course?—A pretty direct course.

19564. But between Lake of the Woods and Sunshine Creek, you had not seen any portion of this country, as I understand you now to say, before the contracts were let?—Not any portion of the line that has now been constructed.

19565. Have you at any time seen that portion of the line?—I have not seen the whole of it; I have seen very little of it in fact.

**Extent of country  
between Lake  
Superior and  
Red River seen  
by witness.**

19566. How much of it have you seen?—I have seen the portion that I have referred to, and I have also seen the whole of section 14 and 15, and part of section 42.

19567. How far on section 42 did you proceed?—Up to Rossland.

19568. Then between Red River and Rossland you have seen the country over which the line actually runs?—I have.

19569. When did you first see that?—I saw that in 1879.

10570. Is there anything further about section 25 that you think it necessary to explain at present?—It does not occur to me that there is anything else.

**Engine House at  
Fort William—  
Contract No. 26.**

19571. The next contract in order is James Isbester for the engine house at Fort William?—It appears that the work was duly advertised and tenders received on the 22nd of May, 1876, and I reported on that date to the Minister that there were five tenders received, namely: James Isbester, \$30,989; John Steacy, \$34,500, John Wardrop, \$35,761.—

**Contract given to  
lowest tenderer.**

19572. There were none lower than the man who got the contract?—No; James Isbester put in the lowest tender, and the tender was awarded to him.

19573. I do not remember any point about this contract that requires any special explanation or elucidation: are you aware of anything?—I think the contract was properly completed and paid for.

**Transportation  
of Rails—  
Contract No. 27.**

19574. The next contract, No. 27, is with the Merchants Lake and Steamship Co., for the transportation of rails to Fort William, or Duluth: do you remember anything about it which requires explanation?—I take it that that work was done in the usual way. Tenders were invited and received, and the lowest accepted, and the work was done and paid for.

**A ton of rails  
always considered  
to be 2,240 lbs.**

19575. In your experience, do you remember whether, where no description was given, a ton of rails contains 2,000 lbs. or 2,240 lbs.?—I think rails are always considered to weigh 2,240 lbs., unless it be specially mentioned that a ton only weighs 2,000 lbs.

19576. In the absence of any particulars they are usually taken in the profession to mean the long ton?—Yes; the long ton.

**Contract No. 28.**

19577. The next contract is No. 28, with the Red River Transportation Co.: do you remember anything about that contract that you consider ought to be explained?—No; I do not remember much about that.

19578. I think it rose from a recommendation of yours, that a larger quantity should be provided somewhere on Red River than had already

been provided; but the actual negotiations appear to have taken place through other persons?—On the 13th of May, 1876, it appears that I recommended that arrangements be entered into for moving a quantity of railway material from Duluth to Selkirk, in order to keep the contractors for the sections then let going. They were not actually wanted at that time, but I was looking forward to the time when they would be wanted, and was endeavouring to make provision accordingly.

**Transportation  
of rails—  
Contract No. 28.**

In order to take advantage of high water recommended on 13th May, 1876, that arrangements should be made for moving material from Duluth to Selkirk.

19579. Is there anything further about that transaction that you consider it necessary to explain?—No; I see nothing. The railway was not then established between St. Paul and Winnipeg or Red River, and material of this kind could only be taken forward to the point required, during a certain stage of the water which occurred once in a year, and it was simply to take advantage of the high water that I suggested this to be done.

19580. The next contract is No. 29, with Cooper, Fairman & Co., for railway spikes delivered at Fort William; as far as we know the only part you took in that transaction was to prepare the specifications?—I do not remember anything further.

**Railway  
Spikes—  
Contract No. 29.**  
Cooper, Fairman  
& Co. contractors.

19581. Is there anything about it that you consider ought to be explained by you?—No; I assume that those spikes were wanted, or were likely soon to be wanted, and they had to be provided, and this was the way of doing it. I prepared a specification accordingly; the contract was entered into, I see, during my absence, on the 28th of July, 1876.

19582. The next contract is No. 30, with Cooper, Fairman & Co., agents of Robb & Co., for bolts and nuts: do you remember anything, without looking at papers, about the transaction?—The two contracts, 30 and 31, were with the same parties for the same material.

**Bolts and Nuts—  
Contract No. 30.**  
Cooper, Fairman  
& Co.

19583. One was for bolts and nuts in this country, and the other was for bolts and nuts in Vancouver, and were supplied from different sources; probably they were dealt with as separate contracts?—I understand that these were to make good the same bolts and nuts that were contracted or arranged to be supplied by the Mersey Steel Rail Manufacturing Co., which company either declined or desired to withdraw from that portion of the contract, was filled by those parties at the same price as the Mersey Co., as I understand.

19584. It appears from the evidence that the Mersey Co. never did arrange to supply them, that they repudiated that part of the offer which was made in their name; and assuming that the matter then became an open one for the Government to deal with, as might be most advantageous for the public interest, can you say how it was brought about that this new contract was entered into with those contractors?—No; I can give you no information on the subject. I am simply giving you the explanation as it has been given to me.

Can give no explanation how contract came to be made with Cooper, Fairman & Co.

19585. This matter has been spoken of by a former witness, Mr. Trudeau, and in justification of the action of the Department he has called our attention to the fact that on the 4th of March you recommended this, and so noted it on the back of the offer?—These are the papers that I said would speak for themselves. I have no knowledge that these existed, but it seems that I have written the word "recom-

**Bolts and Nuts—  
Contract No. 80.**

mended" in pencil on the back of the letter sent in to the Minister of Public Works by Cooper, Fairman & Co.

19586. Do you know now anything more of the matter than is shown in that memorandum?—No.

19587. Can you explain it in any way?—No.

19588. Could you say that at that time you investigated the matter so as to decide whether their offer was the best that could be obtained or not?—I think it is quite likely that I did not give it much attention.

19589. I find no report on the subject, no formal report, but that memorandum written on the back of their spontaneous offer which appears to have been acted on by the Department?—This was disposed of among hundreds of other papers referred to me in this manner in the usual routine.

Cannot recollect whether the price had fallen £2 sterling, but must have looked into matter at the time.

19590. We have some evidence before us to the effect that at the time that letter was sent and the offer was accepted the price of those articles was something like £2 less, than it was at the time of the original offer in the name of the Mersey Co.: do you know how that was, or did you investigate it?—I have no recollection of it at all. I have not the least recollection of it. I have no doubt I looked into the matter at the time.

Thought it proper and wrote "recommended."

19591. Could you say, looking at the matter now, whether that letter was sent to you to investigate the offer on its merits or price, or was it only to suggest the quantity required for use?—I really do not recollect, but I have no doubt at all I picked up this piece of paper out of my basket, where there were hundreds of others similar to this, and looking into it thought at the time that was a very proper thing to do, and wrote the word "recommended" on the back of it.

19592. Would you say, looking at this word now, that you had been asked to investigate the merits or the price in any way, or that you were asked to do anything more than to say whether the quantity was required; in fact, had you, as a rule, the responsibility of deciding as to the relative prices?—I had very little to do with the making of contracts. From the appearance of that paper I should say my attention was not specially called to the fact that there was any intention of entering into a contract. You will observe that is not a report; it was simply the way in which the paper was disposed of and sent back again out of my office to some other office. I think Mr. Trudeau would be able to give a more full explanation on that subject than I can.

(1) Cooper, Fairman & Co. wrote on 10th February, 1876, asking to be allowed to supply bolts and nuts;  
(2) Braun on 12th of February, 1876, wrote that request could not be granted; witness cannot explain why, notwithstanding on the 4th of March, the offer was recommended by him.

19593. Referring to this matter, a letter dated the 10th of February, 1876, is written by Cooper, Fairman & Co., asking to be allowed to supply bolts and nuts, and is printed in a report in answer to an Address of the House of Commons, dated the 2nd March, 1876. On the 12th of February, 1876, another letter appears from Mr. Braun to Cooper, Fairman & Co. stating that their request could not be acceded to: do you know any reason why, on the 4th of March, some three weeks after that, the offer should be recommended by you to be accepted?—I do not know. This was six years ago.

19594. Do you remember whether you had a conversation upon the subject of any of the contracts with the gentlemen who obtained the contract, Cooper, Fairman & Co., or any of the members of the firm?—I dare say I had; but I could not tell at this hour.

19595. Do you remember the substance of any conversation on the subject?—No; I do not. I dare say they have been in my office very often, but I could not even tell by sight the gentlemen themselves.

19596. The next contract, No. 31, is with Cooper, Fairman & Co., for bolts and nuts, free on board at Liverpool, for Vancouver, and appears to have been the result of a spontaneous offer of theirs of the same date as that last one, which was accepted: do you remember anything of that transaction?—Nothing whatever.

**Bolts and Nuts—  
Contract No. 30.**

**Contract No. 31,  
B.C.  
Cooper, Fairman  
& Co.**

19597. In this case their offer appears to have gone through the same process, to have been sent to you on March the 4th, "recommended," on the same day, and approved of by Mr. Trudeau on the following day: look at that memorandum, and see if it refreshes your memory as to anything connected with it?—When I recommended this, I have no doubt I considered that the proposal was one that might be accepted in the public interest. I do not remember anything about it.

19598. Could you say whether you came to that consideration after investigating the merits of the offer, or whether you assumed it without any investigation, or whether you took the responsibility of deciding that?—I certainly would not recommend without reading the letter, but I have no recollection of what I did at the time. I took for granted, no doubt, that the proposal was a fair and reasonable one.

**Has no doubt he  
took for granted  
that the proposal  
was a fair one.**

19599. The next contract is No. 32, also with Messrs. Cooper, Fairman & Co., for 250 tons of spikes: do you recollect anything about that?—I see, by the papers placed before me, that I had something to do with that transaction.

**Railway  
Spikes—  
Contract No. 32.  
Cooper, Fairman  
& Co.**

19600. What was it?—The first document is a letter from Cooper, Fairman & Co., dated January 19th.

19601. Alluding to that, can you say how it was that they understood that the Department would be in want of further spikes: had you any conversation with them so as to inform them of it?—I do not think I had any conversation with them. I may have had, but I have no recollection of it. I suppose that they were supplying spikes before, and they were aware in some way or other that more spikes would be wanted.

**Cannot explain  
how the contrac-  
tors wrote and  
sent their propos-  
al before the  
advertisement  
appeared.**

19602. They wrote on the 19th and the advertisement appears on the 21st?—On the 19th of January a letter comes from them, which letter appears to have been referred to me, and on the 31st of January I wrote to the Secretary of the Department, as follows:—

"With regard to Cooper, Fairman's communication dated 19th of January last, having reference to spikes, I beg to say that the following quantities of spikes will be required to be delivered at the points mentioned on the opening of navigation, namely: at Fort William, 75 tons; at Selkirk, 175 tons; total, 250 tons."

"I am, &c.,

"S. F."

Some few weeks after that an advertisement appears dated the 19th of February, I think it is, asking the public to tender for spikes.

19603. I understand that you recommended the purchase of 250 tons?—Yes.

19604. The letter awarding the contract appears to be for 300 tons?—I suppose they tendered for the larger quantity. The advertisement calls for 100 to 300 tons.

**Railway  
Spikes—  
Contract No. 32.**

19605. Is there anything further about this contract that you think requires explanation?—I do not think so. I see a correspondence about the size of the kegs, but it is not of any consequence. They wanted to put the spikes in a particular sized keg, and wrote several times about it, and I insisted upon them being put in a proper sized keg.

**Station  
Houses—  
Contract 32 A.:**

19606. The next contract is 32 A, with LeMay & Blair, for station houses: do you wish to give any explanation about that?—I think Mr. Hazlewood, who was then resident engineer of the Prince Arthur's district, had a general authority to contract for the erection of a sufficient number of engineers' huts along the line, and under that authority this contract was entered into.

19607. No part of it is within your own knowledge?—No; I simply had the matter put on record in this form in my report for the year 1879.

**Contract No. 33.** 19608. Contract 33 is with Kavanagh, Murphy & Upper, for completing the Pembina Branch construction?—That contract was entered into during my absence, I think, and I am afraid I cannot give you much explanation about it.

**Contract No. 34.** 19609. The next one, No. 34, is with the North-West Transportation Co., and as far as tenders and papers connected with the formal arrangement show, it was for transporting from Kingston to St. Boniface, or Emerson, or between these places. In addition to the expenditure under that contract, your report of 1879 shows an amount for the transportation of 1,500 tons more: do you know anything of that subsequent transaction?—I am afraid I know very little about it. I see there are two authorities to certify that the work was done when done; one is dated 29th of May, and the other the 30th of September. The one of the 29th of May is, no doubt, the time the contract was regularly entered into; what the second is I do not know.

**Contract No. 35.** 19610. The next contract is No. 35, with Cooper, Fairman & Co., for spikes to be delivered at Fort William and Duluth: have you any knowledge of the transaction. Your name does not appear among the papers that we have before us?—No. I see an advertisement dated February 21st, inviting tenders for spikes, and I see a printed specification signed by Mr. Marcus Smith. I am under the impression I had little or nothing to do with that transaction.

**Contract No. 36.** 19611. The next contract is No. 36, for the conversion of a hotel into offices: we are not aware that there is anything requiring explanation, but if you know of any we will be glad to have it from you?—I cannot give you any information in regard to this without making enquiry myself.

19612. But from your own knowledge you have no information to give?—No; I was not in Canada at that time.

**Contract No. 39.** 19613. The next contract is No. 39, with John Irving, for the transportation of rails from Vancouver to Yale?—I was absent on leave at that time, and can give no information about that.

**Engine House  
at Selkirk—  
Contract No. 40.** 19614. The next is contract No. 40, with Gouin, Murphy & Upper, for the erection of an engine house at Selkirk?—The same answer. (Looking at the paper.) I am not quite correct in saying that I had nothing whatever to do with that, the engine house at Selkirk, con-

tract No. 40. I find that I was responsible for the specifications before leaving. The specification is dated 20th May. I must then have been in Ottawa.

19615. As to subsequent transactions and the acceptance of the work?—I had nothing to do with that; I was not here.

19616. The next contract is No. 41, with Purcell & Co., for the construction of a portion of the main line?—I know something about that.

