

REPORT

OF THE

CANADIAN PACIFIC RAILWAY

ROYAL COMMISSION

---

VOLUME I

---

EVIDENCE

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OTTAWA

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1882.

# MINUTES OF EVIDENCE

## UNDER OATH.

OTTAWA, 12th August, 1880.

TOUSSAINT TRUDEAU, SWORN AND EXAMINED :

TRUDEAU

*By the Chairman :*

1. Have you a position in the Department of Railways and Canals?  
—I have.

2. What position?—Deputy of the Minister.

Deputy Minister  
of Railways and  
Canals.

3. Are the affairs of the Canadian Pacific Railway under the control of your Department?—They are.

4. How long have you been connected with this Department?—Since its formation—I mean the Department of Railways.

5. In what Department were the affairs of this railway managed before that?—The Department of Public Works.

6. Had you a position in that Department?—I had.

7. What position?—I was the Deputy of the Minister.

8. Then you have been connected with the management of this railway since its inception?—Yes.

Has been connected with management of this Railway since its commencement.

9. The management of this railway, I understand, was transferred from the Department of Public Works to the Department of Railways and Canals?—Yes.

10. And at the same time you were transferred to the Department of Railways?—I was.

11. Who has the management of the affairs of this railway next after the Minister himself—the inside management?—I have.

Has management of Railway next after the Minister himself.

12. Are there any officers in your Department for the management of matters connected with this railway separate from other works of the same Department?—Yes, we have the Chief Engineer of the Canadian Pacific Railway and a staff.

Other officers—  
Chief Engineer  
and staff.

13. As to matters of account, are there separate officers for this railway or not?—At this period there are no separate accountants. We have Mr. Taylor who is now auditing some of the accounts connected with this railway, but the present expenditure is managed by the accountant of the Department.

At present no separate accountants. Mr. Taylor, Auditor. Present expenditure managed by Accountant of Department.

14. Together with other works of the Department?—Yes.

15. Are you aware of the system in which the books are kept?—Well, I am generally aware of it, but if you want much detailed information of that you should examine the Accountant of the Department.

He can give you fuller information. I am aware that it is under a general system of double entry.

James Pain, Accountant.

16. Who is the officer in charge of that particular matter?—Mr. James Bain.

Only on special occasions report made as to state of books.

17. Are you informed regularly from time to time of the general result shown by those books as it concerns the railway, or only on special occasions?—It is only on special occasions. There is no regular stated report made.

18. No monthly or periodical report?—No.

Certain moneys placed in Mr. Fleming's hands when surveys were commenced,

After a time book-keeper appointed and all the accounts brought ultimately under general system.

19. Was there any change made in the system of keeping the accounts relating to this railway?—When the surveys were commenced certain sums of money were placed in the hands of Mr. Fleming, and he had a staff of accountants keeping an account of the expenditure. After a certain period this system was changed and a book-keeper was appointed immediately in the Department, and, after a few months, all the accounts were brought in under the general system of books kept by Mr. Bain.

Expenditures on surveys.

20. When was that change made?—The expenditure on the survey commenced in June, 1871, and funds for that purpose were placed to the credit of Mr. Fleming up to 1875. A portion of such sum was expended in British Columbia through Mr. George Watt, Paymaster at Victoria, from the 1st of May, 1871, to the 1st of June, 1873. A further sum was paid through Mr. Wallace, Paymaster at Ottawa, from the 1st of June, 1871, to the 1st of March, 1873. From 1875 to 1877 the expenditure was made through an accountant (Mr. Radford) specially engaged for that purpose, and after that date by the Accountant of the Department.

Accounts kept by Watt reported satisfactory.

21. At the time of the change in the system of keeping the accounts are you aware whether the condition of the previous books was satisfactory to the Department?—The accounts kept by Mr. Watt have been audited by Mr. Taylor and have been reported by him to be satisfactory. He has accounted for the money placed in his hands.

22. I understand that there was a change, not only of Mr. Watt's accounts, but of all the accounts; that sometime in 1877 a new system was adopted?—Yes.

In 1877 when the new system was adopted, condition of accounts not satisfactory.

23. I am asking whether at that time it was the understanding, either with yourself, as Deputy Head, or some other party, that the condition of the accounts was satisfactory?—It was not satisfactory. The vouchers were still in a very informal condition.

24. Why was it not satisfactory?—Because the returns of vouchers had not been made sufficiently full.

25. Do you remember the amount which had not been properly vouched for—about the amount that was understood not to be properly vouched for?—I cannot state the amount.

26. Is there anybody who can?—Mr. Taylor can.

27. Do you understand that I am asking not only as to Mr. Watt's but as to other accounts?—Yes.

Impression in Department that money was properly applied but

28. Are you aware whether since the auditing of the accounts it is understood in the Department that this amount has been properly accounted for?—The impression in the Department is that the money

has been properly applied to the purposes of the survey, but that some of the vouchers are not as formal as they might have been. that vouchers not sufficiently formal.

29. Do you know how it is that if the vouchers are insufficient they come to the conclusion that the moneys were properly spent?—Mr. Taylor informs me so.

30. Is it only from information from others that you know the reason?—Yes.

31. In matters connected with the business of the Department, is the practice that you deal with them on your own responsibility or only after referring to the Minister?—The practice is to take the correspondence and reports as they come in, to have them endorsed, and every day, in company with the Chief Engineer of the work, or of any of the works on which the correspondence treats, to appear before the Minister and to read this correspondence and take his instructions. The intention of the Minister is that all orders should proceed from him. Practice of Department—Deputy Minister accompanied by Chief Engineer take correspondence and report to Minister and take instructions.

32. How does he convey his directions?—Verbally.

33. Are they noted by any person at the time?—They are noted on the backs of the documents.

34. By the Minister?—No.

35. By whom?—By myself sometimes, but not always so.

36. Then, as to most transactions which were discussed in that way, there would be some memorandum, either by the Minister or yourself, now extant?—Yes.

37. Are there any matters or class of matters over which you generally act, without reference to the Minister?—No; all our actions are under the general directions of the Minister, and he must have given some general order. No class of matters over which the Deputy acts without reference to Minister.

38. In the absence of the Minister himself is it usual that some other Minister should take the charge in his place?—Yes.

39. What is he generally called then?—The Acting Minister, as distinguished from the Minister himself.

40. Has that practice which you have described been followed generally with reference to the Pacific Railway transactions?—It has.

41. Do you know of any occasion or any period when it was not followed?—No; the endeavor is to follow it always.

42. Are the resolutions of the Governor in Council with respect to the Pacific Railway, communicated to your Department?—Yes; copies of all Orders-in-Council affecting the railway are sent to our Department. All Orders in Council affecting Pacific Railway sent to Department.

43. They are of record in the Department now?—Yes.

44. Was the direction or extent of the preliminary exploration of the Pacific Railway directed by the Department or left to the discretion of any other person?—The explorations were all discussed by the Minister and Chief Engineer very fully before they were commenced. Explorations discussed by Minister and Chief Engineer.

45. Who was the Chief Engineer?—Mr. Sandford Fleming.

46. From the beginning?—From the beginning.

47. How was he appointed?—He was appointed by an Order in Council on the 5th of May, 1871.

48. Have you a copy of that Order in Council?—I have not a copy with me.

Appointments subordinate to Chief Engineer made jointly; Minister reserving appointments but always consulting Chief Engineer.

49. Were the appointments of engineers and other persons subordinate to him made by the Department on its responsibility or by the Engineer himself on his responsibility?—They were made jointly. The Minister reserved to himself the appointment of engineers, but he never did so without consulting the Chief Engineer as to the capabilities of the individual—as to his competency.

50. How were you aware that he always consulted with the Chief Engineer?—Because in many cases I was present.

51. In all cases were you present?—Not in all cases.

52. As to those cases in which you were not present, how are you aware that he consulted the Chief Engineer?—I am aware because I know that it was the practice and the intention of the Minister to do so.

53. Because you understood it to be the intention you suppose that the intention was carried out?—Yes.

No memorandum of consultations as to eligibility of subordinates.

54. As to those consultations upon the eligibility of subordinates, was there usually a memorandum of the consultations and decisions?—No; I do not think there was any memorandum kept. I think it was more in this way: the Chief Engineer waited on the Minister with a list of persons who had applied for employment, and the Chief Engineer, after looking through them and reading the recommendations made, or probably from his own knowledge of the individuals, would recommend certain individuals to the Minister.

55. Do you know whether there were exceptions to that course when suggestions came from the Minister to the Engineer as to persons to be employed?—I have stated the general rule followed.

56. Do you remember any exceptions?—I do not at this moment.

Separate accounts had been kept for money spent on explorations as distinguished from contracts.

57. I understood you to say that separate accounts had been kept for the money spent on explorations as distinguished from contracts and other labor?—Yes.

58. As to information about the manner of conducting the explorations and surveys, ought we to enquire of persons in the Department or in the outside service?—You should ask the Engineers.

59. There are some in the Department, are there not?—Yes.

60. You would not be able to give us much information, I suppose, about explorations and surveys?—I am not qualified for that.

Contract No. 1.—Telegraph.

61. Is the subject of contracts more within the knowledge of the Department?—Yes.

First contract was for the construction of a telegraph.

62. Upon what subject was your first contract?—The first contract was for the construction of a telegraph.

Made on the 17th Oct., 1874.

63. At what date was the contract made?—On the 17th October, 1874.

64. Have you the contract here?—I have.

Contractors: John W. Sifton, David Glass, Michael Fleming.

65. Give me the names of the contracting parties?—The contract was between John W. Sifton, of the City of London; David Glass, of the same place, and Michael Fleming, of the Town of Sarnia, under the name of Sifton, Glass & Company.

- Contract No. 1—  
Telegraph.**  
Tenders called for
66. Was this contract made after advertising for tenders?—Yes.
67. Have you a copy of the advertisement?—I have, and now produce it.
68. Were there specifications or any other information given to the public to enable them to judge of the sort of work that would be required?—Yes, I now produce them.
69. Have you the original tenders which were made for the work?—I have not got them here, but I can produce them.
70. Have you any memorandum with you showing the names and the substance of the tenders?—I now produce a schedule of the tenders. (Exhibit No. 1.)
71. Who made this schedule?—This is a certificate that a number of tenders for the construction of the telegraph were opened in my presence and in the presence of Sandford Fleming and F. Braun, Secretary of the Department. Opened in presence of S. Fleming, F. Braun and of witness.
72. This certificate is at the foot of the schedule?—Yes.
73. The tenders must have been opened before this schedule was made out?—Yes.
74. Do you know who prepared this schedule—whether it was the Engineer in Chief, for instance, or the Secretary?—This appears to be the writing of Mr. Fleming. Schedule prepared by Fleming.
75. Have you any statement showing which was the lowest tender, the next lowest, and so on, in order, for section number one?—Yes, and I now produce it.
76. What is meant by section one of the telegraph line?—It is from Winnipeg to Selkirk and along the railway line to Livingstone. Section one, Winnipeg to Livingstone via Selkirk.
77. Then it is from Winnipeg to Livingstone via Selkirk?—Yes.
78. Was that section one of the telegraph line the subject of the first contract?—It was. The subject of first contract.
79. Please read from that statement the name of the person who makes the lowest tender?—R. Fuller, of Winnipeg.
80. Does the work include only the construction of the line or the maintenance as well?—The tender is for work of two kinds, construction and maintenance.
81. What is Mr. Fuller's tender for the construction?—The rate per mile is \$155; for the gross contract \$38,750. Fuller's was the lowest tender, i.e. \$155 per mile, \$38,750 for gross contract.
82. What is his tender for maintenance?—\$6,000 per annum. \$6,000 per annum for maintenance.
83. For how many years?—Five years.
84. Then, for construction and five years' maintenance his whole price is how much?—\$68,750. His whole price \$68,750.
85. Who makes the next lowest tender?—H. P. Dwight, of the North West Telegraph Company. Next lowest tender, H.P. Dwight's
86. How much does he ask for construction?—\$225 per mile; \$56,250 for the contract. \$225 per mile; \$56,250 for the contract.
87. What is his offer for maintenance for five years?—\$30 per mile per year. Maintenance: \$30 per mile per year.

**Contract No. 1—  
Telegraph.**

Aggregate: \$7,500  
per annum.

In all \$93,750.

Waddle & Smith  
next lowest ten-  
derers.

\$106,250 for con-  
struction.

For five years'  
maintenance,  
\$3,000 per annum;  
\$15,000.

In all \$121,250.

Next lowest ten-  
derers: Sifton  
Glass & Fleming.

\$107,850 for con-  
struction.

Their price for  
maintenance a  
subject of subse-  
quent correspon-  
dence.

88. Was there an estimate of that in the aggregate?—Yes, \$7,500 per annum.

89. Then that is equal to \$37,500 for the maintenance; what is the gross amount for construction and maintenance asked by Mr. Dwight?—\$93,750.

90. Who makes the next lowest tender?—Waddle & Smith, of King-  
ston.

91. What is their price for construction?—\$106,250.

92. What is their price for five years' maintenance?—\$3,000 per annum; \$15,000 for the five years.

93. Then the gross amount for construction and maintenance for five years is how much?—\$121,250.

94. Who makes the next lowest tender?—Sifton, Glass & Fleming.

95. What is their price for construction?—\$107,850.

96. What is their price for five years' maintenance?—My recollection of it just now is that this was a subject of correspondence.

97. Have you the correspondence?—I have not.

98. Have you the original tender made by Mr. Fuller?—I have. (Exhibit No. 2.)

99. Have you the original tender of Mr. Dwight?—Yes. (Exhibit No. 3.)

100. Have you the original tender of Waddle & Smith?—Yes. (Exhibit No. 4.)

101. Have you the original tender of Sifton & Glass?—Yes. (Exhibit No. 5.)

102. In this tender of Sifton, Glass & Co's there is no allusion to maintenance of the line?—No.

103. You say that was a subject of correspondence; have you any correspondence amounting to a tender for that branch of the work?—At present I am not able to produce that original correspondence, but I think I can do so at a future time.

Sifton, Glass & Co.  
get the contract.

104. These are the gentlemen who got the contract?—Yes.

No objection to  
Mr. Fuller's char-  
acter or standing.

105. Was there, so far as you know, any objection to Mr. Fuller's character or standing?—No, there was none.

Contract awarded  
on pecuniary con-  
siderations.

106. Then the question of his getting the contract depended upon pecuniary considerations?—It did.

107. It was not intended that any other person should get it at a higher price than he was willing to take it? You say it was a mere matter of pecuniary consideration?—The reason is given in the note.

108-109. I am asking you whether it was intended any person else should take it at a higher price than he was willing to take it?—Mr. Fuller offered to do it, and he had a certain figure.

Fuller informed  
Fleming that if  
the line was  
taken north of

110. Can you explain why Fuller's tender was rejected? Did he decline to carry out the contract at his original terms, or had you any reason to suppose that he would not carry out his original tender?—I

**Contract No. 1—  
Telegraph.**

would say that the work was offered to Fuller on the condition that he would deposit a certain sum of money as security, and as appears from a report signed by Mr. Fleming he was informed by Fuller that his tender was based on carrying the line south of Riding Mountain, which runs entirely through the prairie country; that if it was taken north of Riding Mountain he would be required to pay twenty dollars per acre for all the necessary clearing. This would have the effect of adding \$50,000 or \$60,000 to the amount mentioned in his tender.

111. Do you mean that in consequence of that change in his offer his was not the lowest?—He was not the lowest.

112. To what sum would that payment for clearing increase the amount of his offer for section number one?—The fifty or sixty thousand dollars referred to by Mr. Fleming are, I think, meant to apply to more than one section.

The \$50,000 or \$60,000 mentioned by Mr. Fleming meant to apply to more than one section.

113. I am asking about section number one. What would the \$60,000 added to his offer make it, assuming that he meant the whole \$60,000 to be added to his offer for section number one?—It would be \$128,750.

If the whole \$60,000 were added to Section No. 1 it would make the gross amount \$128,750.

114. Then his increased offer for the whole of the construction and maintenance for five years amounted to \$128,750?—Yes, assuming that he asked for the whole \$60,000 to be applied to Section one.

115. Was it considered that the Government could make better terms than that?—It was.

Government could make better terms than with Fuller.

116. And was that the reason for rejecting his offer?—Yes.

117. Then the next lowest being Mr. Dwight, was he offered the contract?—He was.

Contract offered to Dwight.

118. Have you any original documents showing the reason why he did not take it?—I have no original document with me, but I think I can produce it.

119. Have you any original document on the subject between the Department and Mr. Dwight?—No, but I can give the correspondence in the form of a return to the Commission.

120. In addition to the prices called for by tenders, some terms as to time of completion were asked for?—Yes.

121. What terms did Fuller offer?—He offered to complete it within the year 1874.

Fuller offered to complete within the year 1874.

122. What was Dwight's offer on that subject?—Dwight's offer was to complete it on the 1st of September, 1875.

Dwight by the 1st Sept., 1875.

123. What was the offer of Waddle & Smith?—Five hundred miles a year.

Waddle & Smith at the rate of 500 miles a year.

124. What was the offer of Sifton & Glass?—To complete it against the 22nd November, 1874.

Sifton & Glass by the 22nd Nov., 1874.

125. Do you know whether the contractors asked for an extension of time?—They did.

But in a letter they asked for an extension of time.

126. When?—In a letter dated 9th of July, 1875.

127. How long did they ask for?—They stated that it would be quite out of their power to complete the work by the time named in



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Telegraph.**

their contract, and they asked for an extension up to the 30th of October, 1876.