Engine House  
at Selkirk—  
Contract No. 40.

Tendering—  
Contract No. 41.

19617. This work appears to have been submitted to public competition in August, 1878, and the time extended from time to time until the beginning of the following year: do you remember why it was extended?—On the 13th August, 1878, an advertisement was put in the papers inviting tenders for certain sections. Among others, tenders were asked for the section between English River and a point named Raleigh, a distance of fifty miles, and from Raleigh to Eagle River, a distance of sixty-eight miles, and from Eagle River to the easterly end of the 15th contract, at Keewatin, a distance of sixty-seven miles. On the 19th December following, some two weeks before the tenders were to be received, notice was put in the papers extending the time for receiving tenders until the 15th day of January, 1879, it having been deemed advisable to complete the information necessary for parties tendering.

Time was extended  
with a view to  
getting more ac-  
curate quantities.

19618. Was this additional information to be obtained through the Engineering Department as you understand it?—As I understand it.

19619. By further surveys or examinations: is that what you allude to?—No; I think it was with reference to the more accurate computing of quantities. At that time we were very much astonished to find that the original quantities on other sections had been so greatly exceeded, and we wanted to be more particular with regard to the quantities to be laid before contractors in this case. I think that was the principal reason.

19620. You will probably remember that this portion of the country not finished between sections 25 and 15 was offered to competition in different shapes, either as two separate portions or as one contract: can you explain the reason for asking for tenders in that way?—I dare say I can. You will observe that the first advertisement I referred to, that dated 13th August, divided the whole distance between English River and Keewatin into three sections. It was thought that if the work had been let in that way the contractor who would be awarded the middle section would be dependent upon those who got the end sections very much, and might be very much embarrassed, and it was decided to divide it into two sections in place of three, so that these two sections could be carried on from the two accessible ends, in fact, that being the only way in which they could be carried on; or it might be still more advantageous to put the whole in the hands of one contractor, if a contractor sufficiently able could be found to undertake the whole for a reasonable price. The tenders were received on the 30th of January, 1879.

Contracts Nos.  
41 and 42.

19621. They were described by different letters, I believe, A, B and C: A being the eastern section of the whole distance, B the western section of it, and C the whole distance: is that as you understand it?—That is the way, I think. There were three forms of tender prepared,

Tenders described  
by letters A, B, C.

**Tendering—  
Contracts Nos.  
41 and 42.**

one form of tender designated A for the section between English River and Eagle River, 118 miles; form of tender B was for the section between Eagle River and Keewatin; form of tender C was for the whole section between English River and Keewatin, 185 miles, and on the 30th of January tenders according to these three different forms were received.

19622. Can you explain the comparative merits of the different sets of tenders, in the first place, as between the whole distance and the two sections of it?—Yes; I endeavoured to do so in a report at the time, dated February 1st.

**Morse, Nicholson  
& Marpole lowest  
for combined  
sections to finish  
in 1882, \$5,699,707.**

19623. Was the lowest tender for the whole distance less than the combined offers for the two sections in the first place?—The lowest tender for the combined sections was that of Morse, Nicholson & Marpole, \$5,699,707. The lowest tender for section 41 was Marks & Conmee's, \$2,203,869; the lowest tender for section B was that of Morse, Nicholson & Marpole, amounting to \$3,364,336; making altogether \$5,568,205. I have given you the revised figures. There were some slight errors in some of these tenders in moneying out the amounts, or in the additions, but the revised figures might, I think, be taken as correct.

19624. I understand that those figures which you have so far given, relate only to the finishing of the work in 1882, the longer period?—They relate to the completion of the work in July, 1882.

19625. Then, as I understand it, there was another set of tenders for finishing the work at an earlier period, but still in this form, A, B and C?—Yes; tenders were invited for the completion of the work, at least to make it serviceable for traffic a year sooner, namely, by the 1st of July, 1881.

**Morse, Nicholson  
& Marpole tender  
for combined  
sections to finish  
in 1881, \$5,937,732.**

19626. Do you remember whether that altered the comparative rank of the tenders?—I think it did. The last referred to tenders stand as follows: for the combined sections, Morse, Nicholson & Marpole, \$5,937,732; for section A, Andrews, Jones & Co., \$2,239,525; and for section B, Morse, Nicholson & Marpole, \$3,467,568, together \$5,707,093.

**Tenders for  
separate lower  
than combined for  
sections.**

19627. Then, according to this calculation, letting the work by separate sections appears to be the least expensive to the country?—Assuming the work could be done for the prices, letting it by separate sections was the cheapest.

OTTAWA, Wednesday, 20th April, 1881.

SANDFORD FLEMING's examination continued:

*By the Chairman:—*

**Railway Con-  
struction—  
Contract No. 14.**

**Whitehead in  
working on con-  
tract 14 was not a  
sub-contractor  
but acted in the  
place of Sifton,  
Ward & Co.**

19628. It has been mentioned that some newspaper reports of your evidence upon a former occasion gave as an answer from you, that you always considered Mr. Whitehead a sub-contractor to Sifton, Ward & Co. respecting the eastern portion of section 14: as far as I remember that was not the purport of your evidence, but I would be glad to hear from you now, whatever you have to say on the subject, and a fuller explanation, if you consider it necessary?—What I meant was simply this: that Mr. Whitehead did the work under contract 14, not under

Railway Construction—  
Contract No. 14.

the original contractors for 14, that that particular portion of the work was transferred to him by them, and approved by the Department. He acted in their place as it were.

19629. Do you mean that you consider he was acting for their benefit in this respect: that they were to get the pay, or any pay for the work that he did?—No; I mean that he was acting for himself under their contract.

19630. In fact, then, he was a substituted contractor, and not a sub-contractor in its ordinary sense?—Yes.

19631. This correction of your evidence is made at your instance on account of what you have heard of some newspaper report?—Yes; it has been suggested to me, that I had made a mistake in stating that Mr. Whitehead was a sub-contractor of Sifton, Ward & Co.'s, and what I meant is as now explained.

19632. At our last meeting, just before we parted, we were comparing the tenders made for sections A, B and C, either separately or combined, and either for the finishing of the work in 1881 or 1882: can you explain the relative merits of the different systems, and why the one was adopted which was adopted?—My recollection of it is simply this: the tenders were received; they were opened; they were classified, and they were referred to me to report which course I considered the best. I did so. If I remember right, I did not recommend that the lowest tender should be accepted. My experience goes to show it is not always expedient in the public interest to accept the lowest tenders. I recommended that some other tenders, not quite the lowest, should be accepted, I think, but my recommendation was not adopted by the Government.

Contracts Nos.  
41 and 42.

19633. Irrespective of the question of price, as I understand it, there were two other main questions for consideration. In the first place, whether the work should be done under one single contract, or in separate contracts for separate sections. That was one question. The other was whether the work should be let so as to be made useful in 1881 for trains, or not until 1882. These were the two main questions that had to be decided upon while judging of the relative merits of the tenders, and it is upon these main questions which I wish you first to explain the course which was adopted?—I felt it very important, indeed, that the line should be opened at the earliest date it was possible to have it opened, but I deemed it next to impracticable to have it opened by the 1st July, 1881, unless the parties undertaking to do it were not cramped for funds. If they had the public treasury to draw upon it might possibly be done, but I thought that it would not be possible to have it done under any of the tenders that were received. The prices were, in my judgment, too low to entertain that hope, so I recommended, if I recollect right, that none of the tenders for the short period should be entertained. I thought it would be simply giving them an enhanced price, and when all was over the work would not be done at the time that was expected.

Deeming it impossible the contractors could accomplish the work by July, 1881, recommended that none of the tenders for short period should be entertained.

19634. These tenders that you have spoken of show that the prices for the shorter period were considered higher than the prices for the longer period, and, as I understand your reasoning, that higher price would probably be paid because they contracted to finish it at the



**Railway Construction—  
Contracts Nos. 41 and 42.**

shorter period, but that the work would not be done, and therefore the higher price would be paid without any corresponding advantage to the public?—Yes; and besides that, it would be disappointing. The public would expect the road to be opened in the shorter period, and it would not be opened. I had no objections to the contractors being paid a good price for their work, but I would rather see them get it in a straightforward way.

Had men of known capacity tendered for whole work better have given them the whole.

19635. Then, as to the next main question, which was between the two modes of letting work by one single contract or by two separate contracts?—Had experienced contractors, men of resources and determination, undertaken to do the work for the lowest prices I would have recommended that the whole distance, 125 miles, should be awarded to them; but, unfortunately, parties tendered whom I never heard of before, and whom I did not know would be competent to do the work, and I felt it unwise to put it in their hands. I feared that if the contract was let to them for the whole that they would probably fail to do it, and a great deal of time would be lost and the public would suffer; and I deemed it best to put it in the hands of others who would be more likely to carry it out. My recommendation in connection with this is given in my report dated February 1st, 1879. (Exhibit No. 66.) My desire was to have the work placed in the hands of skilful, energetic men, so that there would be a reasonable probability of having it completed within the specified time, and at as low a rate as it could be done for, hence my recommendation to pass over the lowest tenders and accept higher tenders than the lowest.

19636. In making a comparison of the price offered for these different modes the separate sections apparently would cost less than the combined work?—The lowest tenderers for the separate sections were the same as the tenderers for the whole section, I think, in this case.

19637. For one of the separate sections?—Yes.

19638. Morse, Nicholson & Co.?—Morse, Nicholson & Marpole were the lowest tenders for the combined sections, for the whole work, 185 miles. Morse, Nicholson & Marpole were the lowest tenderers for B; they were not the lowest tenderers for A. Their name is not on the list of tenderers for A, but it was assumed that they would be willing to carry out the work on A for the difference between their tender for B and their tender for A and B together.

For contract 42 (Sec. B) Morse & Co., \$700,000 lower than the next lowest tenderer.

19639. That would in effect be giving them their price for the whole distance?—No; I felt that their offer for B alone was altogether too low. It was something like \$600,000 or \$700,000 lower than the next lowest tender. The next lowest tenderers were men of experience, men whom I knew perfectly well, and whom I thought would offer to do it as low as anybody, and I felt quite sure that nobody could afford to lose \$600,000 or \$700,000 on that work.

19640. In alluding as you do to the work on section A, and to its being done by Morse, Nicholson & Marpole, what do I understand to be your theory: that they would take it for the price?—That although their name is not on the list of tenderers the difference between section B and sections A and B combined made their price for section A a low one, but not so much lower than the next lowest tender.

**Railway Construction—  
Contracts Nos. 41 and 42.**

19641. You are speaking now of the difference between the offer made by Morse, Nicholson & Co. to do section B, and Morse, Nicholson & Marpole's offer to do the whole distance, and that difference you assume would be the price they would take for section A alone: is that what you mean?—Yes, I think so; that is what I mean. This does not bring them to the lowest figure for A, it puts them above Marks & Conmee, but I thought Marks & Conmee were much too low.

19642. Let us see how this reasoning affects the transaction. You say you suppose that they would be willing to accept that difference between the other two offers as their price for section A: did you wish they should be offered the work at that price?—Yes.

19643. Were they offered it?—I think so. The words I used were these:

"I would rather advise relieving them of the difficult section of sixty or seventy miles east of Keewatin, their price for which is \$3,364,336, and leave them the remaining 118 miles, from Eagle River to English River; this contract would amount to \$2,335,371, and I am of opinion that this work will be sufficiently large to place in their hands, and that it would be inexpedient to give them more unless Morse & Co. can satisfy the Government that they control and possess greater skill and capacity than I am aware of."

Advised against giving Morse & Co. the whole work.

I found that their price for section A, \$2,335,000, was not unreasonably low. It was about the same as that of good contractors such as Dennis O'Brien, Wardrop & Ross, and J. R. Macdonell. I may say that I have always found it unwise to let work for less than it is worth to do it. If there is not money in the work it will never be satisfactorily accomplished, and in many cases it has cost a great deal more in the end than if it was let at a fair price in the first place.

19644. In order to make that rule apply to this case it would be necessary for you to arrive at some conclusion as to what would be a fair cost for this work?—Yes. Well, I judge from the tenders of such men as those I have named—Wardrop & Ross, J. R. Macdonell and Dennis O'Brien.

19645. Had you any other means of coming to a conclusion as to the value of the work besides the offers of these well known contractors?—I have no doubt I had. My recollection is not so clear as to state explicitly what I had, but I have no doubt at all that I had other means. I had probably made my own calculations.

19646. Do you remember, as a matter of fact, that that process had been gone through: that you had estimated the probable cost of the different items, and the probable cost of the whole work, so as to know whether any offer was unreasonably low?—Well, it is almost invariably done, so I assume it was done in this case as well as others.

19647. Is it usual to keep a record of those calculations?—Oh, it is usual to keep all papers and estimates that are made. Copies are not always made; they are not always copied into the letter-books.

19648. Had that process been adopted as to these other works in that section of the country before accepting other tenders: that is, to ascertain by reliable data the fair cost of the work?—I cannot say more than I have done. I say it has been the general rule. I cannot say it has been invariably carried out; I assume that it has.

General rule to make a calculation of cost of work, but not invariably carried out.

19649. Can you say whether it was done as to section 13?—I cannot say positively with regard to any one section.

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19650. You think it was done concerning more than one of the sections between Red River and Lake Superior?—I have no doubt it was done in every case.

19651. Do I understand you to say that the engineering branch of this Department ascertain, before deciding upon the expediency of accepting any tender, something like the probable cost of the work from other sources of information, and independent of offers made by tenderers?—That is the general rule.

**Witness's recommendations not always acted on, not in this instance.**

19652. Has it happened that the probable cost so estimated by the Department has been made the basis of accepting or refusing tenders in any of the other contracts independent of the relative prices of tenderers?—I cannot say that it has. It has been made the basis of any recommendations that I have thought fit to make to Ministers of the day, but these recommendations I have made have not been invariably adopted. They were not in this instance.

**Satisfied himself that the work could not be carried out on contract 42 by Morse, Nicholson & Co.**

19653. Do you think that you have, in speaking or writing of the expediency of accepting particular tenders or any tenders for any particular contract, set out that the work was likely to cost more or less than was specified in them: in fact, have you reported upon the probable cost of the work as ascertained by you in the way you describe, as against the price of the work asked by tenderers?—I would, without doubt, satisfy myself as to the probability of the work being carried out under any one of those tenders. In this very instance I satisfied myself that the work could not be carried out by Morse, Nicholson & Marpole for section B, and having satisfied myself on that point, I could not possibly recommend the Government to accept their tender for that particular section.

19654. I do not think that the meaning of my question has been made plain to you (question repeated)?—If I have made any reports on the subject, the reports will speak for themselves, but the answer is just what I have given you. I have no other answer to give.

19655. Well, I have to call your attention to the point of my question, which is not whether you had satisfied your own mind on the subject, but having satisfied your own mind whether you made a formal report to that effect to the persons who should decide finally whether the tenders were to be adopted or not?—I have no recollection of a formal report in this case or any other cases, but I would state frankly to the Minister, either in a formal report or in some other way, what my views were. That is my invariable custom.

19656. Do you remember whether the estimate so formed by you had been the foundation of any recommendation, verbally or otherwise, to the Minister, that the tenders upon any other portion of this work between Lake Superior and Red River ought or ought not to be accepted on the prices of the tenders?—I do not remember.

19657. Going back to the expediency of deciding, in the first place, between these two modes, that is, letting the work for the whole distance or by sections, I gather from your report and the figures you have given, that the letting of it by sections would be the lowest if it could be done according to the tenders?—The tenders were the lowest by sections.

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Would have preferred to have let the whole work to one firm at a higher price than by sections, had he been satisfied the one firm was equal to the task.

19658. And do I understand that, notwithstanding the tenders by sections being for a lower sum, you would have preferred to let the work as a whole at a higher price if the person who had tendered for the whole had been a substantial and satisfactory contractor?—Certainly I would.

19659. Why would you have selected that mode instead of the separate section mode?—Because it would have simplified matters very much if we had one contractor to deal with instead of two, and it would have enabled the contractor himself to handle his work in a more satisfactory manner. He could work from either end as he liked. If he felt it to his advantage to do the greater part of the work from one end in place of the other, he could do so.

19660. The adoption of that mode of letting the work by the whole distance would, by comparison of the tenders, cost the country something like \$131,000 more than this separate section system: do I understand that you think the public interest would have been best served by letting it in that way although it did cost that much more?—I have already said that I thought at the time that the lowest tender for one section, that of Morse, Nicholson & Marpole, was a great deal too low. I never expected the work to be done for their tender. They were something like \$700,000 lower on that single section than the next lowest tenders, and the very fact that their tender was so very low made me doubt whether they were men of experience or not.

19661. You are alluding now to their tender for section B?—Section B.

19662. Do I understand that you had formed a deliberate opinion, based upon some such estimate as you have previously described, that the offer made by Morse, Nicholson & Marpole was so low that it could not have been done satisfactorily for the price?—For section B? I have already said so. I did not believe it could have been done for the money.

Did not believe Morse, Nicholson & Marpole could have done the work on contract 42 for the price in their tender. Therefore recommended that the larger offer of Fraser, Grant & Co. should be accepted.

19663. Then, in the public interest, do I understand you to say, that your opinion, based on the same sort of estimate, was that it would be more advisable to take the larger offer of Fraser, Grant & Pitblado, than Morse, Nicholson & Co.'s?—For section B, I think I recommended that course to be taken.

19664. And in the public interest do you say now that was the best course to take?—I had no doubt as to the advisability of adopting that course, and I have not been led to change my opinion by anything that has occurred since.

19665. I also understand you to say that that was based on some estimate made on your own behalf, rather than on a mere comparison of the offers for doing the work?—Yes; I have no doubt I made some calculations of the probable cost of the work before I made my recommendation.

19666. Do I understand you to say now, as a matter of evidence, that your present opinion that that was the best course to take is based partially, at all events, on your own estimate of the probable cost?—As I have already said before, in answer to half a dozen questions, I could not give any other answer.

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19667. In other words I am asking now whether you believe that you did make such an estimate of the cost of this particular work, section B, as to lead you to the conclusion that it would be best in the public interest that the lowest tender should be passed over, and the Fraser, Grant & Pitblado tender should be received and accepted?—I have no reason whatever to change the views expressed in my report dated 1st February, 1879.

19668. Would you please point out that portion of your report which touches the previous estimate as made by yourself, because I do not remember it now?—I do not remember either.

19669. Then the reference to the report does not answer my question?—Well, you can hardly expect me to remember everything that I did and thought two or three years ago.

19670. No; I do not expect that?—I am telling you what the practice is.

19671. But I would expect you to say that you do not remember, if you do not?—Then I say I do not remember.

19672. It appears that your suggestion that the work on one section might be offered to Morse & Co., although they were not tenderers, and that a higher price than Marks & Conmee, the lowest tenderers, was not adopted, but that instead of that the tenderers were allowed to take their position according to their rights: did you know those people, Marks & Conmee, personally?—I did not. If I remember rightly, they associated with themselves the present contractors, Purcell & Ryan, whom I knew and know.

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19673. Before this association, do you remember whether you took any part in objecting to the *personnel* of the original firm, Marks & Conmee, or their pecuniary standing?—Well, it will be set forth in my report if there was any objection taken.

Does not  
remember.

19674. Do you remember?—I do not remember.

19675. Then you think whatever happened on that subject, as far as you are concerned, will appear in your report?—Yes; whatever was necessary to put on record was put on record at the time.

19676. But it is sometimes necessary for me to ask questions as to things which, at the time, it may not have seemed necessary to put on record?—Yes; but I cannot answer until I read over the record.

19677. I am asking whether you remember taking any part?—Then my answer is very short. I do not remember having taken any part.

19678. I think you knew Purcell & Ryan before the time of their association with these successful tenderers: do you remember whether they had any interview with you at the time of the contract?—I think their interviews were mainly with the Minister's office. They may not have been in my office more than once, but I have no recollection of any conversation that took place between them and myself.

19679. Do you recollect any action taken which led to their association with Marks & Conmee—I mean any action on the part of the Department?—No; I think the whole negotiations took place between the Minister's office, the Deputy Minister or the Minister himself and the parties. My responsibility ended with these reports that I have referred to of the 1st of February and the 12th of February. I refer

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you to a correspondence published in a Blue Book dated January, 1879, in which you will see that I am right in stating that I had nothing to do with that correspondence. There are no letters from me until the 1st of March, and that letter will speak for itself.

19680. That is on page 11 of the Blue Book published in 1880?—Yes; that letter was written as soon as I ascertained that the tender of Marks & Conmee for section A had been accepted, and I there pointed out a mistake in the tender and suggested that the contractors should be informed of the mistake before they signed the contract, I think. The mistake seemed to me to be one that affected them very seriously. According to the tender they were obliged to excavate earth and haul it a distance of a mile or a mile and three-quarters for 10 cts. a yard.

Pointed out a mistake in the tender of Marks & Conmee.

19681. That included the excavation and haul together?—Yes, for that long distance, while the price for ordinary earth excavation was something like three times that amount. That is the only letter of mine that I see in this correspondence.

19682. Do you understand that they decided not to rectify what you considered a mistake, but to adhere to their low price and retain their rank among the tenderers?—I understand that the Minister insisted upon them executing the contract strictly according to the tender, or retire from the field. They executed the contract. I mean by "they" the present contractors, Purcell & Ryan and Marks.

But Minister insisted on their executing contract according to tender.

19683. What is the character of the country in which this work lies?—The two sections, A and B?

19684. Work on section A, I speak of that just now?—Section A is a wild country full of rocks, and lakes, and swamps, and forest.

19685. Is it generally similar to the country of section 25?—It is very similar to section 25.

Character of country very similar to contract 25.

19686. Is there a difference between the eastern and western ends?—There is probably less muskeg on section A than on section 25.

19687. But that portion next 25, the eastern portion, is not that rather similar to section 25?—The features of the country do not change rapidly; they change gradually.

19688. Then the eastern portion of this section A, or 41, would lie somewhat similar to the country of section 25?—Somewhat similar.

19689. Would there be a considerable portion of muskeg in it?—Considerable muskeg; yes.

19690. Did you know after the experience of the work that was done on 25, whether there was any particular notice taken of that circumstance in preparing the specifications for this work?—When the specification was prepared by me the facts with regard to section 25 were not well ascertained. If you refer to the specifications, you will find them dated in 1878, I think.

19691. As I remember the first dates were in August, 1878. The work was not let, however, until the beginning of 1879, in order that full information and details could be obtained, so as to give full information to the tenderer?—The specifications were dated 30th of November, 1878; tenders were received two months afterwards.

19692. Contract 25 was dated apparently in June, 1876?—Yes.

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Although contract 25 let in June, 1876, no experience had been gained regarding muskeg to guide in letting a contract in November, 1878, in a muskeg country.

1693. More than two years had elapsed between the letting of contract 25 and making the specifications for contract 41: I intended to ask whether during this period you had obtained such information of the character of the country, and of the character of the material to be excavated on 25, as led to any particular notice being taken of that peculiarity in these tenders for work on 41, or in the specifications?—I had not, at the date of the specification brought under my notice—or at the date of receiving tenders—anything that seemed to call for any particular attention there than that set forth in the papers published for the information of parties tendering for the work. I took care to have very full information published at the time, so that intending contractors would know exactly what they were proposing to do. A form of the articles of agreement was also prepared and printed, and supplied to parties intending to tender. To every one who applied for them the following papers were furnished, namely: the form of contract, and a memorandum of information dated the 30th of November, 1878, also copies of form of tender A, form of tender B, and form of tender C. There was also furnished an addenda printed on the back of the original memorandum, and the special attention of the contractors was directed to that. Contractors were also informed that they could see profiles of the line at the head office in Ottawa. Here are copies of all those papers.

1694. There had been a considerable amount of this muskeg work on section 14 also, had there not?—There had.

Contract 14 let in April, 1875, also had in it considerable muskeg, yet no special attention directed to this feature in the contract.

1695. That contract was let in April, 1875; now the point to which I wish to direct your attention is this: you stated in your evidence that the character of the country appeared to be of a kind which made the material in the muskegs not very available for embankments; that it became compressed, and this made the work more expensive than was intended if it was taken out and paid for at the ordinary rates for earth excavation. I wish to ask, whether after these contracts were let and carried on to some extent on section 14 and section 25, the attention of the Department was directed to this circumstance sufficiently to induce them to inform the public of this peculiarity of the country, and to make special terms in the contract, or in the specifications regarding it?—I do not remember that my own attention was particularly directed to it. I felt that the papers that I have now referred to were sufficient for the purpose that the specification would cover all conditions of the work.

1696. Then did you deem it necessary to make any change in the form of the specification and information given to the public previously, so as to draw any particular attention or make any particular condition upon this subject?—If I did deem it necessary I made a change. The specification was a new one; what the change was I do not now remember. The specification was prepared for this purpose.

1697. Can you not remember whether this matter passed through your mind so as to leave an impression at this date—the muskog question?—This specification embraces a great number of clauses, 96 in all, and I cannot at this date remember what change was made in any one of these clauses.

1698. For the present I am not speaking of the wording of any of these documents; I am now speaking of the impression made upon your mind by the muskeg question, and I am asking you now whether

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you remember it occupied your mind sufficiently to make you deem it necessary to call the attention of tenderers to that particular feature of the country in the muskeg district?—I do not remember that.

19699. As you say you have the papers there I will be glad if you will take the time to look at them and point out if there is anything to be discovered in these papers upon this subject different from former specifications?—I see in an addenda to the memorandum some suggestions that may have a bearing on this. These addenda form no part of the contract; it should have done so, but it was omitted. It was nevertheless information supplied to the contractors.

19700. Do you say it was supplied to the contractors or to the tenderers?—It was supplied to the contractors as tenderers. It was supplied to every person who asked for information with respect to the work that they tendered for. I shall, if you are willing to hear me, read clause No. 20 in this memorandum which bears on the question:

“Special attention is directed to the large quantity of earth required in addition to that from line cuttings and from local borrowing-pits to complete the embankments, chiefly on the section between Eagle River and Keewatin, as shown approximately in the schedule of quantities. As it will not be possible to complete some of the embankments one by one from each borrowing-pit in the ordinary way within the specified time, temporary trestle or other staging will have to be generally used to carry construction trains forward. The rates for excavation in a tender must include all such temporary works in accordance with the 31st clause of the specification. Special attention is directed to the profile of the line where all known information is given respecting the character of the material available for forming embankments. It will be observed that the localities so far discovered as likely to yield a considerable quantity are limited. Accordingly, if no other more convenient localities are found the hauls will be unusually long at the undermentioned places, and parties tendering may give special prices in their tenders for the work.”

Addenda to memorandum he thinks might be held to exclude muskeg.

Then there is a list of points given here where the haul is expected to be great, ranging from one mile to sixteen miles in one case:

“The attention of intending contractors is specially directed to this matter, as the maximum rate of haul under all ordinary circumstances is established by the 18th clause of the specification. It is possible that material may be found as the work progresses between the above mentioned points, and thus reduce the quantity estimated for long haul.”

Then it goes on pointing out other points where material was known to exist suitable for ballast.

19701. Do you mention this that you have now read as pointing out the peculiarity of the muskeg material in any way?—As pointing out that the design was to use no muskeg—to use material from borrowing pits hauled by train; or, rather, it does not mention muskeg. It does not indicate that muskeg was to be used at all.

But cannot say that the language was framed with the view of pointing out muskeg as a peculiarity of that country.

19702. Do you say that that clause was shaped in consequence of the peculiarity of the muskeg localities?—I do not know. I do not remember. This clause was prepared from the information that was brought before me to cover the circumstances of this contract.

19703. I understood you, yesterday, to say that it would be proper, from the peculiarity of this material, and it being altogether different from what you had previously known to exist in other portions of the country, that instead of the ordinary rule being followed of measuring the work in the excavation, that the work ought to be measured only in the embankment, and that the quantity which was finally available for the embankment ought to be paid for and no more. The object of this questioning is to know whether you thought that



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departure from the ordinary rule ought to be pointed out in some of the particulars given to tenderers, or in some portion of the contract, so as to make it plain that the ordinary rule ought not to be followed in this particular locality?—From the information furnished me I was informed that the material was not suitable for the purpose, and it was desirable to employ other more suitable material. On this papers were prepared with that object in view.