128. Would you look at the contract and see if the time named therein for completing the work is the same as that named in their tender?—The time named for the completion in the contract is the 30th of October, 1875.

129. That is nearly a year longer than the time mentioned in their tender?—Yes.

130. So that the contract gives them better terms than the tender calls for on that subject?—Yes.

131. Are you of the opinion that Dwight declined to take the contract, or that he was refused the contract—you say you have not got the original correspondence with you?—My impression at this moment is that Mr. Dwight, while perfectly willing to take the contract wanted certain modifications to be made which rendered it impossible to give it to him.

132. And that the Government declined to contract on the terms offered?—Yes.

133. Then the next lowest tender was from Waddle & Smith. Do you know whether they were willing to take the contract?—I can only infer from the fact that they tendered, that they were willing to take the work.

134. Your opinion is that they were willing?—Yes.

135. Have you any means of knowing now when tenders were to be received by the Department for this work?—The advertisement said up to the 22nd of July, 1874.

136. Look at the tender of Sifton & Glass, and say what time that was received by the Department?—There is a stamp on it marked July 22nd.

137. Is that the last day named?—Yes.

138. You find that stamp on part of the envelope attached to the tender?—Yes.

139. And from that are you of the opinion that it was received on that day?—Yes.

140. Is it the practice to attach portions of the envelope to all the tenders?—Yes, as much as we can.

141. Is it attached to Fuller's tender?—I do not see it in Fuller's contract.

142. Is there any envelope showing when Dwight's tender was received for section one?—It has none.

143. Has Waddle & Smith's?—No.

144. Are you aware of any special reason for attaching the envelope to the tender of Sifton & Glass?—There is no reason.

145. Do you notice any alterations in their tender from the tender as it originally stood?—There are.

They therefore got better terms than they asked for in tender.

Dwight wanted modifications and Department treated that as impossible.

Waddle & Smith, the next lowest, were willing to take the work.

Tenders to have been received up to 22nd July, 1874.

Sifton, Glass & Co's, received on that day.

Practice to attach envelopes to tenders.

None attached to Fuller's, nor to other three.

Alterations in S. G. & Co's tender.

Reduce their intended offer from \$52 to \$42 wood; \$200 to \$180 per mile prairie.

146. Are they to reduce the price or to raise it?—They reduce the price.

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Telegraph.

147. In what respect? Will you state it in each instance as it was originally, and as it was altered?—It was originally written thus: "In our estimate we placed the wood line from Fort Garry to Winnipeg river, and from Fort Garry to Fort Pelly at \$529." This is altered to \$492 per mile; also "The prairie land within a distance of 250 miles of Fort Garry at \$209 per mile" was changed to \$189 per mile.

148. In the document which you produce as the tender which reached you on July 22nd do you find any positive offer for section number one?—No. No positive offer for Section No. 1 in their tender.

149. That document is in effect a tender for the whole line?—Yes.

150. I think they mention there the rates for this particular section upon which they base their offer for the whole line?—Yes. Rates for Section 1 mentioned as a base for offer for whole line.

151. Is that the only allusion to section one in the document?—Yes.

152. Can you tell by that portion of the envelope attached to the contract where the letter was mailed?—No.

153. Where is the letter dated from?—The letter is dated at Ottawa on the 22nd of July. Letter dated Ottawa, 22nd July.

154. What is the post-mark on it?—There is no post-mark on it at all. No post mark.

155. Then there is no evidence here with the document that it passed through the post-office?—No.

156. Have you yet obtained any of the original correspondence with Sifton, Glass & Co. as to the maintenance of the line?—Yes, but I have not yet assorted it.

157. Can you give any reason why Waddle & Smith did not get the contract in preference to Sifton, Glass & Fleming?—Waddle & Smith were offered the contract for section number five, but they failed to procure securities. Contract offered to Waddle & Smith for Section 5; they failed as to security.

158. When did that happen? When did they fail to procure securities?—Section number five became contract number four later.

159. You say that the contract for number five was offered to Waddle & Smith, but that they failed to give security?—Yes.

160. When was it known to the Department that they had failed to give security?—On the 21st of October, 1874.

161. That was the reason for passing over their tender and giving the contract to Sifton, Glass & Fleming?—Yes.

162. What is the date of the contract to Sifton, Glass & Fleming?—The 17th of October. Contract to Sifton, Glass & Co. dated 17th Oct.

163. How do you account for a reason which occurred on the 21st affecting a transaction which took place on the 17th?—I can only account for it by supposing that it was known that that was the position, and that these letters were exchanged afterwards to record the event. Witness supposes that the position of affairs was known and that letters were afterwards exchanged to record the event.

164. Then you think it was known to the Department before the 21st of October?—I may say that before that the Department had been making efforts to get this information. There was some correspondence with Waddle, and he was always promising that he would furnish the security, but he was not doing it.

**Contract No. 1—  
Telegraph.**

It was concluded that Waddle would probably fail to put up the security. 165. What was your conclusion from that?—The conclusion was that we were aware that he would probably fail, but we did not have it in writing at that time.

166. Do you say now that the decision to give Sifton & Glass the contract for section one was because the Department had reason to think that Waddle & Smith were about to fail to give security for contract number five?—Yes.

If they had put up security for Sec. 5, they would still have been excluded from Sec. 1. 167. Would not the result have been the same if they had given security for section number five? Would they not have been still excluded from section one?—They would.

S. Fleming's report as to Fuller's additional price for clearing. 168. Look at Mr. Fleming's report where he mentions Mr. Fuller's additional price for clearing? Will you read what he says about Fuller's offer?—"With a view of arranging some of the terms of the contract with Fuller, to whom was awarded the construction of that portion of the Pacific Telegraph between Fort Garry and Edmonton, I met him at my office on the 14th instant. Mr. Fuller stated that his tender for that portion of the line between Fort Garry and Fort Pelly, section number one, was based on carrying the line south of Riding Mountain, and almost entirely through a prairie country; that if it was taken north of Riding Mountain, he would be required to be paid \$20 per acre for all the clearing necessary to be done."

169. Do you know how much of the route south of Riding Mountain, if there ever was such a route proposed, was through woodland?—I do not know.

Proportion of wood and prairie on north route not then known. 170. Do you know whether the Department had any information as to the probable quantity of woodland north of Riding Mountain, the one actually adopted at that time?—I think that would be a proper question to be put to the engineers.

171. Then you do not know, you mean?—I do not know.

172. Mr. Fleming speaks of an amount there between fifty and sixty thousand dollars additional which the new offer involved. I wish to ascertain whether the Department had any means of knowing whether it would be fifty thousand or sixty thousand?—The Department has only got the information furnished by Mr. Fleming.

173. Do you mean furnished by that letter?—Yes.

174. Proceed to read the next section?—"This will have the effect of adding between fifty and sixty thousand dollars to the sum mentioned in his tender."

175. Then you say that the Department was not aware which of these sums would be the correct one to add?—No; they only had this information before them.

176. If it had been \$50,000 instead of \$60,000, what would be Fuller's aggregate tender for construction and maintenance for five years?—\$118,750.

Fuller's tender of Sept. 16th, 1874, between \$118,750 and \$128,750. 177. Then, from Mr. Fleming's report, from which you have read, dated September 16th, 1874, you understood that Fuller's tender was somewhere between \$118,750 and \$128,750?—Yes.

178. But you do not know exactly where it was between them?—No.

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Telegraph.

179. At that time, September 16th, 1874, had you a more favorable tender from Sifton, Glass & Company for construction and maintenance for five years?—I cannot answer that question without searching the correspondence.

180. If you look at the contract of Sifton, Glass & Co., can you not say whether they are to get anything more than \$20,000 for five years' maintenance?—They ask "with profits."

Sifton Glass & Co. get by contract \$20,000 with profits for five years' maintenance.

181. Have you any reason to know how the persons who tendered for this work considered their price to be affected by the privilege of taking profits?—Yes.

182. How do you understand that it affects their offer? Do they offer to take more or less on account of getting profits?—They will maintain it for less, if they are allowed to take profits.

183. How much less?—Waddle & Smith made it one-half.

Waddle & Smith estimated that profits would reduce the charge for maintenance by one-half.

184. Then, on the same basis, Sifton & Glass would want \$32 per mile without profits?—Yes.

185. How much would that increase the aggregate of the offer of Sifton, Glass & Co. for construction and maintenance?—\$20,000.

186. What would that make their whole tender?—\$147,850 without profits.

On this basis Sifton, Glass & Co.'s tender \$147,850

187. Have you any reason to know whether the profits are actually a considerable amount or not in the working of this line?—We have no reports on that question in the Department.

No report as yet as to profits on this section.

188. Can you state whether this work has been fully performed?—I would refer you to the engineers for information on that point.

189. You are not able to say yourself?—Not so well as the engineers.

190. Are you aware of the amount that has been paid up to this time on this contract?—Yes, \$119,085.29.

\$119,085.29 paid up to present on this contract.

191. Do you know how much further is expected to be paid on the contract?—I have not got the information here.

192. That includes how much for construction?—\$101,800 for construction, and \$17,285.29.

\$101,800 for construction and \$17,285.29 for maintenance up to present month (August, 1880.)

193. At what date was that?—This is up to this month.

194. When did the allowance for maintenance begin?—On the line from Winnipeg to Selkirk, 22.15 miles, on January 1st, 1875; on the line between Winnipeg and Fort Pelly, 294.36 miles, on August 1st, 1876, less two months not maintained; the line crossing Red River from 31st March, 1876, \$180.

Dates when charge for maintenance began.

195. From Winnipeg to Selkirk—is that moneyed out at \$16 a mile?—Yes.

This is calculated at \$16 a mile.

196. And the other at the same rate?—Yes.

197. What is the amount up to the 31st of March?—\$15,306.72.

Up to 31st March, \$15,306.72.

**Contract No. 1—  
Telegraph.**

1st August, 1876,  
date when charge  
for whole line  
commences.

198. From what date does he charge maintaining the whole line?  
—The 1st of August, 1876.

199. Was it finished then?—I do not know.

200. Is there any other matter about this contract number one that you would like to explain?—I want to consult more clearly the correspondence, and see what it was that led us to pass over Waddle & Smith's tender.

Palmer in charge  
of accounts from  
June, 1873, to June,  
1875.

201. You spoke of the system of keeping accounts in the Department at different times, but you omitted the period between June, 1873 and 1875. Who had charge of the accounts at that time?—I think Mr. Palmer.

OTTAWA, Friday, 15th August, 1880.

The examination of Mr. Trudeau resumed :

*By the Chairman :*

Tenders called for up to the 26th July, 1874. Opened 7th Aug., 1874. Fuller lowest for Section 1, but refused work at price named in tender. Dwight also declined. Waddle & Smith offered Section 5 but did not put up security.

Dwight's ground for refusal—his price did not include clearing woodland.

Sifton, Glass & Co. called upon to take Sec. 1.

202. My last question to you yesterday asked if there was any other matter about this contract number one which you would like to explain. Have you now any additional information to give?—I may state that tenders for the construction of the telegraph were called for up to the 26th of July, 1874. They were opened on the 7th of August, 1874. For section one Fuller was the lowest. He refused the work at the price named in his tender. Mr. Dwight was the second lowest; he also declined. The third lowest, Waddle & Smith, had been offered on the 12th of August, another section, number five, from Fort Garry to Nipigon, but they did not give security. Had Waddle & Smith made their deposit for section five promptly, it would have been a good reason to offer them section one. On the fifth of October Mr. Fleming reported that Mr. Dwight declined to execute the work on the ground that their price did not include clearing of woodland. Waddle & Smith had then been six weeks preparing to give security on section five without having been able to accomplish it. The fourth lowest tender, Sifton, Glass & Co., were then called upon to take section number one.

203. Yesterday in question number 107, and alluding to Fuller's tender, I asked whether it was intended that any other person should get it at a higher price than he was willing to take it. Your answer was given: "the reason is given in the note." To what note did you allude?—The note referred to will be found at pages 130 and 131 of the Blue Book entitled "Contracts let by the Department of Public Works from the 1st of July, 1867, to the 27th of March, 1878."

No Order in Council authorizing the contract with Sifton, Glass & Co.

The practice is to obtain an Order in Council under like circumstances.

204. Have you the Order in Council authorizing the contract with Sifton, Glass & Co.?—There is no Order in Council.

205. Is it the practice of the Department when a tender which is not the lowest is accepted that a report to Council is required?—Yes.

206. And is it then acted on without any Order in Council?—No.

207. Then there is an Order in Council?—There is no Order in Council in this case.

208. Is it the usual practice?—It is the usual practice, but it was not done in this case.

Contract No. 1—  
Telegraph.

209. This was an exception to the usual practice?—It was.

In this case exceptional action taken.

210. Do you feel sure that there was no Order in Council about Sifton & Glass's contract?—I have not found one.

211. Please read the memorandum on the back of tender, Exhibit No. 5?—"This tender not being the lowest, a report to Council is required. John Waddle & Co. are the lowest, but section five has already been awarded to them, and it appears to have been determined already not to award two sections to one firm."

Memorandum of law clerk pointing out that Order in Council was necessary.

212. Who signs that?—Mr. Fissault.

213. What is his position in the Department?—He is our law clerk.

214. You see a lower memorandum on that tender?—Yes.

215. Please read it?—It is in French, and, translated into English, reads thus: "Procure the Order in Council which gives the work to Sifton, Glass & Co. for section one."

Another memo. in French directing that Order in Council should be produced.

216. Do you say you have no record of that order having been produced?—I have not found it.

217. What time generally elapses between the time fixed for receiving tenders for work in the Department and the opening of the tenders?—The time required to allow the mails to come in, so that any accidental delay of the trains may not interfere with the arrival of tenders; that might be one or two days.

One or two days usually allowed before opening tenders to give time for mails to come in.

218. That is the usual time allowed between the time fixed for receiving and opening tenders, one or two days?—Yes.

219. What was the time fixed in this case?—The time was from the 26th of July to the 7th of August—twelve days.

On this occasion 12 days elapsed.

220. Do you know why the time was extended in this case beyond the usual period?—I have no record of it.

221. Do you know?—I do not recollect it.

Does not recollect why time thus extended. Substance of offer by Sifton, Glass & Co.

222. Will you read from Sifton, Glass & Co.'s tender those words which make any offer to build, without relating the special conditions; I wish to ascertain whether his offer to build relates only to the line as a whole?—He says: "We, the undersigned, residents of the Province of Ontario, make the following proposal to the Government of the Dominion: We will do the whole of the work along the whole of the proposed line, including all the sections thereof, and comprising the finding of the material for and the erection of the telegraph line, the clearing of the roadway, the preparation of the pack trail and all other matters pointed out in the advertisement and information for parties proposing to tender."

223. Is there any other part of that offer which points to the building of that section one alone?—No.

No offer for Section 1 alone made by S., G. & Co.

224. Did it happen that persons offering to build the whole line specified the times at which they would finish particular sections of it in any case?—It did.

**Contract No. 1—  
Telegraph.**

225. Then the mention of particular times for finishing particular sections is consistent with the fact that the tender relates only to the whole line?—Yes.

226. The certificate you produce dated August 7th, and signed by yourself, Mr. Fleming and Mr. Braun, relating to the opening of tenders, shows different particulars as to the several tenders. Will you explain what was meant to be shown by that generally? Was it intended to convey the substance of each tender as it relates to each section?—Yes.

Allan McLean,  
the first person  
who tendered for  
Section 1.

227. Give me the name of the first person on the list who tenders for the construction of section one?—Allan McLean.

228. Does he name a price for construction?—Yes.

Other tenders.

229. Give me the next name for the construction of section one?—H. P. Dwight.

230. Does he name a sum for the construction?—He does.

231. What is the next name?—Parmalee; he names a price.

232. What is the next name?—McKenzie, Grier & Co.; they give a price. The next is Waddle & Smith; they give a price. The next is Humphrey & Co.; they give a price. Next, G. W. Taylor & Co.; they give a price. Next, Mitchell, Macdonald & Gough; they give a price. Next, the Electric Light Co.; they give a price.

Sifton, Glass &  
Co. without a  
price.

233. What is the next name for the construction of section one?—Sifton, Glass & Co., without a price.

234. What is the next name?—George P. Drummond, with a price. Next, Rocque & O'Hanly, with a price. Next, Thompson, with a price. Next, Jocelyn, with a price; and last, Fuller, with a price.

235. You say that this was intended on the 7th of August to give to the Department the substance of each tender as it related to each section?—Yes.

Up to 7th August,  
i.e., after the time  
for receiving ten-  
ders, the schedule  
prepared by the  
officers did not  
intend to show  
that Sifton, Glass  
& Co. had named  
any price for Sec-  
tion 1.

236. Was it intended to show that Sifton, Glass & Co. had named any price for section one on the 7th of August?—There is no price shown.

237. You took part in that document?—Yes.

238. Did you intend to show that Sifton, Glass & Co. had named any price?—No; it was not intended.

239. That was after the time for receiving tenders had expired?—Yes.

240. When was it first regarded by the Department that they had made an offer to construct section one?—The tenders, after they were opened, were referred to Mr. Fleming for his report, and on the 10th of August he reported and stated that "sheet number one shows that there are fifteen proposals for section number one, Fort Garry and Fort Pelly."

241. Does sheet number one name Sifton, Glass & Co.?—It does.

The 10th of Aug.  
the first time the  
Department  
learned that Sif-  
ton, Glass & Co.  
had tendered for  
Section 1.