After witness learned the character of muskeg material whether it should or should not be used was left an open question.

19704. Do you mean that after the information you had received you had determined that it should not be employed at all?—I had not determined that; that was left an open question.

19705. Then where it did happen to be used, what rule did you consider ought to be adopted?—The rule as laid down in the instructions which I forwarded soon after this to the engineers in charge of those sections.

19706. You mean your instructions to Mr. Jennings?—Yes, and to other engineers; but the copies of the instructions to Mr. Jennings are those that are printed.

19707. What is the date of those instructions to Mr. Jennings?—The 3rd of June, 1879.

19708. As this contract was arranged for in the fall of 1878 those instructions in June, 1879, would not throw any light on the question?—You are aware that winter prevails between March and May up there, at least the ground is not fit for railway operations, at least in the opening of the contract, and there was little or no work done, I think, when this letter of instructions was sent to Mr. Jennings and to Mr. Caddy.

19709. But although the winter prevails, persons who were asked to tender in the fall of 1878 might then understand any particular explanation about muskegs. The point I am endeavouring to make is this: whether you informed the public that the ordinary rule would be departed from at the time that they were asked to tender in the fall of 1878, and that they would be paid only for the muskeg as it stood in the embankment and not as it stood when it was removed?—I do not know what other people understood, but I know what I understood, that the work would be paid for by the yard at a certain price named in the contract.

19710. But you understood whether that would be measured in the excavation or in the embankment?—That was a matter for the engineer to decide, for if I found that the work measured in a particular way would practically double the price of the contract, it would not be my duty to have it measured in that way.

19711. Did you understand that the contractors did not agree with your version of that?—At the time?

19712. At any time did you understand that this opinion of yours was not the prevalent one among contractors at all events?—I think it is very likely. I do not know that I had any correspondence with the contractors.

19713. Therefore, I am asking you whether you considered it advisable to make it plainer than it had previously been by calling the attention of tenderers in the fall of 1878 to the peculiarity of the country, and to the peculiar mode in which the measurement would be made?

—I had no consultation with contractors when these papers were prepared for public use before the tenders were received—none that I am aware of—and these papers were prepared on information laid before me by those acting under me as assistant engineers, to cover the case, and I believe that they did.

19714. Do you understand whether any difficulty or difference of opinion had occurred as early as the fall of 1878, between the Government engineers or yourself as the head of them on the one part, and the contractors or any of them, on the other part, as to the mode of measuring the muskeg material when it was removed from the excavation and put into embankment?—I cannot say. I was not familiar with the difficulty then. I had just returned from a long leave of absence.

19715. Then do you mean that your not being familiar with it is the reason why it was not noticed in the new shape of the information for the public?—I do not really know. I cannot tell. It is not improbable, had I known what I do now, that I would have drawn very special attention to the matter, and set forth the view that I now entertain in the specification itself. There is no doubt about it.

19716. Is there anything further about this particular section which you think requires explanation—I mean section 41?—I have nothing to volunteer.

19717. Then, as to the next in order, section 42, sometimes called section B, I wish to call your attention to a portion of your own report upon the subject of this and section A. At page 3 of the printed report in 1879, marked 43m, the report to which you have alluded, I believe you mention the firm of Fraser, Grant & Pitblado, of New Glasgow, and you speak of them in favourable terms: had you known this same firm in this shape before?—No. I did not know them as partners, but I knew Fraser as a contractor and Pitblado as a contractor. Grant I did not know. I had formed a very high opinion of Fraser and Pitblado as contractors.

19718. Had they done work under your supervision?—They had and had done it well and energetically, and they were men that we had no great trouble with after the work was done.

19719. Do you know any other influential persons who had any favourable opinion about these gentlemen, who united with you in this opinion, or was it your own independent opinion?—This was my own opinion. I do not know that I consulted any one about them, but these men are well known.

19720. At present, I wish to know whether this opinion of yours was an entirely independent one, or whether it was given in consequence of any consultation, or conversation, or discussion, with any one else?—My opinion was entirely independent of the opinion of any one else. I probably knew them better than any one in Ottawa at the time.

19721. Do you remember whether their names were suggested to you by any person?—I do not remember. The name was suggested by the tender itself.

19722. That is hardly a person: I wish to know whether any other person, particularly any Member of Parliament, suggested to you those names as people to whom it would be desirable to give the contract?—I do not remember any special reference to their names any more than

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Cannot say whether, in the fall of 1878, a difference as to the mode of measuring muskeg material arose between witness and contractors.

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Knew Fraser and Pitblado of whom he had formed a high opinion as contractors.

No influence was used in favour of Fraser, Grant & Pitblado.

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to any other names. There the names were on a sheet of paper and they were examined, but I had no recollection of any special reference to these men.

19723. Do you remember any Member of Parliament mentioning to you that it would be agreeable to him, or to any other Members of Parliament, if these men should get the contract?—I do not remember any such statement being made. Their tender was viewed favourably by Mr. Marcus Smith as well as by myself, I see by his report.

Witness is confident he spoke well of these men.

19724. In my last question I was not speaking so much of the merits of the tender as endeavouring to find out whether there was any personal influence used in order to get these men favourably reported upon?—I have no recollection of any. There was a natural desire on the part of the Minister to have the work put into the hands of good contractors, and I have no hesitation in saying that I spoke well of those men knowing them; but I have no recollection beyond that. I have no recollection of him or any one else expressing any special desire to have the work put in their hands, except from the fact that they were recommended by me as good contractors.

19725. I do not remember that in any of the papers before us you are shown to have taken any part in the negotiation after this report which led to their becoming part of the contracting firm: do you remember anything of that kind, that you took any part in the negotiations which led to their getting the contract?—I do not remember that I took any part in the negotiations. There was a good deal of delay, telegraphing and writing between the Secretary and the Minister and various people. The correspondence is all given in this Blue Book of January, 1879. I do not think I took any part whatever in the negotiations.

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Time of great importance in order to get in supplies before the winter passed away.

19726. It seems that in awarding this contract finally, time was considered to be of very great importance, and I notice the latter part of your report speaks of this feature: would you please explain what the difficulty was in that country, and why time might be considered so important as you there state?—I was aware that in previous years we had been caught taking supplies into surveying parties by the rapid disappearance of the sleighing, and I thought it my duty to bring this matter under the notice of the Minister, so that as little delay as possible would arise in letting the work, and thus allow the contractor, whoever he might be, to take in all the supplies he could before the winter passed away. That accounts for the reference, in my report of the 1st of February, to that point. I knew very well that if the contractor did not get his supplies, or a considerable portion of them, in while the sleighing lasted, it would be next to impossible to get them in during summer on account of the absence of roads, and the absence of other means of getting them in. There was no hay in the country; there was no oats, and nothing at all to feed men and horses, and there was no other way of taking them in except by horses.

The beginning of March too late to get in supplies.

19727. When you thus alluded to the time for procuring supplies being short, it was a month before this contract was finally awarded. What would you say about the necessity for speedy operations then; say the beginning of March?—I should say it was too late to do much in the way of getting in supplies after that. I felt it was somewhat unfair to the contractor, whoever he might be, to postpone the execu-

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tion of the contract until the only means he had of taking in supplies for both men and horses passed away, inasmuch as he was to be bound, under the contract already prepared and printed, to have the work done by a certain time.

19728. Irrespective of any effect on the individual contractor, how did you think it affected the public interest in March—the 3rd, 4th or 5th March—as to the extension of time for deciding upon the contracts?—I think it would have been very much better indeed in the interests of the public had the work been let a month sooner. It would have been very much nearer completion to-day, and the sooner it is completed the better in the interest of the public.

Better in the interest of the public that the work should have been let a month sooner.

19729. That is suggesting that it would have been better to have done something that was not done; but I am speaking now of the time when there was an opportunity to extend the period for tenderers, or to refuse it when there was an option, in fact the beginning of March, 1879: I am asking now how it would have affected the public interest, in your opinion, to have extended the time for a decision in awarding the contracts?—I can hardly say just now. I do not remember all the circumstances. That would require some little consideration. The 1st of March would not affect the public interest in the same way that it would a month or two months sooner, because the period for taking in supplies had passed away, or very nearly passed away.

19730. What time does the sleighing generally end in that country?—I think it is about the middle of March. It is not always the same time, but the sleighing gets very bad indeed early in the spring up there, on account of the very powerful sun and clear sky that they have.

Sleighing in country where this contract lies ends about middle of March.

19731. Have you had under your consideration at any time this question: whether it would have been a good thing in the public interest to extend the time after about the 5th of March, 1879, to Andrews, Jones & Co., who wanted further time than had been given to them to put up their deposit?—I do not think that has been brought under my consideration, and if I was to give you an answer now I would have to consider it afresh.

19732. A good deal of that country, I think you say, was covered with water: how would that affect the means of transportation after the beginning of March?—As I said before, the sleighing gets bad on the water channels after the middle of March; not always at the same time.

19733. Without reference to any particular year as being different from the average of years, what would you say about the expediency of extending the time for deciding upon the contract after the 5th of any March?—I do not know that it would make a great deal of difference after the 5th of March whether you let the contract immediately or postponed it a week or two. The sleighing would be of very little use to you before you could get your supplies forwarded to the neighbourhood in some winters. I should add, of course, there may be winters when the sleighing would last a month longer.

19734. Have you heard how it is this year?—I believe the sleighing has lasted until recently this year.

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In 1880 sleighing  
prolonged until  
April.

19735. How recently, do you think?—Until a fortnight ago, I should think. If I am not mistaken the ice is still on the lakes there, although it is not sound. Here is a letter from Mr. Lynch, one of the engineers on section 42, dated 9th of April, in which he says: "We have still sleighing, but the ice is none too safe, and the portage is getting bare." That shows that the sleighing this year, at all events, has been prolonged until quite recently.

Thinks he pressed  
the importance of  
despatch on  
Minister.

19736. In addition to this report of yours made on the 1st of February, 1879, respecting the time at which operations ought to commence if possible: do you remember whether you made any verbal communications to the Minister or any one who had control of the matter?—I have no distinct recollection, but I have not the least doubt I pressed that view more than once.

19737. What view do you mean?—I mean with regard to the passing away of the opportunity of getting in supplies.

19738. Do you mean that you suggested that no time should be lost?—Probably I saw the Minister on other business, and this matter may have come up, and I said to him: "I am extremely sorry this thing has not been settled, because our winter is passing away, and there will be no good opportunity of getting in supplies until next winter." I have no doubt I gave expression to those views very often.

19739. The Minister, in giving his testimony, stated that you were urgent, that the winter was passing away, and that about that time the loss of a week might mean the loss of a year: that is the substance of what he said upon the subject?—I do remember writing a note to him. I think I wrote a note to him when he was in Council one day, when some of these matters were being discussed, to draw the attention of some of his colleagues to the fact that there was great urgency; and I think I made use of the expression that the loss of a week might mean the loss of the season practically.

19740. As to the manner in which this work was done under contract No. 42, did it meet with your expectation considering the previous character of those contractors?—It passed out of their hands, I think, and passed into the hands of the present contractors, Manning, McDonald, McLaren and Shields. I should mention to you I was not in Canada that summer. I was obliged to go with three Ministers, Sir John Macdonald, Sir Leonard Tilley and Sir Charles Tupper, to England on public business, and I was unable to go over the work, as I very much wished to do that year, and was not able to reach the ground for various reasons—for various public reasons—until quite late in the season, so I cannot say much about how the work was done during the summer. I reached the ground in October and went over it carefully, and intended pursuing my journey through the whole length of 42 and 41 to Thunder Bay, but I was telegraphed to come back to Ottawa when I got to Rossland.

19741. Is there anything further about this contract for section B, No. 42, which you think requires explanation, or upon which you wish to give further evidence?—Nothing occurs to me just now.

**Contract No. 43.**

19742. The next contract in order is No. 43, with Upper & Co., for the equipment of the Pembina Branch; that seems to be a temporary arrangement lasting some nine months: was there anything connected with that matter which you wish to explain, or consider it necessary to state by way of evidence?—Nothing that I know of.

Purchase of  
Rails—  
Contracts Nos.  
44-46.

How contracts  
came to be made.

19743. The next contract in order is one about rails, No. 44, with the West Cumberland Co. of England: do you remember how this transaction was brought about?—I remember that a necessity arose for a supply of rails, but what it was at this moment does not occur to me, and I was instructed to cable a gentleman in England, Mr. Reynolds, to ascertain what the rails could be delivered for in Montreal—a limited quantity—I think some 5,000 tons. He replied on the following day, that is the 18th June, 1879, that they could be delivered by the end of the following month and in the month of August, for £5 sterling, if immediately ordered. On showing that to the Minister I was instructed to send a cablegram to Mr. Reynolds to receive tenders for 5,000 tons delivered in Montreal, before the 15th August, and I requested him to cable the number of tenders, and the lowest prices for rails and fastenings manufactured to the standard rail that we had adopted. A few days afterwards, namely on the 21st of June, Mr. Reynolds replied that eleven tenders had been received, and that the lowest prices delivered in Montreal by the 15th of August was £5. The same day he was instructed to order the rails and fastenings and to furnish manufacturers with the *templet*, and to see that they were properly inspected. Contracts were subsequently entered into with the West Cumberland Iron and Steel Co., for the supply of 2,000 tons of rails at £1 19s. per ton; for the supply of 1,500 tons of rails by the Barrow Haematite Steel Co., the price being £5 sterling per ton; for 1,500 tons of rails by the Ebbw Vale Steel, Iron and Coal Co., at £5 sterling per ton, all delivered in Montreal, and with the requisite quantity of fish-plates and fastenings. These three contracts are numbered 44, 45 and 46. The necessity for these rails appears to have been pointed out in a report which I addressed to the Minister on the 17th of June of that year (Exhibit No. 160). In that report I state to the Minister the quantity of rails lying at different points and the quantity that would be required to carry out the contracts then entered into, showing that a large quantity was needed—equal to about 25,000 or 30,000 tons, and as it took some time to forward the rails from the nearest seaport, Montreal, to the place where they would be required, it was deemed expedient to order a portion of them at once, in the way just described.

5,000 tons at from  
£1 19s. to £5 a ton.

Necessity for  
rails pointed out  
in report of  
witness addressed  
to the Minister  
on the 17th of  
June, 1879.

19744. The original correspondence upon this subject between the Department and Mr. Reynolds in London (Exhibit No. 159) has been produced before us: have you at any time seen the correspondence and considered it?—The correspondence was forwarded by my secretary, in all probability at my request, to the Secretary of the Department of Railways and Canals.

19745. Do you think that the mode adopted on this occasion by Mr. Reynolds, procuring offers for rails by private letters instead of by public competition, was a good one for the public interest?—I think he accomplished the same purpose. He communicated with all the best manufacturing establishments in England, some eleven in all, I think.

19746. Have you had, at any time, as far as you remember, any occasion to be dissatisfied with these arrangements made by him on behalf of the Government?—I have not.

No reason to be  
dissatisfied with  
the arrangements  
made by Rey-  
nolds.

19747. Is it your belief now that they were the best that could be made in the public interest under the circumstances?—I think they were the best that could be made. I have no reason to think otherwise.

**Bolts and Nuts—  
Contract No. 47.**

19748. In connection with these three contracts which you mention there was another one for bolts and nuts, probably to be used with these same rails, that is contract No. 47, and, as I understand it, was brought about in the same way: do your remarks apply to that contract as well?—That is covered by contract No. 47. Yes; these bolts and nuts were procured in precisely the same way and at the same time. I see the contracts for the rails did not embrace the bolts. The bolts had to be made at another establishment. The fish-plates were furnished with the rails, but not the bolts and nuts.

**Contract satis-  
factory.**

19749. Was the mode adopted by Mr. Reynolds, as to the bolts and nuts, as satisfactory to your mind as the other about the rails?—I think so.

19750. Do you remember anything in connection with the contract that requires further explanation?—I have never heard any complaint, and I have no reason to think they were procured in an improper manner.

**Tendering—  
Contract No. 48.**

19751. The next contract in order is No. 48, for the construction of a portion of the main line, with Mr. John Ryan; this work appears to have been let after public competition: did you take part in the letting of the work?—The Government decided to construct a section of 100 miles to the west of the Red River in Manitoba, and tenders were invited by public advertisement on the 16th of June, 1879. Tenders were to be received on the 1st of August following. A memorandum, or rather a special specification, was furnished intending contractors. That document is dated 16th of June, the same date as the advertisement, in which all the facts connected with the country known were alluded to. The survey was then in progress. Tenders were received but I was not then in Ottawa, I was in London. The result of the tendering was communicated to the Minister and to myself in London. Soon after that, I think a contract was entered into with John Ryan. It appears, from the abstract of tenders placed in my hands (Exhibit No. 131) that the tenders were received on the 1st of August and opened by Mr. Trudeau, Mr. Smellie and Mr. Burpe. On the 8th of August, Mr. Smellie reported on the matter to the Hon. Mr. Pope, who was then acting Minister of Railways and Canals.

**Smellie reported  
on tenders to  
Hon. J. H. Pope.**

19752. Mr. Smellie, I understand, was acting in your absence as the principal engineer in the Department here?—In the office here. The report gives full information on the subject. It would appear from this report that Mr. W. C. Hall, of Three Rivers, had sent in the lowest tender. In the last paragraph of Mr. Smellie's report I find these words:

**Against Hall.**

"Taking all these matters in consideration I am of opinion that Mr. Hall has neither the ability, skill or resources for carrying on this extensive work, and do not think it expedient that the Government should award him the contract."

I find the correspondence is printed at page 44 and following pages of the Blue Book, dated January, 1880, respecting tenders since January, 1879, and in that there is a letter from Mr. Hall, himself, which is very short and I may read. It is dated August, 1879, the same day as Mr. Smellie's letter addressed to the Hon. the Minister of Public Works and Railways:

**Hall withdraws,  
not ready with  
deposit.**

"This being the first time that I tendered for any public works, I was not aware that I would have to be ready with the deposit at once, and having partners in the matter, although not appearing on the tender, and not being able to get them here

Tendering—  
Contract No. 48.

for a short time, and being informed there is an alteration of the specification, I decline to accept the work and hope you will take me favourably into consideration, and not compel me to forfeit the deposit I have already made.

“ W. C. HALL,  
“ Winnipeg Colonization Railway.”

Then follow further letters which led up to the letting of the contract to John Ryan.

19753. Did you take any part in these negotiations?—I was not here. I took no part.

Witness took no part in regard to this contract.

W. B. SMELLIE'S examination continued:

SMELLIE.

*By the Chairman :—*

19754. Concerning this contract No. 48, you appear to have made a report to the effect that Mr. Hall was not likely to be able to carry out his tender, and that you had had an interview with him: can you tell from recollection the substance of your conversation with him at that interview?—The purport of the conversation I had with Mr. Hall is given in this report, and is as follows:—

“I have had an interview with Mr. Hall, who has been summoned here in connection with his tender, and find that he can afford very little information as to the basis upon which his prices were fixed, some of the other parties whom he names having taken an active part in the same. Mr. Hall states that he has for some years been engaged upon railway works, and is at present foreman of track-laying and ballasting on the Piles Branch of the Quebec Government Railway, under Mr. McGreevy. I have no personal knowledge of Mr. Hall, but have communicated with the engineer of the Government Railways at Quebec as to whether he knew anything of Mr. Hall's abilities or resources, and he replies by saying that he has never heard of him.”

Reports against Hall.

19755. Do you remember whether, at the time of this interview with Mr. Hall, you were aware who was the next close tenderer?—Oh, yes.

19756. Do you know whether you communicated that to Mr. Hall, or whether he was aware of it at that time?—I do not think so. I did not communicate to him.

19757. In his letter of the same day to the Minister, he gives, among others, one reason for desiring to retire, that he was not aware that he would have to be ready with the deposit at once; now, in your report on the subject, you make no remark about his not being ready with the deposit: do you know whether you communicated with him at that time so as to lead him to understand that if he went on he would be required to make a deposit at once?—I did not.

19758. Do you know whether he got that idea from yourself or any one else in your presence in the Department?—I think he may have been told that by the Deputy Minister.

19759. Do you remember that he had an interview with the Deputy Minister?—Yes; I know he had an interview with the Deputy Minister.

19760. Were you present?—I think a part of the time.

19761. Did you hear that idea communicated to him, that if he went on he would have to make his deposit at once?—I think that if the idea was given to him about a deposit at once, that meant some short time—some very short period.



**Tendering—  
Contract No. 48.**

19762. Do you think he was led to understand what it meant?—I think so.

19763. Or that that understanding was only in the mind of the person giving the information?—I think so.

Thinks Hall was given to understand he would have a reasonable period to put up his deposit.

19764. Think what?—That he was given to understand it would be a reasonable period.

19765. Do you remember the language that was used?—No; I do not.

19766. Then, I suppose your impression is upon the probability of the matter: that you do not know positively what was said?—Yes; and the term "at once" that was used meant some reasonable time.

19767. Do you think that the term you speak of at once was used?—I could not say.

19768. Is it because you see that term there, you think it meant a reasonable time?—Yes.

19769. And you think, then, that he should have understood that at once meant a reasonable time?—I do.

19770. Among other reasons he gives the alteration in the specification as one which led him to decline the work: do you remember what that alteration was?—Yes; it was the leaving out of the item of fencing and half ballasting.

19771. Was that provided for as a contingency at the time the tenders were invited, or was it a new arrangement altogether that such a change might be made?—That was an arrangement that was made just as mentioned in my letter, fourth paragraph.

19772. That fourth paragraph just states the fact that you were instructed to deduct these items which Mr. Hall mentioned, that is to say, the item for fencing and half of the ballasting: I wish to know upon what principle it was considered that you had the option, without affecting the rights of the tenderers, to withdraw those items from the work?—Under a clause in the general specification.

19773. There was no specific information in the forms given to the public that this fencing might not be required?—No.

19774. But I understand there is a general clause allowing the Government to withdraw from the contract such work as they consider not necessary?—There is.

19775. And it was under that general clause you thought proper to withdraw those items from this contract?—Yes.

Hall not dissatisfied.

19776. Did Mr. Hall protest in any way against the position which you informed him he had under his tender—I mean as to the necessity of putting up the money in a particular time, or as to the alteration in the items that you speak of?—Not to me.

19777. Are you aware that he expressed any dissatisfaction upon the subject to any one connected with the Department?—No, I am not.

19778. Have you any reason to think that there was any arrangement made by which the next lowest tenderer bought out Hall's tender or purchased his withdrawal?—I have no personal knowledge of any.

19779. Is there anything further that you wish to say about this contract No. 48, that you consider it necessary to explain?—I think not.

**Railway Construction—  
Contract No. 48.**

SANDFORD FLEMING's examination continued :

*By the Chairman:—*

19780. It has been intimated to us that this contractor was not enabled to proceed with the work as soon as he expected, because the location of the line was not completed as soon as he was led to expect it would be : is there any information you can give on that matter?— There was a great deal of telegraphing between Winnipeg and Ottawa, even after I came back from England, in reference to that subject. Probably a reference to the telegraph book will give the information required. I have sent for that book, and, in the meantime, as a matter of information, nothing more, I wish to draw your attention to some of the matters that have reference to the questions asked Mr. Smellie. In the special specification, in the fourth clause, it is set forth that the quantities are assumed in order to give intending contractors some idea of the work to be done, and to admit of a comparison of tenders. This is the point I wish to draw your attention to: "These quantities may, in actual execution, be diminished, and the contractor will be paid accordingly, but on no account must the assumed quantities be increased." I draw your attention to that to show that the Department had power to reduce quantities to any extent they considered advisable in the public interest. Then, again, in the 18th clause it is pointed out that the printed quantities in the form of tender are not from any measurement; they are assumed maximum quantities. The contract will stipulate that while the work on completion may cost less than the amount of the tender, that amount shall not be exceeded. In reply to the question respecting the delay claimed by the contractor, I may say that I returned to Ottawa some time in September from England, and on the 18th of that month I addressed a letter to the Secretary of the Department of Public Works, referring at length to the question of delay. This document, probably, had better be put in—a copy of it. It was done for the purpose of putting the matter on record. It is as follows:—

**Delay in completing location of line.**

**Witness addressed a letter to the Secretary of the Department respecting the delay.**

"Sir,—For the information of the Department, I beg to hand you the following copies of telegrams transmitted and received, having reference to the colonization line of railway recently contracted for from Winnipeg westerly."

I may state, by way of explanation, that Mr. Smellie was at this time in Winnipeg. A telegram was sent on the 25th of August to W. B. Smellie, Winnipeg, from the Hon. J. H. Pope :

**Minister telegraphs to have work proceeded with without delay.**

"See without delay that Ryan commences immediately. There must not be an hour's delay.

"J. H. POPE."

On September the 8th another was sent addressed to W. B. Smellie, Winnipeg :

"Commence at the point west of the city where the two proposed lines on the plan sent by you intersect, and proceed northerly on the line recommended by you.

"J. H. POPE."

The same day, 8th of September, another was sent to Mr. Smellie, Winnipeg :

"Letter received: push the work under Ryan contract as communicated therein. Do not commence temporary station building on the spur opposite Broadway Avenue till you hear further.

"J. H. POPE."

**Railway Con-  
struction—  
Contract No. 48.**

On the 11th of September John Ryan sends the following to Hon. John H. Pope, Ottawa :

"Have just returned from visiting portion of line. Find there cannot be much done without rolling stock, which is ordered, and will be here shortly. Will write you particulars.

"JOHN RYAN."

The next is as follows :—

"OTTAWA, 11th September, 1879.

"JOHN RYAN, Winnipeg :

Ryan told to push on without delay.

"Push on your grading as fast as possible. Let there be no delay.

"J. H. POPE."

Next, I find one dated :

"OTTAWA, 15th September, 1879.

"MAYOR LOGAN, Winnipeg :

"Will the City Council furnish temporary right of way free of charge from river to Government reserve to enable contractor to proceed. If so, please describe the starting point on river and the street or other line across city to reserve.

"CHARLES TUPPER."

The next is :

"WINNIPEG, 15th September, 1879.

"SIR CHARLES TUPPER, Ottawa :

City Council of, Winnipeg granted temporary right of way.

"City Council have granted temporary right of way to Mr. Skead, free of charge, from river opposite station, from Point Douglas Avenue westerly to Dominion Government reserve on Point Douglas Common.

"ALEXANDER LOGAN,

"Mayor."

The next is :

"WINNIPEG, 15th September, 1879.

"SIR CHARLES TUPPER, Ottawa :

"City Council to-night unanimously chose Point Douglas as location for bridge. I leave to-morrow for Ottawa as delegation from city.

"ALEXANDER LOGAN,

"Mayor."

Again :

"WINNIPEG, 17th September, 1879.

"HON. J. H. POPE, Ottawa :

"Has Sir Charles returned yet? Ryan has been here nearly three weeks and not turned a spade. Working weather rapidly passing away. Waiting decision as to route of line and where to start from. Is any decision yet come to?"

"C. J. BRYDGES."

The next telegram is :

"OTTAWA, 17th September, 1879.

"JAMES H. ROWAN, Winnipeg :

17th September, 1879, witness telegraphed Rowan that right of way could not be accepted until meeting of Privy Council took place

"City has granted temporary right of way but cannot be accepted until the Privy Council meets when quorum of Ministers come to Ottawa. Meantime, if Skead has obtained right of way from common point, near McPhillips street, toward Penitentiary, direct Ryan, contractor, to proceed on that line, and instruct Murdoch to the same effect. The Minister telegraphed Smellie on the 25th of August to start Ryan without an hour's delay. Mr. Smellie probably did what seemed necessary. In his absence again give positive orders to commence work on line communicated. No change will be made.

"SANDFORD FLEMING."

The next is :

OTTAWA, 18th September, 1879.

"MAYOR LOGAN, Winnipeg :

"Inform Council that the Government accepts the temporary right of way offered by City Council, Winnipeg, from Point Douglas to reserve, to be used if required until permanent arrangements are effected. Directions have been given to lay track at once.