242. Then, on the 10th of August, for the first time the Department understood that Sifton, Glass & Co. had tendered for section one?—That is the date of Mr. Fleming's report.

Contract No. 1—  
Telegraph.

243. Can you name any earlier date than that when the Department so understood?—I do not think that before that the tenders had been sufficiently analyzed to enable the Department to form an opinion.

244. Do you think they have been sufficiently analyzed now?—They were given to Mr. Fleming for the purpose of being analyzed, and Mr. Fleming's report was admitted as an analysis of them.

245. You told us that on the 16th September, 1874, Mr. Fleming had reported that Fuller wanted from \$50,000 to \$60,000 more than the amount of his tender for construction, did you not?—Yes.

On 16th Sept., 1874, S. Fleming reported Fuller wanted \$50,000 or \$60,000 more than tender for construction.

246. At that date (16th September, 1874) was there any document which assumed to be a tender for anything more than construction from Sifton, Glass & Co.?—The tender received from Sifton, Glass & Co. stated that the price was \$1,290,000; this includes maintenance.

Up to that date the tender received from Sifton, Glass & Co. stated price for the whole line \$1,290,000.

247. But that was for the whole line?—Yes.

248. At that date (16th September, 1874) was there any document which assumed to be a tender for anything more than construction from Sifton, Glass & Co. as to section one alone?—I am not aware.

249. Then, at that time the only matter upon which Fuller and Sifton, Glass & Co. had both tendered as to section one, was for construction?—Fuller tendered by sections.

250. I am speaking of section one; they, that is Sifton, Glass & Co., had not then tendered for the maintenance, had they?—Fuller tendered for maintenance, and Sifton, Glass & Co. had tendered for the whole, including maintenance.

251. I am speaking of number one by itself?—Sifton, Glass & Co. had nothing for section one.

252. Were you in a position to compare the tenders as to maintenance of section one, at that time, made by Fuller and Sifton, Glass & Co. respectively?—No.

At that time the tenders of Fuller and Sifton, Glass & Co. as to maintenance of Sec. 1 alone could not be compared.

253. Then, the only matter upon which you could compare their relative value was the construction, as far as it relates to section one?—Yes.

254. As to that matter, which was the most favorable to the Government at that time? Give the figures. For instance, what was Mr. Fuller's highest offer at that time—the 16th September, 1874—including the increase for clearing?—\$98,750.

Fuller's highest offer for construction and clearing up to 16th Sept., 1874, \$98,750.

255. What was Sifton, Glass & Co.'s offer for the same matter—that is the construction?—Sheet number one, prepared by Mr. Fleming, states that the gross construction is \$107,850.

Sifton, Glass & Co.'s offer \$107,850.

256. That is the same sheet which shows Mr. Fuller's to be \$38,750?—Yes.

257. And by adding the \$60,000 for clearing to that you arrive at the \$98,750 of which you have spoken?—Yes.

258. Then, at that time (16th September, 1874) for construction alone of section number one, which was the most favorable offer to the Government?—Mr. Fuller's.



**Contract No. 1—  
Telegraph.**

For construction alone Fuller's the most favorable offer by \$9,100.

Up to 16th Sept. Sifton, Glass & Co. had made no offer to maintain Sec. 1 alone.

Fuller's offer to maintain Sec. 1. \$6,000 for five years, in all \$30,000.

Sifton, Glass & Co ask in addition to construction price \$107,850. \$16 per mile per annum with profits for maintenance.

If their profits for five years were valued at anything more than \$900 their tender would still be higher than Fuller's.

Scales thus turned by correspondence with Sifton, Glass & Co.

Department understood that Fuller requested his prices to be changed, but that Sifton, Glass & Co's explanations were explanations of his tender without suggesting increase of price.

259. By how much?—\$9,100.

260. At that time Sifton, Glass & Co. had made no offer to maintain section one alone?—Not alone.

261. How much at that time was Fuller's offer to maintain section one alone?—\$6,000 for five years, in all \$30,000.

262. Was it by negotiations subsequent to that period that an offer was procured from Sifton, Glass & Co. at a lower figure for the maintenance?—I prefer answering that question later.

263. Have you any original documents showing an offer from Sifton, Glass & Co. and the terms upon which they would maintain section number one alone?—I have a letter from Mr. Fleming dated 13th October, 1874, which relates to the subject.

264. Will you put in either the original or a copy of that letter?—I will.

265. Does it state that Sifton, Glass & Co. charge something additional to their construction price—\$107,850—for maintenance of the line?—Yes.

266. How much extra do they ask?—Sixteen dollars per mile per annum.

267. With or without profits?—With profits.

268. At the time of getting that letter the Department understood that Fuller's tender for the construction was \$98,750, including the increase for woodland, and \$30,000 for five years' maintenance; that is, for construction alone Sifton Glass & Co's tender was \$9,100 over Fuller's. Would this new offer of Sifton, Glass & Co's turn the scales in their favor?—Yes.

269. How much?—Nine hundred dollars.

270. But they got the profits, which Fuller did not ask for?—Yes.

271. So that if their profits were valued at anything over \$900 their tender would still be higher?—Yes.

272. Have you any idea of the estimate of the Department as to the profits?—We have no report on the subject.

273. Then this turning of the scales was made by correspondence in October?—Yes; it may have been before October.

274. You say that was the first intimation?—It was reported in October.

275. And was only communicated to the Department by letter from Mr. Fleming?—Yes.

276. Was it upon that turning of the scales that the contract was awarded to Sifton & Glass?—The request by Fuller was that his prices should be changed, and the explanations by Sifton were understood to be merely explanations of his tender without increasing his price.

Contract No. 1—  
Telegraph.

277. Do you mean understood by the Department?—Yes.

278. Does that report or letter of Mr. Fleming's recommend any action?—It does not.

279. You say that Mr. Fleming speaks only of the explanation of Sifton, Glass & Co.'s tender, by which sixteen dollars per mile was now to be added for maintenance; was that an explanation which he had not first gathered or understood from their tender? Was it a new explanation of its terms, that is to say, was it different from this schedule which you extracted on the 7th of August?—Yes.

Sifton, Glass & Co.'s explanation made the terms different from those of the schedule extracted on the 7th August.

280. In speaking of the \$900 of profits as the difference between the two offers, or rather to meet the difference between the two offers, did they not include the profits for five years? In other words, if the profits of the line for five years should amount to more than \$900, Fuller's offer would be still the lowest?—Yes.

281. Then do you say that, in order to treat Sifton, Glass & Co.'s tender as the lower one, it is necessary to assume that the five years' profits will not be over \$900?—Yes.

That Sifton, Glass & Co.'s tender should be held the lower necessary to assume that the five years' profits would not be over \$900.

282. Have you any original papers from Sifton & Co. as to the terms upon which they would maintain the line?—I have not, but I have a copy of a letter from Sifton & Glass to Mr. Fleming, dated 30th October, 1874, to the following effect:

Letter from Sifton, Glass & Co. assumes that they had tendered for the construction of C. P. T. as a whole or for any section.

" In reply to your letter of this morning we beg to say that according to our tender of the 22nd of July last for the construction of the Canadian Pacific Telegraph, or any section thereof, the average price per mile for woodland was to be \$629 per mile, and for prairie \$259 per mile. We estimate that there would be 1,485 miles of woodland, which, at \$629 per mile, would come to \$934,065, and that there would be 705 miles of prairie, which, at \$259 per mile, would be \$182,595; in all \$1,116,660. Our whole tender for the whole work was \$1,290,000, the difference between the two sums, namely, \$172,340, being our tender for maintaining the working of the line for five years. Any portion of the work now awarded to us should be based upon this calculation which we estimate at, say sixteen dollars per mile per annum. Contractors are to maintain the work and receive the profits of the line.

" (Signed) SIFTON, GLASS & Co."

283. Please look at the original tender, and say whether this letter is correct in stating that their offer per mile applied not only to the whole line but to sections of it?—I do not find in the tender that it applies to the section.

The original tender did not apply to sections of the line.

284. Then in that respect it appears to be incorrect, does it not?—Yes.

285. At the time of the receipt of that letter by Mr. Fleming he had access to the original tender?—Yes.

286. And it could have been ascertained whether this letter was correct or incorrect?—It could.

287. Since we parted this morning, have you thought of anything that you would like to add, by way of explanation, to your evidence?—No.

**Contract No. 1—  
Telegraph.**

288. Have you obtained the Dwight correspondence that you alluded to?—We have not yet collected it.

289. Did Sifton, Glass & Co. get any other contract connected with the telegraph but this one?—No.

No tenders invited after July 22nd, 1874.

290. Was any public competition invited after July 22nd, 1874, for tenders for telegraph work?—No.

291. Is there any arrangement with Sifton, Glass & Co. about the rates which they are to charge on this section?—I cannot answer that question without inquiring.

Correspondence has taken place as to the inefficiency of Sec. 1.

292. Has there been any correspondence with the Department as to the inefficiency of this section?—Yes.

293. Has a report of it been asked for by either House of Parliament?—Yes.

294. Did you prepare a report for either House?—Yes.

295. Was it printed?—No.

296. Have you that report in manuscript?—We have.

297. Is it connected in the return with other sections?—The reports apply to all the sections.

298. Will you produce it as the report called for?—Yes; I now produce it (Exhibit No. 6).

**Contract No. 2.  
—Telegraph.**

From Livingstone to Edmonton.

299. What was the subject of the second contract?—It was the construction of a telegraph line from Livingstone to Edmonton.

Dated 30th Oct., 1874.

300. What is the date of the contract?—30th October, 1874.

Contractor, Richard Fuller.

301. What is the name of the contractor?—Richard Fuller.

This was part of Sec. No. 3 as described in advertisement for tenders.

302. Was that one of the sections advertised when you asked for tenders?—It was not advertised as a section from Livingstone to Edmonton.

303. Was it a part of any of the sections advertised for?—It was.

304. A part of which section advertised for?—Of section number three.

Sect. 3 originally ran from Fort Garry to a point in longitude of Edmonton.

305. As advertised, what was section number three?—It was from Fort Garry to a point in the longitude of Edmonton.

306. Have you a list of the tenders which were submitted as to that section?—Yes; I now produce it (Exhibit No. 7).

307. This is attached to several sheets as, I notice, showing the tenders for all the sections separately?—Yes.

Fuller submitted lowest tender for the whole of Sec. 3, which originally included Sec. 1.

308. Mr. Fuller appears to have submitted the lowest tender for the whole of section number three?—Yes.

309. Did section three include originally section number one?—Yes.

He did not get contract.

310. Then can you explain why did he not get the contract for the whole of section three?—It was because for that portion of number three which corresponds with section one he wanted a higher price.

Contract No. 2—  
Telegraph.

311. How much higher?—Fifty or sixty thousand dollars.
312. That was not considered to be so good an offer, with that increase, for the whole section as you accomplished by dividing it?—If it had been practicable to entertain Mr. Fuller's proposition to add \$60,000 to his tender, the cost of the two sections would have been \$216,000, whereas the tenders accepted amounted to \$225,100. But if Fuller's proposal to add \$60,000 had been entertained the whole would have been \$216,000 instead of \$225,000 which was given.
313. Why was it considered proper to accept the tenders which were accepted for \$225,100, instead of this increased offer at \$216,000?—Because the acceptance of Mr. Fuller's tender involved a change in the amount.
314. Is that in your Department held to be a reason for refusing a contract, if a man adds anything to his first tender after it is sent in?—The practice is that a tender should not be altered after it is sent in. Such a change not permitted by practice of Department.
315. Do you mean that the Department will not recognize them if they are altered?—No.
316. That is the general practice?—Yes.
317. And do you give that as a reason for this lower offer having been refused—because it involved an alteration after the tenders were received?—Yes.
318. Do you know any reason why this should apply to the second contract, and not to the first contract? You will, perhaps, remember that in October there was something added to Sifton, Glass & Co's tender—\$16 a mile for maintenance?—I am not sure that it was added in that way. Thinks offer to take \$16 a mile for maintenance was not added to tender of Sifton, Glass & Co., contrary to rules of Department.
319. Speaking of contract number two, you say that was awarded to Fuller. How many miles did his contract embrace nominally?—That contract embraced nominally 500 miles. Contract No. 2 embraced nominally 500 miles.
320. What was the sum agreed to be paid on construction in contract number two—Fuller's contract?—\$117,250. For construction \$117,250 agreed on.
321. And how much for maintenance for five years?—According to his tender \$65,000. \$65,000 for maintenance.
322. Which makes a total of?—\$182,250. Total, \$182,250.
323. And what had you previously agreed to pay in the aggregate for the balance of section three to Sifton Glass & Co. under the name of section one?—\$107,850. \$107,850 agreed to be paid to Sifton, Glass & Co. for construction of Sec. 1, and \$127,850 for maintenance besides profits.
324. And the maintenance?—\$127,850.
325. That was besides profits to Sifton?—Yes.
326. Then, exclusive of profits, what had you accomplished by those two contracts as the price for the whole of section three including construction and maintenance?—We were getting the work executed for \$310,100, including maintenance. Thus \$310,000, besides profits is cost of constructing and maintaining Sec. 3.
327. Will you look at the statement of Mr. Fleming respecting one of the rejected tenders, by Thompson, who offers to do the whole of his portion of the line, section three; let us know what his offer was?—In the statement prepared by Mr. Fleming Mr. Thompson's tender is represented as being at the rate of \$280 a mile, giving a gross sum for construction of \$226,000, offices and other matters not included. For the maintenance \$11,200 per annum, which for five years gives \$56,000, S. Fleming's statement represents Thompson's tender for the same to be \$280,000 exclusive of offices, &c.

**Contract No. 2—  
Telegraph.**

and this added to the previous sum gives \$280,000. Time of completion three years.

328. Then as far as construction and maintenance are concerned he offers to do this work for \$280,000, without offices?—Yes.

That is \$30,000 minus cost of offices, less than the price contracted for.

329. That is \$30,000 less than the two contracts which you made?—Yes.

330. Do you know whether that \$30,000 was considered to be the value, or less than the value, of the offices?—I must refer you to the engineer for that information, I am unable to answer it.

331. You mention that he tendered to complete this in three years, and it is so stated in Mr. Fleming's certificate?—Yes.

332. Have you looked at Thompson's original tender, or a copy of it?—Yes.

Thompson proposes to finish Secs. 5 and 6 in two years; Secs. 1, 2, and 3 in three years, and Sec. 4 in four years from the date of contract.

333. Will you read what the tender says about the time of completion?—It says: "Inasmuch as the Parliament is quite silent on the question of time for the completion of the line, or of sections of it, I have decided to submit the following which, however, may, perhaps, be modified upon comparing with the Department. Sections five and six in two years, sections one, two and three years, and section four in four years from the date of contract."

334. Then the time that he names for this section three appears to have been fixed upon the condition that he should get five and six?—I have given the exact words of the tender.

No offer made to Thompson.

335. Was there any offer made to Thompson, that you know of, about this section?—Not that I am aware of.

336. Will you produce Thompson's original tender?—Yes. [Exhibit No. 8.]

Fleming's schedule showed Thompson's tender to be \$11,200 per annum for maintenance.

337. In the schedule to which you have referred, relating to section three, Mr. Fleming appears to show Thompson's tender to be \$11,200 per annum for maintenance?—Yes.

The actual tender is 14 per cent. of cost in woodland and 5 per cent. in prairie per annum.

338. Look at the original tender and tell me what his actual offer for maintenance is, and read it?—It is as follows: "I will keep the lines in repair for one and one-half per cent. of the cost in woodland, and five per cent. in prairie per annum."

339. Then his tender for maintenance depends upon the price he asks for construction?—Yes.

Further particulars of tender.

340. What price does he ask for construction through woodland?—Eight hundred and eighty dollars per mile on section number one. He does not state his price for woodland on section three.

341. And for prairie?—For prairie on section three, \$280 a mile.

342. Does his price at \$280 a mile extend to the whole of the prairie on section three or only to that portion beyond Fort Pelly?—Only to that portion beyond Fort Pelly, which is 550 miles.

343. Have you calculated exactly what his tender asks for maintenance?—Yes.

344. What is the gross sum that he asks for maintenance?—\$10,777.50 per annum.

Contract No. 2—  
Telegraph.

345. And for five years?—\$53,887.50.
346. This added to his price for construction, as stated in Mr. Fleming's estimate, would give what total?—\$227,887.50.
347. This would appear, by that estimate, to be some \$32,000 less than the two contracts that you have accomplished?—Yes.
348. But this estimate of Mr. Fleming's as to the construction is apparently erroneous?—Yes. S. Fleming's estimate erroneous.
349. The price for construction as really asked by Thompson amounts to a considerable sum over that?—Yes. Thompson's prices really higher than those contracted for.
350. How much larger would the sum be that was really demanded by Thompson upon an exact calculation?—\$114,750.

OTTAWA, Saturday, 14th August, 1880.

HENRY N. RUTTAN, sworn and examined:

RUTTAN.

By the Chairman:

Survey's--Ex-  
ploration.