"CHARLES TUPPER."

Railway Construction—  
Contract No. 49.

Next:

"OTTAWA, 18th September, 1879.

"JAMES H. ROWAN, Winnipeg:

"Government accepts temporary right of way offered by city of Winnipeg, free of charge, from Point Douglas, to be used if required until permanent arrangements are effected. Have track laid at once under Ryan's contract.

"SANDFORD FLEMING."

The above telegrams on the subject of right of way across the city of Winnipeg have been collected together and put in this form as a record of the whole transaction to date.

19781 As I understand the delay alluded to in this correspondence Causes of delay was for want of a communication from the river to some starting point on the outskirts of the city: is that correct?—I gather from these that there were several things; first of all, there was difficulty with regard to right of way across the city. Second, that Ryan, in view of that difficulty, was instructed to begin outside of the city; third, that Ryan was not prepared to begin, that he had no rolling stock, as I understand these telegrams; and in one of his telegrams he states to the Hon. Mr. Pope that he was expecting rolling stock up very soon.

19782. But would it not be possible to do some of the work without rolling stock, such as ditching and excavation, and that sort of work?—Yes; and that was the object of directing him to begin outside of the city.

19783. Are you aware whether there was any delay upon the part of the Engineering Department in locating a line at which he might begin outside of the city?—I am aware that the location was not completed over the whole contract; indeed, that when the contract was let the location was not adopted anywhere; when the tenders were invited the surveys were just then started. The acting Minister fixed the point of beginning as early as the 8th of September, and gave positive directions to have the work laid out at that time. On the 11th of September, Mr. Ryan replies to Mr. Pope and says: "Have just returned from visiting portion of line; find there cannot be much done without rolling stock, which is ordered and will be here shortly." The same day, as I have already read, Mr. Pope replied to Mr. Ryan, and said: "Push on your grading as fast as possible; let there be no delay." When contract let location was not adopted anywhere.

19784. Could you say whether, outside of the city, the line was located as fast as was required so as to enable the contractor to proceed with the work as soon as he was ready to proceed, or do you know whether he was delayed for want of the location of the line?—I am of the impression it was located a little faster than he could go on with the work. I was up there myself the following month, and there was very little preparation for going on that I could see, and very little done. It is only right, however, that I should say what I remember. The ground was exceedingly wet over a great portion of the line adopted, and the contractor could not do a great deal on account of its being so wet. Witness under the impression that the line was located faster than Ryan could go on.

19785. It turned out that the work was delayed, over the eastern portion of the contract, by a greater depth of water than was expected?—It was a wet season. The ground was very wet over wide areas that season. The contractor was disappointed, we were all disappointed, that greater progress was not made owing to the wet state of the ground for many miles out of the city of

**Railway Con-  
struction—  
Contract No. 48.**

Winnipeg; he could really do very little indeed. I think there was some five miles of very wet ground there; so wet, I fancy, that horses could not go there.

Tenders were invited before surveys were made, as it was not considered necessary to wait for surveys, the country being flat.

19786. I believe, in the execution of the work, there was a material change from the method originally intended for making the road-bed: do you remember that circumstance?—I remember something about it. I have already said that the tenders were invited before any survey was made. It was not considered necessary to wait for the survey to be completed, inasmuch as we knew it was a very flat country over which the line was to be built, and I prepared, at the request of the Minister, a specification in which the circumstances are set forth; and I said in that specification:

“The Government had determined to construct a colonization railway to the west of Red River in Manitoba, and, in order that delay may be avoided, it has been decided to invite tenders at once, the survey being in progress. Whatever improvement the future may call for the railway shall in the first place be of the cheapest description. The survey not being made and the precise location not determined, it is not possible to furnish plans and profiles and so on. The ground over which the railway will pass is for the most part level, and in many places the track may be laid almost directly on the level surface of the prairie, in other places a little grading will be required. The road-bed can be formed with a little light grading, the material being generally obtained from side ditches, the road-bed will thus be formed to a width of 15 feet, and except when crossing streams or depressions, to a height averaging 6 to 12 inches above the general prairie surface”

And so on, pointing to a cheap and what may be called a temporary description of road-bed, at all events.

Ground so wet and flat that nothing could be done but lay rails on ground and proceed to ballast

19787. Now it is in relation to that road-bed described in clause 5 that I am asking the question. We have been led to understand that this road-bed was not formed in the way mentioned here, with a little light grading and the material being generally obtained from side ditches; that in fact the ties were laid for a considerable distance on the surface and only ballasting put on; that no excavation took place in that neighbourhood, and it was by putting on an extra amount of ballast that the road-bed was made, and the question of the expense of that has been one of the questions between the Government and the contractor: it is upon that feature I wish to know if you have given the matter consideration, and what the explanation is?—The explanation is that the ground was so wet that the men could not work, and could not get the water away; attempts were made by ditches to get the water away but the country is so exceedingly flat, and the soil I suppose had something to do with it also, they could not easily drain such an extensive area. The winter season approached and it was utterly impossible to do anything after the frost came, except in the way you have just mentioned, by laying the ties on the frozen ground or on the ice as the case may be, laying the rails and drawing ballast by train to the spot. That is the explanation of it.

19788. Do you think that the road-bed formed in that way will be as efficient as if formed in the way that was originally contemplated?—Oh, I think quite as efficient; it is a mere matter of opinion. I have not been there since it passed out of my hands.

19789. I do not know whether this change took place altogether since you gave up the charge?—Not altogether.

19790. Have you had occasion to consider the relative cost of the work as done in this way by ballasting, and as originally intended by material from the side-ditches?—I have not.

**Railway Construction—  
Contract No. 48.**

19791. Is there any other matter connected with this contract, No. 48, which you think requires explanation, and which you can give?—Nothing more occurs to me.

**Station Houses—  
Contract No. 49.**

19792. The next contract in order is No. 49, with Richard Dickson, for building station house, Pembina Branch: do you know anything that requires explanation about this matter: we have nothing particular to enquire into?—The erection of this building may have been authorized before I left for England in 1879, but the contract was not entered into until the 15th of August, during my absence.

19793. Are you aware of any matter connected with the manner in which the work was done, or the closing of the transaction which requires explanation?—No. I understand the work was done and the contract closed.

**Railway Spikes—  
Contract No. 50.**

19794. The next contract is No. 50, concerning some railway spikes with Miller Bros. & Mitchell, in September, 1879?—These spikes were ordered during my absence in England in 1879. I understand that they were found necessary and advertised for. This transaction was carried on in my absence.

19795. Is there anything connected with it which you think requires explanation?—Nothing. The same may be said with respect to the next contract, No. 51. Both these contracts were entered into after the matter was duly advertised and tenders received.

19796. Is there anything concerning contract 51 that you think you can explain, or that you think requires explanation?—There is not.

**Transportation of Rails—  
Contract No. 52.**

19797. The next contract is No. 52, dated September, 1879, concerning the transportation of rails, and was made with Henry Beatty on behalf of the North-West Transportation Co.?—I can give no explanation with regard to that from recollection. There is a letter of mine to the Minister dated the 24th September, 1879, giving the facts with respect to this contract. It appears that eight different parties were invited to say at what rate per ton they would take the material forward. Four out of the eight sent replies, and the tender of one of these four was accepted, and the contract entered into and the work performed.

19798. Did you, beyond this report, take any part in the negotiations which led to the conclusion of the contract?—I do not remember now. I think I suggested to the Minister that inasmuch as the season was passing rapidly away, it would be inexpedient to advertise in the public papers inviting tenders in the ordinary manner; it would be quite sufficient for the Secretary to send a circular to a number of forwarders asking them to tender. This circular appears to have been sent by the Secretary of the Department to the eight gentlemen referred to:

Thinks he suggested instead of advertising sending circulars to forwarders.

"I am directed by the Hon. the Minister of Railways and Canals to enquire at what price per ton of 2,240 lbs. you will be willing to undertake the transportation of steel rails and fastenings from Montreal to Fort William this fall, you receiving the rails at ship's tackle at Montreal, paying harbour dues and insurance on \$25 per ton, and piling the rails at Fort William. An early answer is requested."

As I said before, four tenders were received on September 25th. I have already referred to a letter which I addressed to the Minister on

**Transportation  
of Rails—  
Contract No. 52.**

the 24th of September, and on the following day I sent him this letter :

“ Referring to my report of yesterday’s date on the tenders for transporting rails from Montreal to Fort William, I have discovered that the harbour dues in Montreal are 25 cts. per short ton. This is equal to 28 cts. per 2,240 lbs. This makes the tenders stand as follows :—

	Rate.	Including Harbour Dues Montreal.
1. Calvin & Breck, Kingston .....	\$5.75	\$6.03
2. Smith & Keighley, Toronto .....	6.00	6.00
3. Henry Beatty, Sarnia.....	6.00	6.00
4. Folger Bros, Kingston .....	5.75	6.03

19798. Then it made an alteration in the rank of the tenders. It raised two of them from being the lowest to the highest?—That is the effect it had. It showed that the actual lowest were those of Smith & Keighley, of Toronto, \$6; and Henry Beatty, of Sarnia, \$6; the others being \$6.03 in both cases, and my impression is, that Smith & Keighley and Henry Beatty went into partnership and took the contract between them.

**The lowest tender  
accepted.**

19799. The lowest price was the one accepted?—Yes.

19800. Is there anything further in connection with this contract that you wish to explain?—Nothing further.

**Purchase of  
Rails—  
Contracts Nos.  
53-55.**

Drew Minister’s attention to the fact that it was necessary to provide for supply of rails.

19801. The next three contracts concern steel rails, they are numbered 53, 54 and 55 : will you state, shortly, why the negotiations were entered into concerning those rails, and in what way?—Early in June, 1879, I drew the attention of the Minister to the fact that it would be necessary to provide for a supply of rails for the portions of the railway under construction, and for the additional sections immediately to be put under contract.

**Advertisement.**

19802. Did you draw his attention to it by writing?—In writing, yes; by letter under 7th of June, which is before me. An Order-in-Council was passed soon afterwards, in reference to the same matter, authorizing the advertising for tenders for the supply of rails and a sufficient quantity of fastenings to be delivered at Montreal, one-third of the quantity by the 1st of October, 1879, one-third by the 1st of June, 1880, and one-third by the 1st of October, 1880. The advertisement was accordingly put in the English papers. The advertisement is dated 13th of June, inviting tenders to be received on the 15th of July, at the Canadian Emigration Office, 31 Queen Victoria Street, London, England, and informing parties that specifications, conditions, forms of tender, and all other information would be furnished on application either at the office in Ottawa or at the said Canadian Emigration Office. The tenders were opened on the 21st of July following, by the Hon. Finance Minister, Sir Leonard Tilley, in presence of Sir John Rose and myself, in the Emigration Office, Queen Victoria Street, London. Abstracts of all the tenders received were made as they were opened, the tenders were properly classified, and a complete history of the whole transaction, from first to last, is given in the report of mine dated October 1st, 1879. (Exhibit No. 205.) Which report was addressed to the Secretary of the Department, and enclosed with it were all the letters and telegraphs and other documents referring to the matter, numbering thirty-three in all. As the net result of all this, it appears that contracts 53, 54 and 55 were entered into; No. 53, with the Barrow Hæmatite Steel Co., for, I think, 30,000 tons; No. 54, with Guest & Co., for 10,000 tons; No. 55, with the West Cumberland Co.,

**Result of negotia-  
tions.**

Purchase of  
Rails—  
Contracts Nos.  
53-55.

for 5,000 tons, which, with the 5,000 tons previously referred to as having been procured through Mr. Reynolds, made 50,000 tons in all.

19803. Of that quantity 11,000 tons finally went to the Intercolonial Railway?—Yes; I think 11,000 of that 50,000 tons were to be delivered at Quebec for the Intercolonial Railway. I think it is referred to here “for relaying the Rivière du Loup section of the Intercolonial Railway.”

Of 50,000 tons,  
11,000 went to  
Intercolonial.

19804. Was there any formal report made of the contents of the tenders at the time they were opened?—When they were opened in London it was done in the presence of at least one of the Ministers, Sir Leonard Tilley, and they were abstracted and classified; beyond that I think there was no formal report, because the Minister of Railways and Canals returned to London soon afterwards and dealt with the matter. Acting under his instructions, I sent and received the letters referred to in the appendix to my report of the 1st of October, 1879.

19805. Have you that abstract, or any copy of the original?—I have it before me.

19806. Would you please state who made the most favourable offer and for what quantity?—The lowest offer?

19807. The lowest offer?—It would be necessary to explain to you that we asked rail manufacturers to state the price at which they would deliver rails in Montreal. Indeed, if I remember right, a form of tender was prepared which they were called upon to fill up. Here is a copy of that document (pointing to circular). Twenty-one tenders for delivery at Montreal at the three dates I have already alluded to were received. Of these the Barrow Hæmatite Steel Co. put in the lowest tender; the next lowest was Guest & Co.'s tender; the third lowest was the West Cumberland Co.'s tender.

Tenders for rails  
delivered at  
Montreal.

19808. Are not these the three lowest who fulfilled their tenders? Was there not one from Wallace & Co.?—There was another class of tenders for delivery f. o. b.; there were seven of them altogether, none of which were accepted. There was still another class of tenders in which the parties did not state that they were to deliver in Montreal unless under certain conditions. There were four in that class. The lowest was that of the Ebbw Vale Steel Co.: they proposed to deliver them at Newport, Monmouthshire; the second, Fred. Krupp, he proposed to deliver the rails at Rotterdam; the third was a tender from John Wallace & Co., he proposed to deliver them at Montreal, but local dues and duties were to be extra; the fourth was from Panteg Steel Works Co.: they were to be delivered f. o. b. at Panteg, f. o. b. Newport, 3s. extra per ton. It was discovered some time after the opening of the tenders that John Wallace & Co.'s reference to local dues and other things in Montreal would not materially affect the price he proposed to deliver the rails for, and his tender was then accepted, after a good deal of correspondence, all of which is with the other papers. In the meantime the price of rails went up, and John Wallace declined to carry out the arrangement.