351. What is your occupation?—Civil Engineer and contractor. Civil Engineer.
352. Have you been in the employment of the Government of Canada at any time?—I was in the employment of the Government in 1868 on the Intercolonial Railway.
353. After leaving the Intercolonial Railway, were you employed in any way in connection with the Pacific Railway?—I was employed in 1874 on an exploration north of Lake Superior, and in 1875 on an exploratory survey between the Kay lakes and Root River. In 1874 explorations north of Lake Superior; in 1875 exploratory Survey between the Kay Lakes and Root River.
354. During the first period had you charge of a party, and in what capacity?—When I left the Intercolonial Railway I was in charge of section six as Division Engineer of the Intercolonial Railway.
355. And on the Pacific Railway?—In 1874 I was assistant to Mr. T. J. Thompson, and in 1875 I had charge of the division; Mr. Henry McLeod, District Engineer. Assistant to T. J. Thompson in 1874; in 1875 had charge of division.
356. What time in 1874 did you begin operations?—We began in June. Began operations June, 1874.
357. At what point?—At the Pic River on Lake Superior.
358. In what direction did you proceed?—We proceeded in a westerly direction along the shore of the lake to Nipigon. Proceeded westerly to Nipigon.
359. What was the number of men in the party to which you were attached?—About twelve altogether. Party numbered twelve.
360. Will you describe the different positions of the members of the party, whether they were laborers, engineers or otherwise?—Mr. Thompson was the engineer in charge of the party; I was assistant engineer, and the rest of the party consisted of the chain men, axe men and boat men.
361. You had no animals with you?—No. No animals.

**Surveys—Ex-  
ploration.**

Three months on shores of lake, then made instrumental survey from Red Rock to South Bay of Nipigon.

362. How long were you occupied in that work?—We were occupied about three months in the exploration along the shores of the lake. We then made an instrumental survey from Red Rock to the South Bay of Lake Nipigon.

363. How long did that occupy?—As well as I can remember about a month.

Four months in field.

364. So that during the season you were occupied about four months?—Yes; in the field.

Thompson purchased supplies in Toronto and Collingwood.

365. What was the system for procuring the supplies for such a party at that time?—The supplies at that time were purchased by Mr. Thompson, the engineer in charge of the party in Toronto and Collingwood.

366. And taken with you or sent on?—I think they were taken with—possibly part were taken with us, and part were sent on to Red Rock.

367. Then the engineer in charge made all expenditures upon his own responsibility?—He bought, of course, what he thought was necessary for the survey.

368. Did he exercise his own discretion in procuring supplies necessary for the expedition?—I think so; I do not think he had any instructions with reference to the matter.

How accounts kept.

369. Do you know anything about the mode of keeping the accounts for that party?—We had an officer attached to the party—sometimes with the party, and sometimes getting the supplies—who was supposed to keep the accounts, and attend to the distribution of supplies on the line.

370. Who was that?—A man named Robson or Robinson, I am not sure which.

371. You took no part in the accounts or the procuring of supplies?—None whatever.

372. Do you know the letter which would designate that party at that time in the books of the Department?—I do not remember just now; I could find it by referring to the report.

After field work, office work at Ottawa.

373. Besides the time you were occupied in the field, were you engaged a further time in connection with the work?—After getting through with the field work we came to Ottawa and made our plans and reports.

374. In the Department of Public Works? Were you connected with the Department of Public Works?—In the Canadian Pacific Railway Office; I think it was outside of the Department of Public Works proper at that time.

Chain and axemen discharged after field work.

375. After the work in the field I suppose the chain men, axemen and others would be discharged?—Yes.

20th May, 1875. Left Winnipeg as engineer in charge of division

376. About what time did you commence in the next season?—In the next season I left Winnipeg on the 20th May, 1875.

377. What was your position in that party?—I was engineer in charge of the division.

378. Who was your assistant, or had you an assistant?—My first assistant was W. McG. Otty.

379. What was the size of that party?—During the season there were over twenty-five or thirty-five men employed.
380. Do you mean at one time, or at different times?—At different times.
381. What was the average strength of the party?—Sometimes twenty-five, and sometimes more than thirty-five.
382. Over what territory did they operate?—We made the exploration between the Hay Lakes, south of Edmonton, to the Root River.
383. Was that an exploration, or an exploratory survey?—It was an exploratory survey.
384. That is different from the work which you performed at Nipigon?—Different from the work on the north shore of Lake Superior. This was an instrumental survey.
385. The explorations are made without instruments of any kind, I believe?—Simple explorations are made without instrumental measurement.
386. How long were you employed on this last service?—The survey was commenced on the 11th of August, and finished on the 13th of November.
387. Were most of the party then discharged?—The party was hired in Winnipeg, and about the 25th of November we left the neighborhood of the Hay Lakes on our return to Winnipeg, but when near Fort Pitt we received instructions to return to Edmonton and commence a location survey.
388. Did you return?—I went to Carleton to meet Mr. McLeod, leaving my party at Fort Pitt, and returned to Edmonton.
389. Were the men of your party retained at work, or discharged at that time?—They were retained under pay. They were travelling; they were not at work.
390. Do you know how long they were retained under pay travelling?—For the time necessary to enable us to go from the Hay Lakes to Carleton and return to Edmonton. We commenced the survey again on the 4th February, 1876.
391. After they got to the point that you describe, Edmonton, were they then discharged?—No, they were not discharged. It was very difficult to get men there. We could not have got men to go on with the work if we had discharged those that we had brought from Winnipeg.
392. How long did they remain under pay without work?—The survey was finished on the 13th of November, 1875, and commenced again on the 4th of February, 1876.
393. During that intervening period were they under pay and not at work?—Yes, except at travelling. They were not at work exploring.
394. Were they at one place much of that time?—I received instructions from Mr. McLeod to bring the party down to Carleton to meet him, but instead of doing that I left the party where the messenger found us, at Fort Pitt, and went down to Fort Carleton myself. While

**Surveys—Exploration.**

From 25 to 35 men employed during season.

Between Hay Lakes and Root River.

An exploratory survey.

North of Lake Superior an instrumental survey.

Survey commenced on the 11th August, finished 13th Nov.

**Location Survey.**

Instructions to commence a location survey at Edmonton.

Commenced survey again 4th Feb., 1876.

From 13th Nov., 1875, to 4th Feb., 1876, men under pay and doing no work.



**Location Survey.**

I was going down to Fort Carleton and returning the men were at Fort Pitt.

395. About how long was that?—About three weeks, I think.

396. For the rest of the period were they at any particular place resting?—They were travelling constantly for the rest of the period.

First responsibility of procuring supplies rested with Mr. Nixon.

397. Upon that expedition who had the responsibility of procuring the supplies?—The first responsibility rested with Mr. Nixon, at Winnipeg, who was purveyor for that district, and there was an officer of his attached to our party.

398. What was his name?—Valentine Christian.

399. What was his duty?—His duty was to look after all the Government property, and see that we were kept properly supplied with provisions.

Nixon purchased supplies upon a requisition of the engineer.

400. Do you mean that Nixon had the responsibility of purchasing supplies in the first place?—Of purchasing supplies upon a requisition from the engineer of the party.

401. Then the engineer made a requisition for such articles as he thought he would require, and Nixon bought them at such prices as he thought proper?—Yes.

Prices in no way under control of engineer.

402. The prices were not in any way under the control of the engineering officer?—No.

Deputy purveyor certified for supplies received.

403. Who certified the accounts for the supplies received by the party?—The deputy purveyor attached to the party.

404. Then, Valentine Christian could certify?—He would satisfy Mr. Nixon that the supplies were properly received.

405. He would not certify as to the price?—I think not.

Witness not required to certify any amounts of money.

406. Were you required to certify any amount of money?—No.

Nor had he any control over prices.

407. Then you had no control over the amount of expenditure?—Not otherwise than as making a requisition for supplies or provisions which were necessary for the party.

408. Without reference to the price?—Without any reference to the price.

Expedition west of Winnipeg May, 1875, to December, 1876.

409. Can you say about how long you were engaged in that expedition west of Winnipeg?—I left Winnipeg in May, 1875, and returned again in December, 1876.

410. During that time you were in the field principally?—Yes.

411. After that did you retain your connection with the Pacific Railway?—Yes.

Afterwards came to Ottawa and made plans.

412. In what capacity?—I came to Ottawa in the same capacity and made the plans of the work that we had done in the field and report.

413. Until about what time were you so employed?—Until April, 1877.

414. So that upon that expedition and the plans connected with it you were under employment nearly two years?—About two years.

- Railway Construction—Contract No. 15.**
415. After that had you any connection with any works on the Pacific Railway?—In April, 1877, I went on contract 15, as engineer for the contractor, Mr. Whitehead. April, 1875, went on Con. 15 as engineer for Whitehead.
416. How did you procure that position?—Mr. Whitehead wanted an engineer, and, I believe, applied to Mr. Fleming for a recommendation, and, I understand, I was recommended by Mr. Fleming. S. Fleming recommended him.
417. Did you proceed to work on section 15?—Yes. Went to Sec. 15 May, 1877.
418. About what time?—In May, 1877.
419. Had any work been then done upon it?—The work had been commenced in March, I think, but very little had been done. Work had been commenced in March but little progress had been made.
420. At that time had plans been prepared showing the location of the line, or the quantities of different kinds of work, or any other particulars which would enable you to ascertain pretty well what was required?—There was no information in the possession of the engineers that would enable one to make an accurate estimate of the final quantities of work on the contract. No means of making accurate estimate of final quantities of work on the contract.
421. Had the location been made?—The trial location had been made, but the permanent location was not completed, and they had not complete profiles made. Trial location made; permanent location not complete, profiles incomplete.
422. What particulars are generally requisite before commencing work on a railway?—It is generally considered necessary to have a complete working plan and profile of the contract work to be done.
423. What is a working plan?—The working plan is a plan of the country, showing the exact location of the line of railway.
424. Was there any such plan when you went there?—The line has been changed several times since, and there was no plan at that time showing the work as finally done. Line changed several times.
425. Was there any working plan at that time of any line actually located?—There was a plan of a located line.
426. Was there any profile of a located line as there located?—I cannot answer that question, but I can say that I was not able to get a complete profile of the line. The contractor was not furnished with a complete working profile of the line. Never furnished with profile of line.
427. Do you know whether there was such a thing in existence?—I believe there was not. I believe that the levels were not sufficiently far advanced to enable them to make a working profile. Believes no such thing existed.
428. Besides this working plan and the profile, which you mention, is it necessary or usual to have the line cross-sectioned?—It is necessary in order to enable them to calculate the quantities of material. Cross-sectioning necessary in order to calculate the quantities.
429. What does cross-sectioning mean?—It means taking a section of the ground at right angles to the centre of the line. The profile of the centre of the line is a longitudinal section. Short sections taken at right angles to that are cross-sections.
430. Can quantities be estimated even approximately without cross-sectioning?—Not unless the ground is perfectly level; it could not be done on contract 15.
431. Was the ground not level?—No; the ground was very rough on contract 15—very much broken. Ground very rough.

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

Cross-sections taken in the fall and winter of 1876, from which approximate quantities obtainable.

Did not get a complete working profile until months after work was commenced.

Government engineers refused to give information.

Alignments and grades changed

Instructed to make a rock base for the earth embankments in water stretches.

432. Then was it possible to form any approximate estimate of the quantities at the time the work was commenced?—I think that approximate cross-sections were taken in the fall and winter of 1876 from which an approximate idea of the quantities could be arrived at.

433. Was that after the work had been commenced?—Before.

434. Were you furnished with any of the particulars given by those plans?—We had never been furnished with a complete working plan. We did not get a complete working profile until several months after the work was commenced, and it was commenced before we got any cross-sections.

435. Did you ask for these particulars from the engineer in charge?—I did.

436. What was his answer?—He was away from the contract when I arrived there, and I first asked the assistants for the working plan and profile of the section.

437. Who were the assistants?—Mr. Fellowes, Mr. Kirkpatrick and Mr. McNabb. Mr. Fellowes told me that he could not give me any information until Mr. Carre returned, and Mr. Kirkpatrick and Mr. McNabb told me that they had no plan or profile of the work made; that as soon as they made one they would be glad to give me a copy.

438. When you saw Mr. Carre did you ask him?—I did.

439. With what result?—He said that his assistants were quite right in refusing to give me any information, and that he did not intend to give me any of the information that I had asked for about the work. I specified all the information that I required, and wrote to Mr. Carre asking for it.

440. Was this answer to you in writing or verbal?—His answer was verbal.

441. How were you first made aware of the character of the work that you were required to do? How was it pointed out to you what the contractor had to do?—There was a line cleared for the telegraph construction, and over a portion of that the location stakes were in, showing the centre line of the railway.

4 2. Then the information given to the contractor was by something on the ground?—Yes.

443. Not in the shape of plans or writings or papers?—No.

444. Were levels given indicating the grade?—The grade pegs were put in for us at the commencement of cuttings on the ground.

445. Then you had the line grade?—Yes.

446. Shown on the ground?—Yes.

447. Was that line adhered to throughout the contract?—The alignments and grades have both been changed in several places.

448. Were you led to understand how the water stretches were to be crossed?—We were first instructed to fill up the water stretches with the rock taken from the cuttings and make a rock basis in the water sufficiently wide to carry an earth embankment.

449. Filled up solidly?—Yes.

Railway Construction—Contract No. 15.

Sept., 1877,  
Judgment at  
1280 in the  
day as at  
caption.

450. About when were those instructions given to you?—I think I have a letter from Mr. Carre containing those instructions, dated about May or June, 1877.

451. Do I understand that they were the first instructions as to the mode of crossing the water stretches?—Mr. Carre wrote that they were the only instructions that he was aware of at the time.

452. Then they were the first that you had communicated to you?—Yes; the first communicated to us.

453. And that was to make a solid rock basis across water stretches wide enough to support an earth embankment?—Yes.

454. Would the width of it depend upon the height of the probable embankment?—Yes; the higher the embankment the greater the width of the rock basis.

455. Then the probable height of the embankment has been communicated to you by those grade pegs?—Yes.

456. Was there a scale given to you to work by, showing what width would be required for any particular height?—No; but the slopes of the embankment, were fixed and the width of the base depended upon the height of the embankment.

457. How were the slopes fixed?—The standard slope for earth embankments is one and a half to one.

458. Then you have it fixed by contract?—Fixed by specification.

459. Attached to the contract?—Yes.

460. Were you at that time led to understand that these embankments were to be of solid earth?—We were merely told to make the rock basis sufficiently wide to carry an earth bank. Had the rock basis been intended for trestle work only, it would not have been necessary to make them nearly so wide.

461. Then did those instructions in May or June, 1877, appear to indicate that it was a base not for the support of trestle work, but for the support of an earth embankment?—The base was required to be made wide enough to support earth embankments.

462. Were the bases put through the water stretches as solid rock bases?—No.

463. Why not?—It was seen that in order to make those bases, we would have been obliged to use all the rock on the contract at very few points, carrying the rock from cuttings over intermediate dry fills, and placing the material in the water. It was not considered practicable to do that as it would have taken a very long time, and entailed an enormous expense. No contractor could have stood the expense.

464. You say that this was ascertained; was it ascertained by the contractor and yourself, as an engineer, or by the Government engineer?—We spoke to the Government engineer about it.

465. Do you mean yourself, or you and the contractor?—I mean the contractor and myself.

466. To whom did you speak?—To Mr. Carre.

467. Who was Mr. Carre?—He was the division engineer in charge of the work on the part of the Government.

Width of base depended on the height of the embankment.

Rock bases much wider than necessary for trestle work only.

Not considered practicable to make bases of rock.

The Engineer-in-Charge addressed on this subject in summer of 1877.

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

Cross-sections taken in the fall and winter of 1877 from which approximate titles obtained

Did not complete Pincer took no motion. If

Went on under his instructions placing rock as bases in the water stretches near the cuttings.

July, 1877, Rowan visited work, and gave authority to fill up Lake Deception with earth, protected by narrow rock walls.

This was a decided change in the character of the work.

These directions given verbally to Chas. Whitehead.

Rowan did not direct that the embankments throughout should be rock protected.

In Sept., 1877, began making the side protection walls.

468. About what time did you communicate that to him?—Immediately upon receipt of his letter of instructions we mentioned to him that it was not practicable to do the work in that way; that we felt sure there was not rock enough in all the cuttings on the line to fill up the water stretches as he had directed us.

469. About what time of the year would that be?—May or June, 1877.

470. Did he take any action upon your communication?—No immediate action that I am aware of.

471. Did you proceed upon your own idea of what would be best?—No; we proceeded upon his instructions to place the rock cuttings that was near those water stretches in the water, forming the approaches.

472. You say that he took no immediate action upon your communication; when did he take action upon it?—No immediate action was taken by him, and we went on under his instructions, placing the cuttings near the water as solid bases.

473. Were any different instructions communicated to you authorizing a different kind of construction?—I think in the latter part of July, 1877, Mr. Rowan, inspected the work and then gave us authority to fill up Lake Deception with earth, protecting the slopes of the embankment with narrow rock banks.

474. Was this a decided change in the character of the work from which Mr. Carre had first directed?—It was.

475. Were these directions from Mr. Rowan in writing?—No; the directions were given verbally by him, in Mr. Carre's office, in the presence of Mr. Carre and Mr. Whitehead.

476. To whom?—To Mr. Charles Whitehead, as the contractor's agent.

477. Were you present?—I was.

478. Did those new instructions apply to the whole of the work or only to particular localities?—The instructions relative to filling up the embankments with earth applied to the whole of the work as far as earth could be procured. Mr. Rowan's instructions to us were that we should borrow all the earth that we could in order to make up the embankments.

479. Do you mean his instructions at that particular time?—At that particular time during his inspection of the work.

480. Do I understand that through all the water stretches Mr. Rowan directed you to make rock protection banks instead of solid bases?—No.

481. Then to what were the instructions limited?—The only definite instructions given by him with reference to that referred to Lake Deception at that time.

482. Were these instructions confirmed in any way to you either by Mr. Rowan or anyone else afterwards?—In September, 1877, we began making the side protection walls instead of full embankments, under the direction of the engineers.

483. Which engineers?—The engineers in charge of the work.

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

484. Who were they?—Mr. Carre was immediately in charge.

485. Did those instructions apply to any other places besides Lake Deception?—Yes; in September, 1877, we commenced making an embankment at Station 230 in that way. The fact of having the rock on the outside of those embankments instead of placing it all the way across would not necessarily alter the first instructions, because the intermediate portion might be filled up afterwards.

In Sept., 1877, commenced embankment at Station 230 in the same way as at Lake Deception.

486. Either with rock or earth?—Yes.

487. Or they might be used to support trestle work?—They could not be used for trestle work, because they would be so far apart that there would be water between them.

Rock protections could not be used for trestle work unless the intermediate spaces were filled in.

488. But they could, by filling in the intermediate places, be used for trestle work?—Yes.

489. Then the outside points on the top of the bases would not be further apart than if the original instructions had been carried out?—No; they would be the same distance apart.

490. The openings were the intermediate places between those outer parts, and they were left vacant instead of being filled with rock?—Yes.

491. Have you any reason to know whether Mr. Carre, in September, had instructions from any superior officer to alter the original character of the work?—No; I have not. Mr. Carre told me that he got instructions in June, 1877, from Mr. Rowan, to borrow all the earth he could on the work to make up the embankments.

Carre had instructions in June, 1877, to borrow all the earth he could.

492. And did his telling you that lead you to understand that you might make that change in the progress of the work?—It led us to believe that it was understood the change was to be made—that the work was to be carried on in that way.

493. That was in June, 1877?—Yes.

494. Was there, at any time while you were connected with the contract, any intimation on the part of any Government officer that you must provide trestle work, as mentioned in the contract?—There was no further intimation than the contract itself that I am aware of.

No further instruction that trestle work was to be provided as per contract.

495. I am asking whether any of the officers directed you to fulfil the contract as to trestle work?—No; that is, not as to trestle work generally. There were special trestles provided for the passage of streams, of which they gave us bills of timber and which they instructed us to build.

496. It was originally intended that all the works left in the fillings, which could not be made up with material on the line should be filled up with wooden superstructure, was it not?—Yes.

Original intention was to span by wooden superstructure all voids in the fillings.

497. What I mean to ask is, whether the engineers in charge ever directed you to do that according to the contract?—They never directed us to build any trestle work except that required for the passage of the streams, of which I have spoken.

Engineers-in-Charge never directed contractor to build trestle work save over streams.

498. Would that be built up to formation line?—Yes.

Contractor's Engineer and the Engineer in Charge differed as to quantities and in classification of material.

499. Were there differences of opinion between you and the engineers in charge as to measurements and quantities?—Yes.

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

500. Was that from the beginning or did it commence later?—The differences between us were as to quantities in classification of material and not in measurement.

Difference regarding loose rock.

501. What was the difference in your opinions?—The most serious difference was that in regard to loose rock.

502. What was your contention?—Our contention was that the specification meant that we were to be paid for loose rock as loose rock, and the contention of the engineers was that we were to be paid for all stones under a certain size as earth.

Engineers contended that stones under fourteen cubic feet were to be reckoned as earth.

503. What was the size they claimed?—They claimed that the specification meant that we were not to be paid for any stone under fourteen cubic feet in size.

504. All under that would be called earth?—Yes.

505. And your claim was what?—That when those boulders occurred in masses by themselves without any mixture of earth, they were covered by the specification, which says that we should be paid for all loose rock whether *in situ* or otherwise, that can be moved with facility by hand, pick or bar without fixing any size for stones. They contended that where those cuttings occurred they should measure every stone under fourteen feet, and pay us for it as earth.

Contractor always claimed that loose rock was under-estimated.

506. Did the difference in classification result in a large reduction of your claim for work?—We always claimed that they under estimated us in loose rock, and about a year ago, I think, the engineers deducted a large quantity of loose rock from the amounts which they had previously returned, making the differences still greater.

Further contentions.

507. Did you also differ about the rock which was outside of the cuttings, as described by the specifications?—Yes.

508. As to that rock which came off in the excavation, was there any difference between you and the engineer in charge?—Yes; the specification provides that the contractor shall be paid for the removal of all slides which occur in rock cuttings according to the class of material to which it may appear to the engineer to belong. On section 15 the rock was very much broken and the seams are often perpendicular or over hanging into the cutting, so that when a portion of rock in the prism is removed that behind it overhangs and slides into the cutting. We claim that we should be paid for the excavation of that rock.

It was agreed with Marcus Smith that such excavations should be allowed as loose rock.

509. As loose rock or solid?—It was agreed that we should claim only loose rock for it. At first we claimed solid rock for it; afterwards when Mr. Smith was on the line he said that we should receive only at the rate of loose rock for it, and we agreed to it.

510. Before that, had there been any understanding between you and the engineer in charge as to what you should be paid for this material?—No; up to that time it was always a matter of contention.

511. Then the agreement between you and Marcus Smith was that this material should always be estimated as loose rock?—Yes; we had before that claimed that we were entitled to be paid for solid rock if it was a cutting in solid rock.

512. Before that time how did the engineer in charge claim that that ought to be estimated to you?—They did not estimate it at all for us.

**Wayway Com-  
struction—Contract No. 15.**

513. Did they not return it as earth?—No; they did not return it at all.

514. Do you mean that it was omitted absolutely from the measurements?—Yes.

Until the agreement with Smith Engineer omitted such rock from measurements.

515. Had you removed it from the embankments?—Yes; under the direct instructions of the engineer. We requested permission, if we were not to be paid for that rock, to waste it either on top of the cuttings or at the mouth of the cuttings, but under their strict instructions we were told to place it in the embankments.

Material placed in embankments under Engineer's instructions.

516. Then do you mean that although it was made available for the embankments, they refused to allow it to you under any classification?—Yes.

Yet he refused to allow it under any classification.

517. Had there been an unpleasant feeling between the contractor and his engineer, on one part, and the engineers acting for the Government on the other part?—Yes; we considered that they were not treating us fairly.

518. Was it about any other matters?—We considered that they did not treat us at all fairly in regard to giving us engineering information about the line, in regard to giving us bills of timber and quantities for trestles for the passage of streams and in the classification of loose rock, and in not paying us for the rock outside of the slope.

On three points Contractor contended that Govt. Engineers acted unfairly.

519. What difference do you estimate in the amount that was due to Mr. Whitehead under his contract and the amount which the Government admitted to be due?—In April last, I think, it amounted to about \$60,000.

Thinks in April, 1880, Govt. owed Whitehead \$60,000 more than they admitted.

520. And has that amount been withheld from Mr. Whitehead by the Government?—Part of that amount had been previously paid Mr. Whitehead and it was subsequently deducted; a part of it they never paid at all.

521. At the end of the transaction in April, do you claim that Mr. Whitehead was entitled to about \$60,000 more than he had received?—Yes.

522. Does that difference arise principally from this classification of the material in cuttings, or loose rock?—From the classification of material in cuttings and from the rock outside of the slopes in solid rock cuttings.

Claim for \$60,000 arises out of classification of material in cuttings and slopes outside.

523. Is there any other matter about which there is any serious difference between you and the engineer in charge?—Not as to quantities, I think the measurements agree pretty well.

The measurements agree.

524. Did Mr. Whitehead continue to complete his contract?—No; the work, since April last, has been carried on by the Government.

In April, 1880, work taken out of Whitehead's hands.

525. Did he give up the work, or was it taken out of his hands?—I believe it was taken out of his hands.

526. Who was the first engineer who communicated to you the idea that the trestle work would not be required?—I do not know that that communication was ever made to us in that way, but we were told by Mr. Rowan, in July, 1877, to borrow all the earth that we could in lieu of trestle work. He said that it was Mr. Fleming's desire that all the earth possible should be placed in the embankments.

In July, 1877, Rowan said Fleming desired all the earth possible to be placed in embankments.



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

527. What do you mean by borrowing earth?—Procuring it elsewhere than in excavations necessary for purposes of the railway proper.

528. Is it off the line of railway always?—It may be off the line of railway or off the prism of the cuttings through which the railway runs.

529. In either of those cases, would it be called borrowing?—Yes; if it is outside of the prism of the cuttings it would be called borrowing; anything inside of that would be called line cuttings.

530. Is earth sometimes borrowed from places at the sides of the work where there is no cutting; I mean, by making pits?—Yes.

531. So that borrowing may be where there is no cutting at all?—Yes; where there is no cutting otherwise necessary for purposes of the railway.

Several borrow pits made on Sec. 15.

532. Did it happen on this section that earth was borrowed where there was no cutting?—Yes; we made several borrow pits.

Country rocky, with deposits of sand.

533. What is the general character of the soil along the line as located?—The country generally is very rocky with deposits of sand in places.

What soil there is principally sand.

534. Then the soil, whatever soil there may be, is principally sand?—Yes.

535. Is sand good material for filling?—It is considered very good material for embankments.

536. Better than ordinary earth?—There are different kinds of sand, some kinds of sand may be better than ordinary earth for embankments and others not so good as ordinary earth.

537. Is the sand that you find in that country good?—It is generally of good quality.

538. As good as ordinary earth?—I think so.

Saw that all material for embankments could be borrowed.

539. When you first went up there did you ascertain whether there was much material which could be borrowed, or not?—We saw, upon our first inspection of the line, that we could borrow all the material necessary for making the embankments.

No trestle work necessary.

540. Without trestle?—Yes.

541. And has the result shown that opinion to be correct?—It has.

542. Then, from the beginning, was it your opinion that there was no necessity to introduce trestle work, because earth embankments could be made from the immediate locality?—Yes.

Country at west end of Sec. 15, and east end of Sec. 14, of the same character.

543. Do you know anything about the western end of section 15 being higher than the grade as arranged for the eastern end of section 14?—The character of the country on the western end of section 15 and the eastern end of section 14 is the same.

544. What I mean is this—it is intimated in some of the papers which have been before Parliamentary Committees, that there was a great deal of filling required to raise the eastern end of section 14 so that it might coincide with the western end of section 15. Do you know anything about that matter?—I do not understand it. The grade at the junction of the contracts is the maximum grade allowed on the work. It would not be possible to get any lower on contract 14 with that grade.

**Railway Construction—Contracts 14 & 15.**

545. Did Mr. Whitehead undertake to do any work on the eastern end of section 14?—Yes; he undertook to do a portion of Sifton & Ward's contract, immediately adjoining section 15.

Whitehead undertook the portion of Con. 14 adjoining 15.

546. From whom did he take that contract?—I think the contract was transferred by the Government from Sifton & Ward to Whitehead.

Contract transferred by Govt. from Sifton & Ward to Whitehead.

547. Are you aware that the quantities estimated by the Government engineers, were unexpectedly raised by changing the grade of the eastern end of section 14, so that it might coincide with the western end of section 15?—I am not aware that that could be done.

Witness does not think the grade of 14 was raised to correspond with 15.

548. Are you not aware that it was done?—I am not. The country is of the same character at the junction of the contracts.

549. Then you say that it was known from the beginning where the grades would meet?—I cannot say that, but I do not see why there should be any reason why the grades should not meet.

550. You are not aware that any such opinion was entertained?—No.

551. You never heard of it?—No.

552. Did it happen, either on the eastern portion of section 14 which Mr. Whitehead undertook, or on section 15, that muskegs were drained and the bottoms subsided?—You mean that the surface of the muskeg subsided?

553. No; I mean that after drainage the earth would sink at the bottom so as to make a lower surface of earth?—Yes; the section of the railway shown after the drainage of the muskeg was very much lower than was shown before the drainage.

After muskegs were drained locality covered by them very much lower than before.

554. The earth at the bottom of the muskeg?—Yes.

555. Were there some muskegs drained which had that effect?—Yes.

556. In many places?—On the eastern half of section 14 there were several large muskegs that subsided in that way.

Several large muskegs on eastern end of 14 subsided.

557. Would it be possible to follow that altered surface by the railway line, or was it necessary to fill it up to the original line grade?—If it was intended to make the embankment a certain height in the first place, the absolute height of that embankment might be reduced to correspond with the lowered muskeg.

558. Without interfering with the line?—Yes; because the muskeg was more solid after drainage and would support an embankment better than a wet muskeg would.

559. Do you mean that the formation line might have been lowered, where muskegs were drained, beyond what was originally intended without affecting the efficiency of the line?—Yes; they might have been lowered and an embankment made of the height originally intended.

Formation line of railway might have been lowered where muskegs were drained without reducing its efficiency.

560. Was that done in those muskegs that were drained?—I am not aware that it was. I think not.

561. Do you think that an unnecessary height of embankment was made through those muskegs?—It is the opinion of some engineers that the embankments are unnecessarily high.

Opinion of Engineers that embankments through drained muskegs were made unnecessarily high.

**Railway Construction—Contracts 14 & 15.**

Witness of the same opinion.

562. For the reason that you have given?—Yes.

563. Is that your opinion?—Yes.

564. The line over section fifteen as located at present is near the edge of what is called the Laurentian formation, is it not?—Yes.

The whole of Sec. 15 lies in Laurentian formation.

565. All the distance of section fifteen, or only part of it?—The whole of section fifteen lies in that Laurentian country.

Most difficult and expensive for railway purposes.

566. Is that a good formation on which to build a railway?—It is one of the most difficult.

567. And about expense?—And the most expensive.

Had location of the line on Sec. 15 been more southerly it would have left the rocky country sooner.

568. Is there any other formation near that line more favorable which could have been adopted?—If the location of the railway had been kept further to the south on section fifteen, the line would have left the rocky country much sooner than it does on the present location.

Describes a more southerly, feasible line from Keewatin to Winnipeg.

569. Can you state the locality at which it might have been diverted with advantage?—By diverting from the present line near Keewatin and running from there along the north shore of Clear Water Bay of Lake of the Woods, from there south of Crow Lake, from which point the line might go due west to the Red River, a large portion of the rocky country, some ten or twelve miles might have been avoided.

570. Have you ever estimated how much less a line over that route would cost than the line over the route adopted?—I have not.

\$500,000 to \$750,000 might have been saved by a southerly diversion of line.

571. Have you formed any general opinion without an exact estimate?—Taking into consideration the difference in the character of the country, I should think that from a half to three quarters of a million dollars less would have built the southern than the northern route.

Working expenses would be less.

572. Would the expense of working the line after it was built be greater or less on the southern route?—As the southern route would be freer from curves than the northern route, the working expenses would be less.

The southern line shorter between Rat Portage and the meridian of Winnipeg.

573. Have you any idea of the comparative distance?—The map shows that the southern line would be the shorter of the two and would connect more directly with the line south of Lake Manitoba.

574. Do you mean to Red River it would be shorter?—No; because the Red River bends to the east further north.

575. Between what points do you mean that it would be shorter?—Between Rat Portage and the meridian of Winnipeg.

576. Where do you live now?—In Winnipeg.

577. Have you lived there long?—For about three months.

578. Before that, where did you live?—Before that I lived at Cross Lake, on contract 15.

**Telegraph Construction—Contract No. 1.**

In 1876 found it difficult to get a message over telegraph line from Winnipeg to Fort Pelly. Lines down for weeks at a time.

579. Have you any means of knowing whether the telegraph line from Winnipeg west—say to Fort Pelly—is generally in good working order or not?—When I was west, in 1876, I found it very difficult to get a message through to Winnipeg. The lines were down sometimes for weeks at a time.

580. Was that on account of any inefficiency between Fort Pelly and Winnipeg?—It was said to be on account of the line through the muskegs between Fort Pelly and Winnipeg.

**Telegraph Construction—Contract No. 1.**

This attributed to muskegs, in which it is difficult to fix a pole firmly.

581. How would the muskegs make a difficulty?—It is difficult to get a pole down firmly in muskeg.

582. Why is it difficult?—On account of the soft nature of the soil, and the quantity of water in it.

583. Have you ever been over that line yourself?—No.

584. What is the general opinion in the community about the efficiency of that portion of the line? Have you any means of knowing?—The opinion is that the line is very inefficient. I have been told by one of the foremen who built a portion of the line just beyond the narrows of Lake Manitoba, that very often their poles would go twenty to twenty-five feet in the muskeg without touching bottom, and that there was no means of their bracing the poles so as to make them stand.

General opinion that line is very inefficient.

585. Have you any knowledge of any other contract made on account of the Pacific Railway?—Yes; Messrs. Whitehead, Ryan and myself entered into a contract this spring to deliver 100,000 ties on the line of railway.

**Ties—Contract No. 59.**

Whitehead, Ryan & Ruttan, contractors for 100,000 ties.

586. On what part of it?—On contract fourteen.

On Con. 14.

587. Do you know the number in the Department, of your contract?—Contract number fifty-nine.

588. What was the subject of your contract?—The delivery of 100,000 ties on the line of railway on contract fourteen.

589. What part of the country did that cover?—The country immediately east of Red River.

Delivery to be over country immediately east of Red River.

590. Were you to deliver them at any particular spot on the line?—No; merely on the line of railway where they were got out of the woods.

To be delivered along line of railway where got from woods.

591. At what rate were you to be paid?—At 27½c.

At 27½ cts.