Tenders for rails  
f. o. b.

19809. I understand that with these special conditions attached to his tender, his offer seemed to be the most advantageous one for the Government, and that it was accepted in the shape in which he made it?—Without regard to the conditions, his seemed to be the most



**Purchase of  
Rails—  
Contracts Nos.  
53-55.**

advantageous—it was the lowest tender; but even having regard to them, I believe it was still considered more favourable.

19810. It was 2s. 6d. a ton lower than the lowest of the other tenders, which was the Barrow Hæmatite Steel Co.'s tender?—He had the opportunity, as I understand it, of fulfilling the offer he made.

19811. He had an opportunity to carry out the proposal he made?—  
Yes.

Wallace had an opportunity of carrying out his proposal, but declined; the Government commenced proceedings against him.

19812. Did you take any part in the subsequent negotiations which led to a settlement of the transaction with him? I understand that the Government commenced proceedings against him for not fulfilling his offer?—I must refer to my letter. The whole correspondence with John Wallace & Co. is alluded to in my report dated October 1st.

19813. What I wish to know now is whether you took any part in the negotiations concerning the settlement of the claim?—I do not remember that I did, that was done after I returned to this country. The correspondence that I refer to as being mentioned in my report of the 1st of October, is the correspondence in England with John Wallace & Co.

19814. And yourself?—And myself.

An action brought against Wallace to compel him to deliver rails at the price quoted.

19815. What I wish to learn is whether you are aware of enough of the circumstances to say whether this offer made by Wallace & Co. was accepted with the view of making it available for the Government, if possible: it was not overlooked or neglected in any way, being a more favourable one than that of the persons who supplied the material?—On the contrary, Mr. Wallace's offer was accepted, but he declined to carry it out, and an action was brought against Wallace to compel him to deliver the rails at the price named in his tender.

19816. Then it was not from any negligence of the engineers or the Ministers, or any one acting on the part of the Government, that this offer was not finally available?—I think not; it could not possibly be. An action was instituted in the Law Courts in London, against John Wallace & Co., to compel him to carry out the terms of the tender; but he remonstrated, and in fact he sent in a memorial to the Government praying that the action might be withdrawn, inasmuch as it would drive his firm into insolvency, or something of that kind.

Lowest tender invariably accepted.

19817. As to these contracts which were actually completed, do you understand that in each instance the lowest price was given that the material could have been got for?—The lowest tender was invariably accepted, and very low tenders they were.

19818. And were these quantities supplied at the lowest price, as you understand, that they could have been got for?—As I understand, they were the most favourable tenders that were put in.

19819. I notice that a higher price was given on contract No. 55 for the rails to be delivered in October, 1849, than in contracts Nos. 53 and 54, by 1s. 6d. per ton: do you know how that happened?—According to the tender.

19820. Was it because the persons who contracted for 53 and 54 would not supply any more at the lower price, as you understand it?—As I understand it we took from the party who put in the lowest

tender all that they would furnish. We accepted the lowest tender before going to the next tender, and asked the party if he would furnish double the quantity at the same rate. I think the letter will show that—at least that is my recollection of it. The tender received from the Barrow Hæmatite Steel Co. was for 15,000 tons. That was the very lowest tender for the delivery in Montreal, with the exception of John Wallace & Co.'s tender. The contract entered into with the Barrow Hæmatite Steel Co. was for 30,000 tons, showing that double the quantity was secured from them at the same rates, £4 17s 6d. delivered the 1st of October, 1879; £5 delivered the 1st of June, 1880; £5 2s. 6d. delivered the 1st of October, 1880. The company offered to deliver, in the first place, 5,000 tons; we secured from them 10,000 tons at the same rates. The highest tender of the three was that of the West Cumberland Steel Co. They offered to deliver us 10,000 tons in their tender. We only took from them 5,000 tons.

**Purchase of  
Rails—  
Contracts Nos.  
53-55.**

From those who put in lowest tender all was taken which they would furnish.

19821. So that the Government obtained an advantage in increasing the quantity upon the first mentioned offer, and in diminishing the quantity in the last mentioned offer: taking, for instance, double the quantity at the lower price, and only one-half the quantity at the higher price?—Yes; every advantage was secured that it was possible to secure.

Every advantage possible was secured.

19822. Are you able to say, from your knowledge of the market, whether these contracts resulted in a favourable bargain for the Government?—I think it was a very favourable transaction. I thought the first purchase of 50,000 tons was a good one, but this was very much better.

19823. Do you know of any other transaction in such material bought at lower prices than these?—I do not remember any. I dare say some lots may have been purchased at a shade lower prices, but not of rails manufactured for a special purpose on a specification, and of a special description. These rails were every one of them made to order and subjected to a very rigid inspection.

The transaction a most favourable one.

19824. Would any different course, as far as you are able to say, have resulted in a more advantageous contract for the Government?—Not that I am aware of.

19825. Is there any other matter connected with either of these three contracts which you can explain and which you think ought to be explained?—I have nothing further to say. I was particularly careful to have every matter bearing on the purchase of those rails put on record in the papers in the office of the Secretary, and they will speak for themselves. Here they are (handing over papers).

19826. The next contract in order is No. 56, with the Kellogg Bridge Co. for the iron superstructure of a bridge: do you remember anything about the contract?—Yes; I remember something about that. When I went over the Pembina Branch in the autumn of 1879 I found that the structure over the Rat River was a very temporary one indeed, and liable to be washed away by the freshets. Among other things it became necessary to get an iron or wooden bridge to span from one side of the stream to the other. It was only 60 feet, but when I reported the matter to the Minister he said: "You will have to invite tenders in the usual way." The matter seemed to me so urgent, I wanted to get the bridge manufactured without tender at some good

**Iron Bridge—  
Contract No. 56.**

Lowest tender accepted.

**Iron Bridge—  
Contract No. 56.**

establishment, but it could not be done. Tenders were invited and received. The lowest tender was that of the Kellogg Bridge Co., at Buffalo. The bridge was erected and paid for. There was some delay, and we had to send a gentleman to Buffalo to secure the bridge and take it forward and have it erected, charging McBride & Co. with the cost of moving it forward. The tender, in the first place, was very low; it was only \$1,384, while the one tendered for by the Hamilton Bridge Co. was \$2,798, while that of the Toronto Bridge Co. was \$3,403, the lowest being double that of the Kellogg Bridge Co. Some months after this I was getting alarmed about the state of the temporary bridge, and fearing an accident, communicated with the Kellogg Bridge Co. repeatedly. A great many telegrams passed. Finally it was necessary to send one of our own people to Buffalo to get the bridge and take it forward and erect it.

Bridge erected  
and satisfactory.

19827. Has it been received and utilized?—Yes, it was erected by days' labour.

19828. Is there anything about it which requires explanation, in your opinion?—I do not think so; I need not read the telegrams that were sent on the matter.

19829. Has it answered the expectations of the Department, as far as its efficiency is concerned?—I have heard nothing to the contrary. I have not seen it since it was erected.

**Switch Frogs—  
Contract No. 57.**

19830. The next contract in order is No. 57, for some railway switch frogs?—There is some report on that contract which will explain the transaction, I think.

Frogs had previ-  
ously been got  
from Kingston  
penitentiary.

19831. The only point that struck us when hearing the evidence of Mr. Trudeau was that there was a contract without any public competition?—I think, perhaps, the papers will throw a little light on that. I do not remember very clearly. If I remember rightly, we were getting frogs made at the penitentiary in Kingston before, and there was something said about infringing a patent, probably; and those people themselves offered to make the frogs at a price that was less than we had to pay at the penitentiary for them.

19832. Do you remember who took part in the negotiations with these contractors?—I think it was done through me. I think a letter was sent them, asking at what price they would furnish—a letter or telegram—the frogs and switch frames and gearing, &c., complete. Here is an account of the transaction. It was on November 11th, 1879:

Truro Patent  
Frog Co. offer to  
supply frogs at a  
lower rate.

"It became necessary some two months ago, during the absence of the undersigned in England, to procure a number of frogs and switch gear for use at Fort William and Manitoba, for the track about to be laid in both districts. Mr. Smellie, on the 1st of September, wrote the Department, pointing out the fact that these articles should at once be manufactured and delivered before the close of navigation. The frogs previously made at the Kingston penitentiary, cost as follows:—Frogs, \$80 each; connecting bars, \$16 50; switch gear, &c., \$40; making in all \$136.50. The Truro Patent Frog Co. offered to supply the same articles at a less price, as per the following telegram:—'We will furnish 120 Starratt's patent adjustable steel rail frogs of the angles mentioned in your message, for the sum of \$65 each, switch frames, signal posts, connecting bars and gearing complete, which includes woodwork, head blocks, and sliding chairs, \$35, every switch complete.' With the approval of the Minister, the order to manufacture all the frogs that were required was given to the Truro Patent Frog Co."

Here is a memorandum on the side of this document:

"Mr. Schreiber has brought under my notice a frog made by the Truro Patent Frog Co., which he considers better than the Mansfield frog, which we have hitherto used,

**Switch Frogs—  
Contract No. 57.**

for the reason that the rails are perfectly interchangeable, and it has more inherent strength; and as it has been in use for some time on the Intercolonial Railway, he is satisfied that it is all that can be desired."

It would appear from that that there was a saving of \$36.50 a set of frogs and gearing by getting them from the Truro Patent Frog Co., and although there was no public competition the Minister concurred in the propriety of getting them from them.

19833. Did you think then, or do you think now, that the public interest would have been better served by offering this to public competition?—I think that is a complicated question, because it was answering a good purpose to employ the prisoners of the penitentiary. The prisoners of the penitentiary were employed at manufacturing frogs no longer.

19834. Well, considering the interest of the Pacific Railway alone? —There is a charge of \$36 50 less for a set of frogs and gearing than we had been previously paying, and, according to Mr. Schreiber's account of the article—and he had experience of it on the Intercolonial Railway—he considered it a better article for a less price. We were obtaining a better article for a less price.

Obtained better  
article for less  
price.

19835. Had you any reason to believe that you would have obtained them at a still smaller price by public competition?—I had no reason to believe that. Of course there was a difference in the geographical position of the two places. The Truro frog was chargeable with the cost of bringing it as far as Kingston. What that was, at this moment, I do not know, but it was certainly less than \$36.50.

19836. The point to which I wish to draw your attention, and on which I wish to get some information, is this: whether upon the whole the transaction was a proper one to be carried out without public competition, and whether, as it was carried out, it was as favourable as you could expect under the circumstances?—I think it was quite proper. I do not know any other place in the country where these frogs could be made. Of course they could be made almost anywhere if arrangements were made with the patentees. The patentees being the Truro Patent Frog Co., or at all events they had secured the right to manufacture the frogs.

19837. Do you know of any influence being used in any way to have this transaction carried out in this shape instead of by public competition?—There was no special influence that I know of.

No influence  
used to prevent  
public competi-  
tion being invited

19838. Is there anything further about this contract that you think necessary to explain?—No; I do not think there is. I think it is a very proper transaction—just such a transaction as a business man would enter into.

19839. The next in order is contract No. 58, for turn-tables, with W. Hazlehurst?—I do not remember very clearly.

**Turn Tables—  
Contract No. 58.**

19840. Tenders were received in reply to some invitation?—There must have been some invitation for parties to tender. Here it is. A circular seems to have been sent out by me with my name attached to it. It was sent to several parties—among others the Hamilton Bridge Co., Hamilton; the Toronto Bridge Co., Toronto; the Kingston Engine Works, Kingston. The circular is in these words:

Tenders invited  
by circular.

"Several first-class iron turn-tables, fifty feet in diameter, are required for the Pacific Railway; the first in the engine house at Selkirk must be erected and placed

**Turn Tables—  
Contract No. 58.**

by the 15th of March next. This must be decked, the deck supported in centre for the other tables required, separate prices are invited for deck and open work. Proposals will be received up to the 30th instant, February, 1880. Drawings should accompany proposals."

At the same time a telegram, in fact the circular, was telegraphed to Mr. Hazlehurst at St. John. Tenders were received from the four parties mentioned, and I reported on them on the 14th of February as follows:—

**Recommends  
acceptance of  
Hazlehurst's  
tender.**

"I beg to enclose herewith a list of tenders received for the erection of the turn-table at Selkirk; also copies of letters sent to the following parties inviting them to tender for this work:—Hamilton Bridge Co., Toronto Bridge Co., Kingston Engine Works, and Hazlehurst, St. John. Four tenders were received and are enclosed herewith. The lowest is that of W. Hazlehurst, St. John. The deck table, \$2,016, and I would recommend its immediate acceptance."

Enclosed with that report is a list of the tenders.

19841. What appears to be the lowest tender for the open one?—The lowest price for the open one was that of W. Hazlehurst, \$1,360, and for the deck table \$2,016. We wanted a deck table for Selkirk. I recommended the acceptance of that tender and it was accepted. The tenders were opened by Mr. Trudeau, Mr. Braun, and myself.

**Lowest tender  
accepted.**

19842. Was the lowest tender accepted in both instances—that is for the deck and open turn-tables?—Yes; we gave orders to have a deck turn-table manufactured at \$2,016, and three open turn-tables at \$1,360 each. The next lower tenders were, for the deck table, \$2,350, by the Hamilton Bridge Co., and for the open table by the Hamilton Bridge Co., \$1,700.

19843. Why was this mode of inviting competition adopted—I mean by circular instead of by public advertisement?—It was necessary to have at least one of the tables, the decked one, provided at an early day, the earliest day that we could have it, in connection with the working of the line in Manitoba.

19844. Is that the reason that you give for not inviting public competition by advertisement?—That is one reason. It would take much longer to invite competition by public advertisement.

19845. Would it not have been possible to have had it advertised earlier than the circulars had been sent?—It would have cost more money, and would not have obtained cheaper tables.

19846. Do you think you got as good articles at as low price as by public competition?—It would have cost a large part of the cost of the table to advertise.

**Thinks adver-  
tising would have  
been too expen-  
sive.**

19847. \$6,096 is the amount involved: do you think the cost of the advertisement would have altered materially the result of that transaction?—We appealed to everyone in the business likely to send in a tender, and we saw no need, under all the circumstances, for inviting all the world to tender when we knew only a very few would tender for this particular article.