592. Subject to any conditions as to price?—Subject to the Government stumpage.

Subject to Government stumpage.

593. Of how much?—I do not know the amount.

594. Has this contract been fulfilled?—Yes; we completed the contract early in April.

Contract completed in April, 1880.

595. Then the matter has been closed between you and the Department?—The matter has not been closed.

The matter not closed.

596. Why not?—On the 7th of April, after we had completed the contract, Mr. Rowan wrote us stating that he had forwarded the inspector's report to Ottawa and that the 100,000 ties had been delivered. Sometime afterwards he informed us that he had received instructions from Ottawa to have the ties reculled and re-estimated. He had this done with the result of throwing out 4,000 of the ties which he had originally estimated and which he said in his letter to us were delivered.

Ties were reculled and 4,000 thrown out.

**Ties—Contract  
No. 59.**

597. Has that prevented the matter from being closed?—We did not accept that estimate of the ties, and they are now again being recalled by another man.

598. For your benefit?—No; by the Government.

**Third inspection.** 599. That is, then, a third inspection?—A third inspection is now going on.

600. At first, I understand, you had a certificate from him that the contract was filled and the ties were satisfactory?—Yes; the certificate was got from Mr. Rowan for the purpose of using it in the bank.

601. Why in the bank?—The bank required some authority to enable us to get the money to pay the men. Our ties were got out by sub-contract. Our agreements with the sub-contractors were that we should pay them for ties as accepted by the Government; anything not accepted by the Government we would not pay them for. On Mr. Rowan's certificate, our sub-contractors claimed payment for that number of ties.

**Sub-contractors  
paid on 100,000  
ties.**

602. What number?—The number certified by Mr. Rowan, 100,000, and we paid them on his certificate.

**Balance of \$6,000  
or \$7,000 still due.**

603. Do you mean that you are not able to place yourself in the same position in consequence of their not being finally accepted by the Government?—There is a balance of six or seven thousand dollars still due us on that contract.

604. And is that the dispute between you and the Department on account of this subsequent inspection?—Yes.

**Rowan's letter  
gave impression  
that his first in-  
spection was  
absolute.**

605. At the time of this first inspection upon which you paid your sub-contractors, was it not understood with Mr. Rowan that it was only a temporary arrangement and for your benefit, so that if it was subsequently ascertained that the ties were not all there the whole amount should not be claimed?—Not at all. His letter to us conveyed the impression that the contract had been completed and the estimates forwarded to Ottawa for final action in the Department.

606. There was no understanding between you and him that it was done for your benefit temporarily?—Certainly not.

607. You understood it to be an absolute acceptance for the fulfilment of the contract?—Certainly; otherwise we should not have paid our sub-contractors until the final estimate had been made.

608. Is there any other matter within your knowledge relating to the Pacific Railway which you think should be mentioned?—Not that I am aware of.

**Railway—Con-  
tract No. 15.**

**Not enough tim-  
ber on Sec. 15 to  
build trestle  
work.**

609. Do you know whether there was sufficient standing timber on section 15, suitable for trestle work as originally mentioned in the specification?—No; there was not enough timber on the contract to build the trestle work.

**Character of  
country must  
have been well  
known before  
line located on  
Sec. 15.**

610. Referring to the kind of country over which section 15 had been located, was it well known before the location of the line?—It must have been known, the surveys had been in progress for some years in that section of the country.

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

Surveyed lines as well as trails had been made.

611. Were there any trails over that section?—Two or three surveyed lines had been made, and there were also trails.

612. What do you call trails?—Trails are paths through the woods or lakes which are usually travelled.

613. For pedestrians or horses?—Not necessarily for horses.

614. Then there had been a track through that country before the line was located?—Yes; for the surveys.

615. Would there be any difficulty in ascertaining the amount of earth that could be obtained for the fillings?—I should think not.

No difficulty in ascertaining amount of earth to be obtained for the filling up.

616. Do you know where it was expected that the timber would be got for trestle work on section 15 if the timber was not on the section or near it?—I do not.

Does not know where the timber for trestles was expected to be obtained.

617. Have you been over this southern line that you spoke of from Rat Portage?—I have seen the line in several places, and I have been along the water, along Clear Water Bay, on Shoal Lake, and by the Falcon River, and up Falcon Lake.

618. But not on the immediate location?—No.

619. Is it the same geological formation as the other line?—Part of it is the same, but the country is not so rough, and as you approach Falcon Lake you sooner get into the open country on the southern line.

Approaching Falcon Lake, get into open country in the southern line twelve miles sooner.

620. How much sooner—by twelve miles or thereabouts?—I should think about that.

**Telegraph—Contract No. 1.****TRUDEAU.**

TOUSSAINT TRUDEAU's examination continued:—

621. Upon the first day of your examination I asked you this question: "Do you think that the reason why the Department gave this contract to Sifton, Glass & Company was that they thought Waddle & Smith were about to fail to comply with the terms of their contract for section five?" You made some allusion to a report of Mr. Fleming's; have you anything to say further now that will elucidate that matter by further reference to the report?—In my answer to question 202 yesterday, I stated the reason why the tenders of Fuller, Dwight and Waddle & Smith were passed over. It was my intention this morning to have read Sifton, Glass & Company's tender, which, in my opinion, has been adopted without modification of price, but was prevented from doing so by other pressing business in the Department. I shall endeavor to do so by my next appearance before the Commission.

622. It has been considered that I prevented you from making as full a reference to this report as you intended. The object of my present question is to know whether you now wish to make a fuller reference to this report than you were allowed to do on that occasion?—(No answer.)

Witness not prevented making full reference to Fleming's report.

623. As you seem unprepared to answer that question, will you answer this: Were you prevented from making as full a reference to that report as you wished?—No.

**Practice of Department.**

Practice of Department to refer tenders to Engineer in charge for report.

Report not always accompanied by a recommendation.

Explanations would not be allowed to modify tenders.

Any meaning adopted must have appeared from the document itself.

Final appeal to the Minister.

Sometimes Fleming recommended the adoption of tenders; other times he omitted to do so.

In the latter case, Engineer not responsible.

**Telegraph—Contracts Nos. 1 and 3.**

Fleming's report of 16th Sept., omits recommendation on tenders for Secs. 1 and 3.

On 13th October, omits to recommend.

624. Is it the practice in your Department to require the engineer to recommend which of the tenders should be accepted?—The usual practice is to refer the tenders to the engineer in charge of the work for a report.

625. Always a report with a recommendation?—It is not always a recommendation.

626. Was it usual that the engineer should, in conversations with the persons tendering learn their intentions as to any matters that were left obscure in the tenders?—Yes.

627. Then a meaning can be adopted after a tender from conversation which could not be gathered from the document itself?—If after explanations received from a party tendering it was not possible to understand the tender without the explanations forming part of the tender, I do not think that the explanations would be admitted.

628. I have not been able to follow your meaning. I ask if a meaning can be adopted after a tender, by conversation, which could not be gathered from the document itself?—No.

629. That was not allowable?—No.

630. Then the meaning to be adopted must have appeared from the document itself?—Yes; it must be possible to understand a document from the wording of it.

631. Then if the tender conveyed one meaning to your engineer, a different meaning, in consequence of an explanation, would not govern the choice of tenders?—The engineer may have been wrong in his first reading; he may not have understood the tender.

632. Who has to decide whether he is right or wrong?—The whole Department is under the control of the Minister; he is our final appeal.

633. Has the attention of the Department been called to the fact that in some reports upon the question of adopting or rejecting tenders, Mr. Fleming positively recommends the adoption of some tenders, and in others avoids recommending any course?—The Minister saw all the reports made by Mr. Fleming, and he may have noticed himself the recommendations made by Mr. Fleming without its being necessary that his attention should be drawn to it.

634. Have you noticed the difference in the substance of his reports on this subject?—Yes.

635. Then where he declines to recommend a course it is adopted without his responsibility?—It is.

636. Will you look at his report upon the tender of Mr. Fuller for sections one and three, and upon the demand for an additional price for clearing, and say whether it recommends any action?—The report of the 16th of September is simply a statement of facts. It does not recommend any action.

637. Will you look at his report, about the 13th of October concerning the new interpretation of Sifton Glass & Co's tender as suggested by Mr. Sifton's letter of the same date to Mr. Fleming, and say whether that recommends any action?—I have looked, and it does not.

638. Will you produce Sifton, Glass & Co's original letter of that date?—I now produce it. (Exhibit 9.)
639. What is the date of Mr. Fleming's report on this letter now produced?—October 13th.
640. What is the date of the original letter?—October 14th.
641. Then Mr. Fleming reports on the 13th on Sifton, Glass & Co's letter of the 14th?—(No answer.)
642. Have you the original order appointing Mr. Fleming?—I have, and now produce it. (Exhibit 10.)
643. Have you copies of the papers connected with the contract number one?—I have none ready at this moment.

Telegraph—  
Contracts Nos.  
1 and 2.

Sifton, Glass &  
Co's. letter pro-  
duced.

Fleming's report  
in this letter  
dated the day  
before the letter  
itself.

Order-in-Council  
appoints  
Fleming.

Papers on Con.  
No. 1 not yet  
ready.

OTTAWA, Tuesday, 17th August, 1880.

JOHN THIRTKELL sworn and examined :

THIRTKELL.

*By the Chairman :—*

644. Where do you reside?—In the town of Lindsay.
645. How long have you lived in Lindsay?—Twenty odd years.
646. Do you know the people of Lindsay very well?—Yes; I know them pretty well.
647. Have there been any other Thirtkells living there of late?—Yes; there is a son of mine, W. J. Thirtkell.
648. Did you receive a summons to come here?—Yes.
649. How was that addressed?—It was addressed to W. J. or John Thirtkell.
650. Then, it appears to have been given to John and not to W. J.?—My son is not there: he is not in the country now.
651. Where does he live?—In Boston.
652. Was he the person who was in partnership with Sutton in the tender for the telegraph line?—Yes; I think he had some connection with Sutton at one time.
653. Do you know anything about that telegraph matter?—I do not think I could say anything about it. I was not connected with it in any way, and, of course, I do not know anything about the transaction myself.
654. So that the W. J. Thirtkell to whom this summons is directed is another man?—Yes; he is my son.

Resides in Lind-  
say.

W. J. Thirtkell,  
witness's son, not  
in Canada.

He was connected  
with Sutton.



Contract No. 1—  
Telegraph.

TOUSSAINT TRUDEAU's examination continued :

*By the Chairman :—*

Witness believes that Fleming's second reading of Sifton, Glass & Co's tender of 1874 was the correct one.

655. Do you wish to add any thing by way of explanation to your evidence given already?—Yes; I wish to say that a careful perusal and consideration of the wording of the tender of Messrs. Sifton, Glass & Co., of 1874, for the construction of the Canadian Pacific Railway Telegraph confirms me in the opinion that Mr. Fleming's second reading of the said tender is correct. The tender submitted in the form of the letter refers to the advertisement and to the paper headed "Information for parties proposing to tender" issued by the Department, offers to construct the whole line for the gross sum of \$1,290,000, including maintenance. It should be noted that the period of maintenance specified in the advertisement was stated to be for five years from the time of the completion of the line. In the tender the following paragraphs appear:—

"The assumed length of the whole road from Lac La Hache, or to connect with the telegraph system of British Columbia to Nipissing, or to connect with the telegraph system of the Province of Ontario, is 2,190 miles, of which 1,485 miles is assumed to be wood land, and 705 prairie. The average cost per mile for wood land will be \$629 for everything, including telegraph, clearing, pack trail, station houses, insulators, instruments, tools, &c., and all of the best construction; but the actual cost of each mile will vary according to the location of the forest. The average cost of prairie land will be \$259, including everything, as per advertisement and information for parties proposing to tender, but the actual cost per mile will depend much upon the location. For instance the work from Fort Garry west to Fort Pelly can be done much more cheaply than the sections further in the interior. In our estimate we place the wood land from Fort Garry to Winnipeg River, and from Fort Garry to Fort Pelly at \$492 per mile; also, the prairie land within a distance of 250 miles of Fort Garry at \$189 per mile."

Average per mile per annum for maintenance for the whole line, \$16.

From the figures given in the first three paragraphs above quoted it appears that the offer of Messrs. Sifton & Co., is to build 1,485 miles of wood land at \$629—\$934,065; 705 miles of prairie at \$259—\$182,595. Total, 2,190 miles, \$1,116,660. Maintenance, \$173,340. Total for construction and maintenance, \$1,290,000. Taking the cost of maintenance at \$173,340, the average per mile per annum would be sixteen dollars, nearly.

Fleming's first impression of the meaning of tender.

Again, from the last paragraph quoted for the work between Fort Garry and Fort Pelly, a range exactly corresponding with that embraced in section one, the prices, when extended for the quantities and used in the comparison of tenders, give for 200 miles of woodland, at \$492 per mile, \$98,400; for 50 miles of prairie, at \$189 per mile, \$9,450; total, \$107,850. On the first reading of the tender of Sifton, Glass & Co. by Mr. Fleming he received the impression that the quoted mileage prices covered the cost of construction with maintenance, an opinion afterwards corrected. It has been shown that in the just quoted price of \$629 and \$259 per mile such was not the case, and that construction alone was comprehended therein. This being admitted, it is impossible, from the wording of the last paragraph as it stands, in which the lower rates of \$492 and \$189 per mile are quoted, to form any other conclusion but that they also referred to construction alone, and that maintenance is

not included in either case. The work awarded to Messrs. Sifton, Glass & Co. embraced the construction of the telegraph from Winnipeg or Fort Garry to Selkirk and Livingston, near Fort Pelly.

**Contract No. 1—  
Telegraph.**

Forest, \$492 per mile.

Prairie, \$189 per mile.

Maintenance, \$16 per mile per annum.

States prices  
asked by Sifton,  
Glass & Co.

656. You say, then, that the contract as awarded followed the proper construction of the original tender, in your opinion?—What I say is that the prices of \$492 and \$189 per mile did not include maintenance.

657. Is that all you mean by the explanation that you have just read this morning?—I mean to show that this conclusion could be arrived at from the tender. It is independent of any explanation given by Sifton, Glass & Co.

Explains how  
meaning con-  
tended for could  
be gathered from  
the document.

658. Which conclusion?—That maintenance was not included in these prices.

659. Then do you consider that the contract was awarded according to the proper interpretation of his first tender?—The only objection I have to it—

660. Have you any objection to it?—The only objection I have to it is that the exact figure for maintenance was \$15.83 per mile instead of \$16, making a difference of 17 cents per mile per annum for the maintenance.

Witness finds  
only objection to  
be \$16 instead of  
\$15.83 per mile.

661. With that exception, do you say that your opinion is that contract was awarded according to the proper interpretation of his tender?—In the contract Sifton & Glass are obliged to operate the line for the profits. There is nothing said of that in the tender; but with those exceptions, I think that the contract was a proper interpretation of the tender.

Contractor  
is obliged to  
operate the line  
for the profits.

662. Then the feature of profits was one which did not appear in the tender?—It did not appear in the tender.

This feature not  
in the tender.

663. How were the particulars of that feature arrived at between the Government and Sifton, Glass & Co.?—In a letter dated October 14th to Mr. Fleming, Sifton, Glass & Co. offer to work and receive the profits of the line.

First mention of  
profits in letter  
of Sifton, Glass  
& Co. Oct. 15.

664. Do you say that they offered to work?—He says so in his letter.

665. Read the context?—"Contractors are to maintain, work and receive the profits of the line."

666. Do you mean that this letter of the 14th of October was the first negotiation on the subject of operating the line?—It is the first that I know of.

This letter the  
first negotiation  
on the subject of  
operating the  
line.

667. At different times in giving evidence you have named the date for receiving tenders as the 22nd of July, and also the 26th of July; which is the correct date?—In a printed copy of the advertisement which I have in my hand the 22nd of July is given.

22nd July the  
date for receiving  
tenders.

668. Do you believe that to be the correct date?—I do.

669. Has any return of the correspondence and documents connected with the letting of these two contracts been asked for by either House of Parliament—either by themselves or with any other contract?—Yes.

670. By which House?—The House of Commons.

**Contract No. 1—  
Telegraph.**

A return of correspondence asked for, 11th May, 1878, by House of Commons.

671. At what date?—On the 11th March, 1878, "A Return calling for copies of specifications, tenders, correspondence, contracts, etc., in respect to the Canadian Pacific Railway, telegraph from Lake Superior to Fort Edmonton."

Return not laid before the House.

672. Was there a return prepared according to that order?—Yes.

673. Was it laid before the House?—I do not think it was.

674. Do you know the reason?—I do not.

Neither the letter of Sifton, Glass & Co. nor Fleming's report, included in return

675. Is this letter of Sifton, Glass & Co., to Mr. Fleming about the new interpretation of his tender, or Mr. Fleming's report to the Department, included in that return as prepared?—No.

676. Have you the report as prepared for the House?—I have.

The written report produced.

677. Can you produce it?—I now produce it (Exhibit No. 11). I want to explain that it does not appear that Mr. Fleming's report, containing a copy of Sifton Glass & Co's letter, has been filed in the records of the office. The original letter from Sifton, Glass & Co. to Mr. Fleming was filed in Mr. Fleming's office, and I believe that that is the reason why it does not appear in that return. I can see no other reason why it should not.

678. You speak now of Sifton, Glass & Co's letter to Mr. Fleming?—Yes.

Fleming's report to Minister not in record room.

679. But what of Mr. Fleming's report to the Minister?—I have mentioned that also. That does not appear to be in our record room.

It reached Department and Minister saw it.

680. You think it reached your Department, do you not?—I am quite sure that the Minister saw it.

681. Is not that report given as the reason for adopting Sifton, Glass & Co's tender?—Yes.

682. Then have you any doubt that it reached your Department?—I have no doubt that it reached the Minister, but I am only explaining how it is that it is not in the return—it is that owing to some accident, the return was not recorded by the clerk who endorses the letters and reports received every day.

**Practice of Department.**

683. Is there any rule in your Department affecting the eligibility as a contractor of a person tendering and making a material change in his offer before the contract is let?—We have no written rules.

Practice that tenders shall not be changed.

684. Then there is no rule on that subject?—There is no rule, but the practice is that tenders are not changed.

685. It appears that tenders are changed. I am asking whether it affects the eligibility of the person tendering?—They are not changed materially.

686. Did not Mr. Fuller ask \$60,000 more than he tendered for?—Yes.

687. Is not that a material change?—Yes.

688. Then a change was made?—It was not made.

689. It was made in the offer. I am asking if it does not affect his eligibility afterwards?—No.

690. He is still eligible?—He is still eligible to make tenders for any future work.

691. I mean for that particular contract?—I should think that he would still be eligible for that particular contract at his original price. He would not be eligible for his modified price.
692. Then the practice is, that if a person, after tendering, makes a material modification in his price or terms, he is no longer eligible for that contract?—We do not entertain his proposed change.
693. You do not allow him to modify his tender?—No.
694. Then a modified tender could not be accepted as a basis for a contract?—No.
695. And does that apply whether the modified offer be still the lowest offer or not?—It does.
696. So that although it be the lowest offer he is still ineligible for that contract?—His modified price is not accepted.
697. Whether it be lower or not than the next tender?—Yes.
698. For what portion of the line is the contract made with Mr. Fuller?—From Livingston to Edmonton.
699. Was that either of the sections named in the advertisement for tenders?—It was not.
700. Did Fuller tender for that portion of the line by itself?—No.
701. Was that portion of the line, by itself, ever offered to public competition?—No.
702. Have you ascertained whether an Order-in-Council was made in reference to the contract of Sifton, Glass & Co.?—I have ascertained that no Order in Council was passed.
703. In the advertisement for tenders of these telegraph contracts I do not notice that any directions are given to endorse the tenders as tenders. Is that usual or not in asking for tenders?—That is the general practice of the Department.
704. It was not followed in this case?—Apparently not.
705. What is the object of asking generally that tenders should be so endorsed?—So that they may be collected together and not opened.
706. Then if a tender should reach your office not endorsed as a tender, would it be opened before the day fixed for opening the tenders?—It would be unless it were brought in by some person who stated to the Secretary that it was a tender.
707. Unless the Department had some notification that the letter was a tender, it would be treated as an ordinary letter and opened on its arrival?—Yes.
708. Look at the tender of Sifton, Glass & Co.; is there anything on the envelope or tender to indicate that it ought not to be opened at once?—They are marked "Tender for Canadian Pacific Railway Telegraph line."
709. Then you think it was not opened until all the other tenders were opened?—I do think that it was not opened.
710. It would be on the 7th of August that it was opened?—Yes.

Practice of Department.

A proposed change in tender not entertained.

A modified tender could not be accepted as a basis of a contract.

Even though it were the lowest.

Contract No. 2—Telegraph.

Contract No. 1—Telegraph.

No Order in Council in reference to contract to Sifton, Glass & Co.

Usual in advertisement to direct that tender shall be endorsed.

Practice disregarded in this case.

Object of endorsing tenders.

In absence of some notice, a tender would be opened before the day fixed for opening tender.

Sifton, Glass & Co's tender was endorsed.

Was opened on 7th August.

**Contract No. 1—  
Telegraph.**

A variable practice as to asking for Order-in-Council regarding tenders not at first the lowest.

Latterly practice to go to Council on all occasions, save where the lowest tender is accepted.

It would have been more regular to have gone to Council in this case.

Contract not awarded according to the rule at that time.

Correspondence with Mr. Dwight.

Fleming reports that Dwight's Company decline unless paid for clearing, \$320 per mile.

711. Do you know what the usual practice is as to asking for Order-in-Council upon tenders that are not at first the lowest?—The practice has varied a little. At one time an opinion was entertained in the Department that it was not necessary to go to Council when the lowest tender was not accepted, or when the contractor withdrew his tender in some way or other, and that it was only necessary to go to Council when the contractor declared himself willing to do the work, and that the Department wished to pass over him. This passing over we thought could only be done under authority of an Order-in-Council. But of late years we have modified the practice and now we go to Council on nearly all occasions except in cases where the very lowest tender is accepted.

712. Do you remember what the practice was in October, 1874?—We did not think that it was absolutely necessary to go to Council except when the Department wished to pass over a tender.

713. Do you mean, to pass over some regular and lower tender?—To pass over a tender the maker of which declared himself willing to do the work.

714. Then the memorandum endorsed on Sifton, Glass & Co.'s tender by the gentlemen whom you have said to be the law clerks, was not according to the rule in vogue at that time?—I have already stated that we should have gone to Council at that time. It would have been more regular.

715. Then the contract was not awarded according to the regular rule at that time?—Not the absolute rule.

716. Do you know of any reason for not following the regular rule?—It must have been more an oversight than anything else.

717. Have you obtained the correspondence with Mr. Dwight, showing why the contract was not awarded to him?—The only correspondence that we have on the subject is this: on the 16th September Mr. Braun, Secretary of the Department, writes to Mr. Dwight:—

“The Minister directs me to enquire whether the Montreal Telegraph Company is still prepared to carry out section 1 of the Pacific Telegraph Line from Fort Garry to Fort Pelly, according to your tender.”

On the 17th September Mr. Dwight answers:—

“The Telegraph Company, on whose behalf I forwarded a tender for the telegraph line from Fort Garry to Fort Pelly, are quite ready to carry out on the terms named. I forwarded yesterday from Toronto, under cover to Mr. Buckingham, another tender for completing the line from Fort Pelly to Edmonton, in the manner and on terms which, I think, will be worthy Mr. Mackenzie's attention.”

In a report by Mr. Fleming, dated 5th October, 1874, he says:—

“Referring to my letter of 16th September, respecting the tenders for the Pacific Railway Telegraph and the subsequent award of section number one to the parties represented by H. P. Dwight, it appears that these parties, who have recently been here, now decline to execute the contracts, on the ground that they do not embrace the clearing required in the wooded portion in their calculations, and they would require to be paid extra for the clearing, at the rate of \$320 per mile.”

Mr. Fleming says something more in this report, but I do not know that it is necessary to encumber the evidence with it.

718. Have you the original letter, or a copy of it, from Mr. Fleming to Messrs. Sifton, Glass & Co., of the 13th or 14th October, which led to their answer produced?—I have.
719. Is it in a shape in which you can produce and file it?—It is in a book.
720. Will you furnish a copy of it?—I will.
721. Do you remember whether you were present at the time that it was finally decided to award either of these contracts to Sifton, Glass & Co., or to Fuller?—I was not present.
722. Are you aware whether Government messages are charged for by Sifton, Glass & Co., over section one?—I would refer you to the engineer for that information.
723. You are not aware?—I am not aware just now.
724. What was the subject of your next contract, which is called contract number three?—The construction of a telegraph line from Edmonton to the existing telegraph system of British Columbia.
725. Was that one of the sections for which tenders were asked by the advertisement before alluded to?—Yes; it was called number four in the advertisement.
726. Have you charge of the original papers connected with that contract now in your Department?—This contract was awarded to Mr. Barnard, and Mr. Barnard alleges that he has a claim against the Department in connection with this contract. The whole matter was referred to Mr. Compton, one of the official arbitrators, for report on the facts. Mr. Compton has spent considerable time and taken a great deal of trouble to ascertain the facts, and he has reported to the Department. This report, with the papers, is now before the Minister of Justice.
727. So that you are not able to produce them?—I cannot at this moment.
728. What was the subject of your next contract?—Contract number four was for the erection of the telegraph from Fort William to Selkirk.
729. Were tenders asked for this part of the line, together with the others of which you have spoken?—Yes.
730. Who made the lowest tender for this section?—Waddie & Smith, according to the list prepared by Mr. Fleming.
731. How much for construction?—\$189,120.
732. And for maintenance—and I will add if you prefer it—as understood by the Department?—For maintenance \$5,040 per year with profits; or \$10,080 without profits.
733. Did they get the contract?—They did not.
734. Do you know the reason why?—They failed to give the proper security.
735. Whose tender was assumed to be the next lowest by the Department?—The second lowest, according to Mr. Fleming's list, was Sutton & Thirkell.

Contract No. 1—  
Telegraph.

Not aware whether Sifton, Glass & Co. charge for Government messages.

Contract No. 3—  
Telegraph.

Construction of line from Edmonton to British Columbia system.

This line called "No. 4" in advertisement.

Contract originally awarded Barnard, who makes a claim which is now before Minister of Justice.

Contract No. 4—  
Telegraph.

Line from Fort William to Selkirk.

Waddie & Smith the lowest tenderers.

\$189,120 for construction.

\$5,040 for maintenance with profits, or \$10,080 without.

Waddie & Smith failed to put up security.

Next lowest, Sutton and Thirkell.

**Contract No. 4—  
Telegraph.**

\$214,960 for construction and maintenance.

They also failed to give security. No correspondence other than appears in Sessional Papers, 1878.

Third lowest, Sutton, Thompson & Co.

They did not get contract.

On 24th Dec., 1874, Oliver, Davidson & Co. wrote a letter to Dept., saying they had arranged to carry out the tenders of Sutton, Thompson & Co. for sec. 5.

736. What is their price for construction?—Their tender is for construction and maintenance combined.

737. How much?—\$214,450.

738. Is that for five years maintenance?—The tenders do not state.

739. Have you the original tender?—Yes (Exhibit No. 12.)

740. I see that they proposed to construct and maintain according to the advertisement of the Public Works Department?—Yes.

741. You assume that to be for five years?—Yes; I assume that it is for five years.

742. Did they get the contract?—No.

743. Do you know the reason?—They failed to give the security.

744. Have you any original correspondence between the Department and Sutton and Thirtkell beyond that of which a copy appears in the Sessional Papers of the House of Commons for 1878 (No. 52)?—No.

745. Was there any correspondence beyond this that you know of?—No.

746. What time do you fix from this correspondence as the end of your negotiation with them?—On the 12th of December, 1874, Mr. Braun, Secretary of the Department, telegraphed to Sutton & Thirtkell "Unless you come between this and Wednesday next the Minister will pass to the next tender."

On the 16th December, Mr. Sutton replies:—

"In consequence of personal and family illness of one of my parties, I would request Minister allow three days to replace them and will close this week sure. Answer."

747. What is the signature to that telegram?—In the printed copy before me the signature is "R. S. Sutton," but in the original it looks like "R. T. Sutton."

748. Do you know of anything after this passing between Sutton and the Department in respect to Sutton & Thirtkell's tender?—I do not.

749. Whose tender appears to be the next lowest, from the report of your engineer to you?—The third lowest is Sutton, Thompson & Co.

750. Do you know whether that Sutton is the same whose name appears in the firm of Sutton and Thirtkell?—I do not.

751. Do you know the Christian names of Sutton in the firm of Sutton and Thompson?—The tender is simply signed "Sutton, Thompson and Co."

752. Do you know the Christian names of the Sutton in that firm?—No.

753. Have you any other document on this subject from Sutton, Thompson and Co. on record?—No.

754. Did they get the contract?—No.

755. Why not?—I find that on the 24th December, 1874, according to the printed document before me, we received a letter from Oliver, Davidson and Co., stating:

"We have now arranged to carry out the tender of Sutton, Thompson & Co., of Brantford, for section number five of the Pacific Railway

"Telegraph. What time would be convenient to have the matter closed with the Department? Could it stand over until after the Ontario elections? Please advise and oblige yours,

"(Signed) OLIVER, DAVIDSON & Co.,  
"By A. OLIVER."

Contract No. 4—  
Telegraph.

756. Had you any other information than that letter that Sutton, Thompson & Co. had parted with their interest in their tender, that you know of?—I do not know of any other.

Dept. had no other information than this letter that Sutton, Thompson & Co. had parted with their interest in tender.

757. Is it the habit of the Department to deal with a person who represents himself to be an assignee of one who has tendered without any evidence from the party himself who has tendered?—No.

Not the practice of Dept. to deal with a person who represents himself as the assignee of a tenderer.

758. Can you explain why that was done in this case?—I cannot.

Witness cannot explain why that was done in this case.

759. Is it according to rule or contrary to rule?—We have no written rules.

760. Is it according to the usual practice?—It is not according to the usual practice.

It was contrary usual practice.

761. Have you any evidence of any communication to Sutton & Thompson, informing them that their tender would be accepted—that is, after you had decided to negotiate no further with Sutton & Thirkell?—We have not on record.

No correspondence with Sutton, Thompson & Co. informing them that their tender would be accepted.

762. Can you explain how either Sutton & Thompson or Oliver, Davidson & Co. would know on the 24th December that their tender would be accepted?—No; there is no record.

No means of explaining how they or Oliver, Davidson & Co. could know that their tender was accepted.

763. Is it the practice of the Department to deal with persons under the circumstances in which this proposition is made by Oliver, Davidson & Co. without any transfer and without any notification that you were ready to deal with them?—It is not the practice.

Dealing with Oliver, Davidson & Co. contrary to practice of Dept.

764. In this case you did deal with them?—Yes.

765. Can you explain why you did not follow the usual practice?—No.

766. Were you present when it was decided to give them the contract?—No.

767. Will you give me the names of Oliver, Davidson & Co. separately?—Adam Oliver, of the Town of Ingersoll; Joseph Davidson, of the City of Toronto and Peter Johnson Brown, of Ingersoll.

768. Have you ever before noticed the absence of any communication from Sutton, Thompson & Co. on this subject with the Department?—I was aware of it.

769. Did you enquire into it?—I did not enquire into it very deeply. The transaction was managed by the Minister.

Witness did not enquire into transaction very deeply; it was managed by Minister.

770. Was that the reason for your not enquiring into it?—It was.

This is the reason why witness did not make enquiries



**Contract No. 4—  
Telegraph.**

771. You say you did not enquire into it "very deeply;" did you enquire far enough to ascertain any reason?—I cannot give any reason. I do not know of any.

772. You did not ascertain any?—I did not.

773. You are not aware whether this is the same Sutton, as Sutton of the firm of Sutton & Thirtkell?—No.

Sutton & Thompson's tender is \$28,200 more than Sutton & Thirtkell's.

774. Have you noticed that the Sutton & Thompson tender is nearly \$30,000 more than Sutton & Thirtkell's?—Yes; the difference is \$28,200.

775. What is the price given under the contract as Sutton & Thompson's assignee, or rather to Oliver, Davidson & Co.?—\$590 per mile for woodland, and \$435 per mile for prairie.

776. Total for construction?—Total for construction and maintenance combined is \$243,150.

777. Will you produce the tender of Sutton, Thompson & Co.?—Yes. (Exhibit No. 13.)

No report of Engineer recommending this tender for acceptance.

No Order in Council.

778. Do you know of any report of the engineer recommending this tender for acceptance?—No.

779. Do you know whether there was any Order-in-Council directing it?—No; there was no Order in Council.

780. Are you aware of any other agreement with Oliver, Davidson & Co. about operating the line—so far we have spoken of construction and maintenance only?—I would like to refer to the books of the Department.

**Railway Construction—Contract No. 5.**

Earth work of roadbed from St. Boniface to Pembina.

Joseph Whitehead, contractor.

Date, 30th Aug., 1874.

Tenders invited by advertisement

C. Peach lowest tenderer.

781. What is the subject of your next contract?—It was the earth-work of the railway roadbed from St. Boniface, opposite the City of Winnipeg, to a point on the international boundary line east of Pembina.

782. Who is the contractor?—Joseph Whitehead.

783. What is the date of the contract?—About the 30th of August, 1874.

784. Were tenders invited by advertisement for this work?—Yes.

785. Have you the advertisement or a copy of it?—I have not got the advertisement.

786. Can it be procured?—I daresay we can find it.

787. Have you the tenders which were received for this work?—Yes.

788. Which is the lowest?—The lowest is from C. Peach, Toronto.

789. Were any specifications furnished to persons tendering?—The form of tender says: "In accordance with specifications."

790. Have you any of these specifications or copies of them?—Yes; but not here. (Specifications ordered to be furnished.)

791. Were they prescribed by any general rule as to specifications? I have not got the specifications here, and I cannot answer.