19848. I understand you to say now you think you got as much competition by this mode as by advertisement?—I think so; in Canada at all events. Possibly we might have got some competition from the United States, but the previous transactions did not result very satisfactorily. We had to take measures for putting up the bridge ourselves.

Turn Tables—  
Contract No. 59.

19849. Is there anything connected with the manner in which this contract has been fulfilled which you think requires explanation?—Well, I left the public service not many months after this, and I cannot tell you.

19850. The next contract, No. 59, was for the supply of 100,000 railway ties, I think for contract 14, and was made with Whitehead, Ruttan & Ryan?—It was deemed expedient to secure ties for at least a portion of the second 100 miles west of Red River before the ice bridge broke up. I felt that if the matter was put off until the contract for the second 100 miles west of Red River was let it would be too late for the contractor to secure the ties necessary to enable him to lay a track, and the Minister concurred in the proposal to invite tenders for 100,000 ties before the winter passed away. I find a letter on the subject dated January 23rd, which will probably confirm what I have now said. I will read this letter addressed to the Minister :

Ties—  
Contract No. 59  
Witness advised that district engineer should be authorized to advertise for 100,000 ties.

"In view of the extension of the railway west of Manitoba, with as little delay as possible, the difficulty to be met in procuring ties along the first part of the line of the second 100 miles, the necessity of getting them on section 14, and of having them cut and conveyed across to the west side of Red River, while the ice bridge at Winnipeg is firm, I would recommend the following steps be taken:—first, that the district engineer be authorized by telegraph to advertise for 100,000 ties, to be delivered at convenient points along the track on section 14, tenders to be received at an early date, that he report by telegraph the nature and number of the tenders received. Second, that a contract be at once entered into with the parties sending in the lowest acceptable tender. Third, that arrangements be made immediately on the line being operated by the Government officers to transport the ties as they are made to the west side of Red River by the ice bridge, and there piled at convenient places until wanted."

The suggestion was concurred in, and I was authorized to send the following telegram to James H. Rowan, Winnipeg, on the 29th January:—

Rowan authorized to receive tenders for 100,000 tamarack ties.

"Receive tenders for 100,000 tamarack ties, to be delivered along track section 14 in time to be taken across ice bridge to west side Red River. Telegraph particulars of tenders on receipt."

On the 5th February, James H. Rowan telegraphed me as follows:—

"Ten tenders for ties received to-day. The following are the lowest, the price covering the Government charge for stumpage; deduct 3 cts. in all cases if stumpage will not be charged."

Here are the names.

19851. Give the lowest?—Charles Whitehead and Ruttan, 27 $\frac{3}{4}$  cts., and a number of others.

19852. These parties appear to be the lowest tenderers, I understand?—Yes; the others were all over 27 $\frac{3}{4}$  cts. They ranged up to 33 cts.

19853. These were the parties who got the contract, and we understand that the contract has been fulfilled and the amount settled?—On the following day I was authorized to telegraph to Mr. Rowan that the Minister accepts the tender of Charles Whitehead and Ruttan for 100,000 ties at 27 $\frac{3}{4}$  cts., and instructed him to make a contract to ensure delivery in good time. I believe Mr. Ryan's name entered into the contract with the approval of the Minister on being appealed to.

Tender of Whitehead & Ruttan accepted.

Tendering—  
Contract No. 60.  
B.C.

OTTAWA, Thursday, 21st April, 1881.

SANDFORD FLEMING'S examination continued :

*By the Chairman :—*

Though the work in British Columbia first advertised on the 13th of August, 1878, it was not until 3rd October, 1879, that tenders were definitely called for to be received on the 17th Nov.

19854. The next contract in order is No. 60 ; in the official list it is stated to be with Andrew Onderdonk : can you explain, shortly, what led to these British Columbia contracts?—The work in British Columbia was first advertised on the 13th of August, 1878. Tenders were then invited for the distance between Yale and Kamloops Lake, 125 miles. On the 19th December a notice was put in the papers to the effect that the time for receiving tenders for these sections in British Columbia would be extended to the 12th day of January, 1879. When the 12th day of January, 1879, arrived, I think no action was taken. The Government deemed it advisable to have some fresh investigations made with regard to the route in British Columbia, and it was not until the 3rd of October, 1879, that an advertisement was put in the papers definitely calling for tenders to be received on the 17th November following, for the works of construction required to be executed on the line from Yale to Lake Kamloops in four different sections, namely: from Emory Bar to Boston Bar, 29 miles ; from Boston Bar to Lytton, 29 miles ; from Lytton to Junction Flat, 28½ miles, from Junction Flat to Savona's Ferry, 40½ miles. Forms of tender were accordingly prepared for the use of contractors proposing to tender for these different sections, also a memorandum for the information of contractors dated the 3rd October ; also a specification and a form of contract which the parties sending in the tender to be accepted would be required to execute. All these documents were furnished intending contractors.

19855. Before recording the particulars of the transactions connected with these contracts, would you explain what led, as far as you know, to the decision that they should be entered into or asked for?—Yes ; I have a distinct recollection of it. I returned from England in September, early in September, after the purchase of 50,000 tons of rails, and it was my desire and intention to have proceeded immediately to Fort William and go over the line to Manitoba ; but I was not allowed to do so until we heard from parties who were engaged in making explorations by the Peace River. Towards the end of the month (the exact date can easily be ascertained) I received a telegraphic report from Edmonton respecting the operations of the exploring parties, and immediately thereafter, namely, on the 30th of September, I furnished the Minister of Railways and Canals a report on the question of route. Immediately thereafter, an Order-in-Council was passed adopting the route for the railway through British Columbia to Burrard Inlet. The same day, if I remember rightly, the advertisement which I have just spoken of was put in the papers calling for tenders.

19856. After the tenders were received I believe you made an official report on their comparative merits?—Tenders were received. They were opened by the Deputy Minister, Mr. Trudeau, the Secretary, Mr. Braun, and myself. As they were opened one by one the particulars of each were recorded on sheets of paper. The tenders were classified into regular and irregular tenders. All the particulars are given in my report dated 22nd of November.

19857. Whose tender do you find to be the lowest in your report for section A?—They were not designated by letters, if I remember right ;

A telegraphed report from Edmonton respecting Peace River route.

Order-in-Council adopting the route for railway, Burrard Inlet being the objective point.

Tendering—  
Contract No. 60,  
B.C.

they were called by their names—from Emory Bar to Boston Bar. The tenders themselves were lettered.

19858. Well, from Emory Bar to Boston Bar?—The lowest tender was that of D. McDonald & Co., \$2,727,300.

19859. In the record of the opening of these tenders, there appears a tender by another firm for a lower sum: will you explain how it was that that was not considered or allowed to compete?—There was a tender sent in by J. Battle, Symmes, Wood & Jackson, \$2,634,120. This tender was received through the post on the 17th, at half-past three in the afternoon, in a registered envelope. There was another tender from Brown & Corbett, Charlottetown, received by mail at half-past three on the 17th. This one contained no cheques, and no sureties were given. The former one, that of Battle, Symmes, Wood & Jackson, contained three cheques for \$5,000 each. According to the advertisement and the other papers, the tenders had to be received before noon on the 17th, and all the tenders but the two last referred to, were duly received according to the notice given. There were fifteen regular tenders and two what we call irregular tenders.

19860. Do you remember whether it was considered by the persons who were present at the opening from the beginning, that these two irregular tenders ought not to be allowed to compete, or was that opinion arrived at after noticing the amounts of the different tenders?—Before we compared the amounts we ruled them out of the regular class of tenders, as far as my recollection serves me, and we simply entered them on the abstract of tenders, because they were received and opened. Pardon me, I see a third tender received from a person named David Oppenheimer. It was not in accordance with the regular form of tender. He offered to complete the four sections for the lump sum of \$12,000,000.

19861. Do you know whether your attention was called to Battle's tender so as to discover that there had been a material erasure or alteration, at the time that they were opened?—I remember when the tenders were opened, before any reference was made to the amounts, we first ascertained if everything was perfectly regular. If there was any irregularity or singularity we could lay that tender to one side, and deal only with those that were perfectly regular. This was one that was laid to one side.

19862. In addition to the irregularity of the time, or the reception of it, do you remember whether that erasure was noticed—whether it cast any suspicion on the reason why it was sent in late, or in fact whether any notice was taken of it?—I do not remember that. I remember that we saw by the post-mark on the envelope that it was posted in Ottawa, and we felt it would be no great trouble to the party who posted the tender to have left it at the Secretary's office three hours and a-half sooner when it was ready.

19863. According to your understanding of the transaction, do you conclude that the lowest regular tender was accepted and acted upon and led to the contract?—Well, the lowest regular tender was that of D. McDonald & Co. There was a good deal of delay and a good deal of correspondence I think between the Department and various parties, and that work was finally put in the hands of Mr. Onderdonk, the present contractor.

Tender of D.  
McDonald & Co.  
the lowest.



Tendering—  
Contract No. 60,  
B.C.

19864. Did you take any part in the negotiations between the time of deciding upon the different tenders and the final conclusion of the arrangement by which Mr. Onderdonk became the contractor?—I took no part whatever that I remember of. The tenders were reported on by me on the 22nd of November, and the first letter that I have any knowledge of of my own is dated the 28th January following, which will speak for itself. Between these dates I have no recollection of having taken any part in the negotiations.

19865. Was that letter in regard to this same section of which you are speaking?—It was with regard to the section from Boston Bar to Lytton. It is not the same section; it is the next section above.

19866. It does not appear to be the same one we are speaking of now?—No.

19867. As to this section do you say whether you took any part in the negotiations which were consummated in the transfer of the contract to Onderdonk after making your report?—I took no part whatever.

19868. Is there anything about this particular contract which you think requires further explanation?—I do not know that there is. There was nothing done or very little done more than entering into the contract when I ceased to be Engineer-in-Chief. Any work that has been executed within the limits of the contract has been done since. I only remember having sent out the engineers to superintend the work, and writing elaborate instructions to them how to conduct operations.

Contract No. 61,  
B.C.

19869. The next contract, No. 61, is also for a portion of the construction of the line in British Columbia, and was at first made apparently with Ryan, Goodwin & Co., and subsequently transferred to Onderdonk: upon that I assume that you made a similar report as to the merit of the tenders?—The tenders for that section are referred to in the same report of the 22nd of November, and from that it appears that the tender of Purcell & Co., \$2,573,640, was the lowest. There were fourteen regular tenders for that section and one irregular tender. The last was sent in by Brown & Corbett. It contained no cheques, and no sureties were offered, and it was received after the hour.

19870. Was that for a smaller amount than the successful tender of Purcell & Ryan?—I cannot tell. The amount does not seem to be given in the abstract. No; the amount was \$2,642,888.

19871. So that if the tender had been allowed to compete it would have made no difference in the result of the transaction?—It would have been about the fifth lowest.

Contract based  
on lowest tender.

19872. This contract seems to have been based upon the lowest tender then, as we understand your report: is that as you understand it?—The contractors were originally Ryan, Goodwin & Co. The tender appears to have been Purcell & Co. Referring to the abstract I find that the names of the parties who sent in the tender were Purcell, Ryan, Goodwin & Smith. The present contractor is Andrew Onderdonk. I understand Ryan, Goodwin & Co. transferred the contract to Andrew Onderdonk. This transfer is referred to at page 190 of a Blue Book giving a list of tenders since January, 1879, and on the same page there is a communication from myself on the subject dated 28th of January, 1880.

Tendering—  
Contract No. 31  
B.C.

19873. Can you say whether you took any part in the negotiations which led to this transfer of the contract from Purcell, Ryan, Goodwin & Smith to Onderdonk?—None whatever.

19874. Have you any knowledge of the way in which it was brought about?—I have not. I have no personal knowledge.

19875. Have you any personal knowledge of the manner in which the transfer of the former contract from McDonald & Co. to Onderdonk was brought about?—I have not.

19876. Is there anything about this contract for section B, from Boston Bar to Lytton, which you think ought to be explained by you?—Nothing beyond what I have said respecting the other contracts. One of my last acts was to instruct the engineer how to conduct the measurements and operations connected with construction. These instructions were dated 19th March, 1880, and they may be put in as an exhibit. It will be seen from these that I took every care to prevent anything going wrong, as far as I could then foresee, and I hope these precautions, or better ones, are being carried out.

19877. The next contract refers to section C, from Lytton to Junction Flat, and appears to have been made with Mr. Onderdonk: that appears, also, to have been reported upon by you as far as the relative merit of tenders is concerned?—Tenders for that section were referred to in my report of the 22nd November, 1879. There were twelve tenders, I think, altogether—eleven regular tenders and one irregular. The irregular tender was from a firm of the name of Brown & Corbett. No cheques were enclosed and no sureties were given, and it was received after the hour appointed. The amount of the irregular tender was \$2,020,350. The lowest regular tender was that of D. McDonald & Co., \$2,056,950. There is no marked difference between the last two referred to.

Contract No. 62,  
B.C.  
Given to lowest  
tender.

19878. The contract with Mr. Onderdonk appears to have been based on this tender of McDonald & Co.: did you take any part in the arrangements which led to the transfer to Onderdonk of the rights of those parties?—None whatever.

19879. Have you any knowledge of the way in which it was brought about?—I have no personal knowledge. I may have heard it explained on the streets, but if I did it has passed entirely out of my mind.

19880. Is there anything about this contract which you think ought to be explained by you?—Nothing special.

19881. The next in order is with Mr. Onderdonk for another portion of the British Columbia work, No. 63: that was, I believe, reported on in the same way, upon tenders received at the same time as the last?—I reported upon the tenders sent in for that section in the same report, dated 22nd November, and according to that the lowest tender was the tender sent in by T. & M. Kavanagh, \$1,809,150. There were eleven regular tenders for that section. There was also an irregular tender sent in by Brown & Corbett. It contained no cheque and there are no sureties given, and it was received too late. The amount of that irregular tender is not given in this abstract, but on reference to the tender I find the amount to be \$1,822,410.

Contract No. 63,  
B.C.

19882. Higher than the tender which was accepted?—A little higher than the tender that was accepted.