792. What was the date of the advertisement?—I cannot say at present.

**Railway Con-  
struction—  
Contract No. 5.**

793. Will you produce Peach's tender?—Yes. (Exhibit No. 14.)
794. I see that this tender alludes to the "southern" and "central" sections of the branch "as defined in the specification"; can you describe the different sections in the specifications?—Not at present.
795. Was the contract awarded to Peach?—No. Peach did not get contract.
796. Why?—On the 26th of August, Mr. Braun telegraphed to Peach and said :—  
 "The Minister wishes to see you respecting your tender for Pembina Branch immediately."  
 On the 27th of August, Mr. Peach answers :  
 "Cannot arrange for my security at present. Have written you by this mail."  
 And the letter written by Mr. Peach was :  
 "I am in receipt of your telegram, and in reply beg to say that I have only been here a short time from England and I am afraid that I cannot give you the satisfactory security just now, but if you can give me time to get a reply from England, I could then give you all the security you require. Awaiting your reply, etc."  
 Then on the 28th of August, Mr. Braun telegraphs to Mr. Peach :  
 "Cannot grant delay asked for, therefor must pass to next tender." Peach wanted time to put up security.  
Delay refused.
797. Whose was the next tender?—The tender of Mr. Peach was 21 cents a yard, and there were two tenders for an equal price of 22 cents each. Peach's price 21 cts. per yard; two other tenders at 22 cts.
798. Of these Mr. Whitehead's was one?—Yes; Mr. Joseph Whitehead, and Mr. A. H. Clark. Whitehead's one of these.
799. Do you know when these tenders were opened?—Yes.
800. When?—On the 26th of August, 1874. Tenders opened 26th August, 1874.
801. Were you present when they were opened?—I was.
802. Mr. Whitehead's tenders, one for the central section and the other for the southern section, both appear to have been altered at some time from 28 cents per cubic yard to 22 cents?—Yes. Whitehead's tenders altered from 28 cts. per cubic yard to 22 cts.
803. Do you know anything about that?—No; they were altered before they were sent in to the Department. Tender altered before reaching Department.
804. They were in their present state when they were opened?—Yes.
805. Then the contract was made with Mr. Whitehead on this tender?—Yes.
806. Have you the original contract or a copy of it that you can produce?—I have not got it here, but I can furnish it.
807. Will you produce Mr. Whitehead's tender to be filed?—Yes; I now produce it. (Exhibit No. 15.)
808. Have you an Order-in-Council for this contract?—Yes.
809. Of what date?—7th September, 1874.
810. Was it the rule of that time to require an Order under the circumstances of this contract?—I have already explained that the opinion was held by several officers in the Department that even in this case it would not have been absolutely necessary to get an Order-in-Council.

**Railway Construction—  
Contract No. 5.**

811. Can you explain why it was got, if not absolutely necessary?—No.

Order-in-Council produced.

812. Will you produce the Order or a copy of it?—I now produce the original. (Exhibit No. 16.)

813. Can you now tell the date of the advertisement asking for these tenders?—The advertisement says “tenders will be received up to noon of the 25th of August.”

814. Has this contract been fulfilled by this contractor?—I think that would be a proper question to put to the engineers.

815. You are not prepared to give an answer?—No

816. Are you aware whether there has been any dispute between the Government on the one side and the contractor on the other, on the subject of this contract?—I am not prepared to go beyond the letting of the contract.

817. Can you say whether there has been any dispute or not?—I must refer to the books of the office before answering that question.

818. Is there any other evidence connected with this contract that you think it proper to give us now—I mean which we are not likely to obtain better from the engineers?—No; I have no desire to make any other statement.

819. Do you think that the other requisite evidence can be better obtained from the engineers?—Yes.

Wednesday, 18th August, 1880.

**Telegraph.  
Contract No. 1.**

TOUSSAINT TRUDEAU'S examination continued :

*By the Chairman :—*

Copy of Sifton, Glass & Co's. letter of the 14th Oct.

820. Will you produce the letter from Mr. Fleming to Sifton, Glass & Co., of the 14th October, or a copy of it?—I now produce a copy of it. (Exhibit No. 17.)

Fleming's report of same date.

821. Will you produce the report, of about the same date, of Mr. Fleming's, or a copy of it?—I now produce a copy of it. (Exhibit No. 18.)

822. Yesterday you said that you would search for the correspondence about operating section one of the telegraph line?—I have not had time to complete the search.

823. Have you any statement showing the annual expenditure on this section?—We are now preparing a statement.

**Railway Construction—  
Contract No. 5.**

Description in specification of work in Con. 15.

824. Speaking of contract No. 5 with Mr. Whitehead, I notice that the specifications describe the work to be divided into two sections, the southern section being through townships 2, 3, 4 and 5, about 24 miles, and the central section through townships 6, 7, 8 and 9, about 24 miles, which would make 48 miles; but the contract appears to be let for about 63 miles. What does this mean?—The length of line is not given in the contract.

- Railway Construction—  
Contract No. 5.**  
Description in contract.
825. Are the terminal points given?—The contract says this: "The southern section, which will be in the allowance for road between townships one and two, will pass through townships numbers 2, 3, 4 and 5; and the central section, passing through townships 6, 7, 8 and 9, and terminating at the allowance for road between townships 9 and 10, lying east of Red River, opposite the town of Winnipeg."
826. Is the allowance for road between townships 9 and 10 opposite the town of Winnipeg?—You must ask the engineer for that information.
827. If the line has been completed to any point north of the line between townships 9 and 10, it is irrespective of this contract?—Yes.
828. It is not embraced in this contract?—No.
829. If it has been made further south than the line between townships 1 and 2, is it embraced within this contract?—No.
- Contract No. 33.**  
Track-laying and ballasting between St. Boniface and Emerson.  
Contractors—Kavanagh, Murphy & Upper.
830. Do you know of any other contract for making this line either south of the boundary between 1 and 2, or north of the boundary between 9 and 10 townships?—Contract No. 33, with Kavanagh, Murphy & Upper is for completing the grading, with all the track-laying, ballasting, &c., between St. Boniface and Emerson.
831. Have you that contract here?—Yes.
832. Do you know whether any grading was paid for to Mr. Whitehead on these portions that you speak of?—I would refer you to the engineers for that; I am not able to say.
- Line continued northward from Winnipeg under extension of Con. 5, called in Fleming's reports 5 A.**
833. Was this branch of the line continued northward from Winnipeg, or opposite Winnipeg?—Yes.
- Contract 5 A.**
834. Under what contract?—Under an extension of contract No. 5.
835. Have you a special number for this contract in your books—I mean the contract for the extension?—In Mr. Fleming's reports it is called 5 A.
- No additional papers drawn up for 5 A.**
836. Have you the original contract or a copy of it?—There is no additional paper in the form of a contract drawn up for 5 A.
- No document signed by Whitehead.**
837. Have you nothing signed by Mr. Whitehead showing that he undertook to do the work on this extension?—There is nothing before me signed by Mr. Whitehead; but Mr. Fleming, in a report dated 19th April, 1877, says:
- "Mr. Whitehead offers to do the grading on the extension of the Pembina Branch at the same rate as his original contract, and lay the track at the same rate as the present contract for sections 14 and 15." My impression is that Mr. Fleming received a letter from Mr. Whitehead; we have searched for this letter but have not got it yet.
- Fleming, on the 19th April, 1877, reported that Whitehead offered to grade extension of Pembina Branch at same rate as his original contract, and lay track at rates of Con. 11 and 15.**
838. Does this extension, as arranged with Mr. Whitehead, embrace the grading, track-laying and ballasting?—In the extract that I have given there is nothing said about the ballasting.

**Railway Construction —  
Contract 5 A.**

839. Was there any Order-in-Council authorizing this extension in this way?—Yes.

**Order-in-Council authorizing extension.**

840. Have you the Order or a copy of it?—Yes; I now produce it. (Exhibit No. 19.)

**Order-in-Council based on condition that cost should not exceed \$60,000.**

841. This Order seems to be based on the condition that the whole cost of the work to be done by Mr. Whitehead was not to exceed \$60,000?—Yes.

**Witness not aware of this condition having been communicated to Whitehead.**

842. Do you know whether that condition was communicated to Mr. Whitehead?—I cannot show by any document that this was communicated to Mr. Whitehead.

842½. Are you otherwise aware that it was communicated?—No.

**Amount paid up to 31st Dec., 1879, \$141,800.**

843. Have you any report showing how much has been paid upon that extension?—At page 350 of Mr. Fleming's printed report for 1880 I find that Mr. Fleming states that the amount paid on his contract up to the 31st of December 1879 was \$141,800.

**A contract in the terms of the Order-in-Council not considered necessary.**

844. Do you know whether any effort was made to get a contract for Mr. Whitehead upon the terms mentioned in the Order-in-Council?—It was not considered necessary that there should be a separate contract. It was considered an extension of contract No. 5.

**No efforts to effect a contract made.**

845. Was any effort made?—No.

846. I see a note endorsed on this Order-in-Council, apparently by your Law Clerk, "No contract made." What is the object of that note?—It means nothing more than a statement that there is no contract.

847. When you say that it was not considered necessary because this might be done under his first contract, do you mean that this work was in any way referred to in his first contract?—The first contract says: "All the works required in and for the excavation, grading and other works contemplated to be done in the formation of the road-bed of the railway branch intended to run from the main line of the Canadian Pacific Railway to some point on the International boundary at Pembina (to be distinguished under the name of the Pembina Branch) or so much thereof as the Minister of Public Works may determine within the limits of the two following sections, namely" and then follows the quotation that I made before.

**Length of line.**

848. Then the length, as I understand it, is not limited—by your interpretation—within the two sections named?—From the reading of the contract, it appears to be at the option of the Minister to construct the line from the International boundary line to the main line, "or so much thereof as the Minister of Public Works may determine," within the southern and central sections.

849. That is speaking as to the line which was covered by the contract?—Yes.

**Character of work covered by contract.**

850. Then as to the nature of the contract, what work is covered by it?—It is the excavation, grading and other works contemplated to be done in the formation of the road-bed.

**Railway Construction—  
Contract 5 A.**

851. And the only price named for that is 22 cents a yard, besides hauling?—Yes; it is the only price named in this contract.

Price—22 cts. a yard besides hauling.

852. Does that contract in any way refer to clearing, or fencing, or loose rock, or timber, or track-laying, or ballasting?—In the specification attached to this contract there is a clause which says: "On some portions of the prairie there are occasional groves of low poplar, willow or other light timber. Wherever the branch crosses any such groves they will be cleared the width required by day's labor, or in some other manner. This class of work will be so trifling that it will not be necessary to embrace clearing in the contracts for grading."

Clearing so trifling not necessary to mention it in contract.

853. Can you say about what proportion of the expenditure of \$141,000 is for the work of the kind described in that contract No. 5, and what proportion is upon other works not described in contract No. 5? Name the separate amounts approximately?—At page 126, of a report prepared by Mr. Fleming, 1879, he states that "the approximate amount of work executed under this extension up to the 31st December, 1878, is \$144,017.75, on account of which there has been paid \$141,500. Of this amount of \$144,017, \$56,428 is for items named in contract number five, and \$37,589 for other items."

\$87,589 out of \$141,017 for works not mentioned in the contracts.

854. Has this work, which appears to have cost over \$87,000, been submitted at any time to public competition?—No.

This portion of the work never submitted to public competition.

855. Have you any record of the directions given to Mr. Whitehead to perform this work?—I find that on the 11th May, 1877, Mr. Braun, Secretary of the Department, telegraphs to Mr. Rowan at Winnipeg:

11th May, 1877, Braun telegraphed to Rowan to authorize Whitehead to proceed with Pembina extension, and the terms.

"Authorize Mr. Whitehead to proceed with the Pembina extension as part of the first contract at 22 cents for earthwork, and the other work at prices as per his contract 15."

Braun writing to Marcus Smith, recapitulates the instructions.

And on the 16th May, 1877, Mr. Braun writes to Marcus Smith, acting Chief Engineer, as follows:—

"I beg to inform you that on the 11th instant Mr. Rowan was instructed by telegraph to authorize Mr. Whitehead to proceed with the works on the Pembina extension as part of his first contract at 22 cents per cubic yard for earth excavations, and the other work as per prices in his contract for section 15."

No letter to Whitehead in Department.

We have not, in the records of the office, any letter to Mr. Whitehead.

856. Do you know whether it was discussed in the Department as to prices of contract 15 being high or low for the work upon the extension? For instance, it appears by Mr. Fleming's report of 1879 that an amount of over \$24,000 has been paid for the excavation of off-take ditches, at the rate of 45 cents per yard. Was the propriety of that rate for this extension the subject of discussion in the Department?—I should like to refresh my memory by consulting the papers.

Remembers no discussion in Dept as to whether the prices for Sec. 15 were high or low for the Pembina extension.

857. Then, without consulting the papers, do you mean that you do not remember?—Yes; that is what I mean.

858. In order to refresh your memory I will call your attention to this fact: that on the section covered by contract 14, which adjoins the territory over which this extension is built, the price for the same sort of work is 23 cents, instead of 45 cents, and that that contract was previously let. Does that call anything to your memory?—I must consult the documents of the office or the engineers.

The fact that 45 cts. a yard were paid for excavation of off-take ditches, whereas only 23 cts. were paid on Sec. 14, in no way refreshes witness's memory.

**Railway Construction—  
Contract No. 5.**

Advertisement for tenders.

859. You are not able to answer without doing so?—No.

860. Can you produce a copy of the advertisement asking for tenders for work on the Pembina Branch?—Yes; I now produce it. (Exhibit No. 20.)

861. And of the form of tender intended to be used?—Yes; I now produce it. (Exhibit No. 21.)

862. And of the specifications applying to the tender?—Yes; I now produce it. (Exhibit No. 22.)

863. Does the advertisement ask for a tender for any work north of St. Boniface?—No.

If contract 5 embraced work north of St. Boniface, not based on any advertisement for tenders.

864. In reading the contract with Mr. Whitehead (No. 5.) you thought that it embraced some work as far north as Selkirk?—Yes.

865. Then, if it did, it was not based upon any advertisement for tenders?—No.

866. Are you aware of any other advertisement for work north of St. Boniface to Selkirk?—I am not.

**Contract 5A.**

867. Do you mean that all the work upon that extension, from St. Boniface northward, was awarded without any competition?—It was awarded without further competition than that afforded by the tenders received for contract 5.

868. Was there any competition afforded by that? I understood you to say that the advertisement called for nothing north of St. Boniface?—There was nothing north of St. Boniface in that advertisement.

All the work on extension awarded without competition.

869. My question relates only to that north of St. Boniface?—It was awarded without competition.

870. All of it?—Yes; all of it.

Fleming's report on which Order-in-Council signed, ordering execution of this work.

871. Have you the report or a copy of the report from Mr. Fleming upon which the Order-in-Council is based, ordering this work to be done by Mr. Whitehead?—Yes.

872. Will you produce it?—I now produce it. (Exhibit No. 23.)

Further report of Fleming.

873. Have you any other original documents relating to this extension which would give us information on the subject?—Yes; I now produce a report from Mr. Fleming, dated May 2nd. (Exhibit No. 24.)

Defines the prices of sec. 15 applicable to Con. 5 A. Does not know why other prices of sec. 15 were made applicable.

874. This report seems to define the prices of section 15 which were to be made applicable to this extension. It mentions "namely: ties, 40 cts. each, track-laying and ballasting, \$290 per mile," and nothing more. Do you know why other prices for section 15 were made applicable to this extension?—No; I do not.

875. On April 19th Mr. Fleming's report contains this language: "Mr. Whitehead offers to do the grading on the extension of the Pembina Branch at the same rate as his original contract, and lay the track at the same rate as the present contract for sections 14 and 15."

**Railway Con-  
struction—  
Contract 5 A.**

His report of May 2nd has this language:

"An Order-in-Council be passed accepting the proposal of Mr. Whitehead and defining the terms."

The Order-in-Council makes no allusion to prices of section 15 being applicable to this extension, except as to these matters so defined: can you tell me the authority that Mr. Braun had for telegraphing as he did on the 11th of May to Mr. Rowan?—I cannot.

Witness does not know Braun's authority for telegraphing the instructions to Rowan on the 11th May.

876. Does it appear to you that this telegraph, in wider terms than the report of Mr. Fleming, has led to these charges at the higher rates which we have been speaking of; for instance "off-take ditches" at 45 cents; or can you give any other reason for it?—I know of no other reason for it.

Witness knows no other reason than Braun's telegram for the higher prices.

877. Have you any other paper that you wish to put in concerning contract 5 or 5 A which would enlighten us?—I wish to put in a letter about fencing. (Exhibit No. 25.)

Letter about fencing.

878. Was any action taken on this letter which you produce?—Yes.

879. What action?—I produce a letter which was written to Mr. Smellie. (Exhibit No. 26.)

Letter to Smellie.

880. Do you know what further was done about this matter?—No.

881. Have you any other paper that you wish to put in?—I have no other.

882. Have you any further evidence to give by way of explanation of your previous evidence on this subject?—Nothing at present.

**Contract No. 33.**

883. Was there any other contract made in connection with the Pembina Branch, either north or south of St. Boniface?—Yes.

Kavanagh, Murphy & Upper.

884. With whom was it made?—With Kavanagh, Murphy & Upper.

885. Will you give their individual names?—The contract is signed "T. Kavanagh, James Murphy, and Joseph Upper."

886. Was the work included in this contract submitted to public competition?—Yes.

887. Have you a form of the advertisement to put in?—I have none with me, but I can prepare a copy to be furnished afterwards.

888. About what date was the advertisement?—I have not got the date.

889. What time was fixed for receiving tenders?—The first of March 1878.

1st March, 1878, fixed for receiving tenders.

890. Whose was the lowest tender?—Mr. Kavanagh's was the lowest.

Kavanagh's tender lowest.

891. The one which obtained the contract?—Yes.

892. Have you his tender?—Yes. (Exhibit No. 27.)

Tender produced.

893. Is it based upon any form of specification furnished by the Department?—It is based on a specification prepared by the Department.

Based on specification supplied by Department.

894. Is it the same as the specification attached to the tender produced?—The paper attached to the tender is not a specification, but a bill of works.



**Railway Construction—  
Contract No. 33.**

895. Is it not intended that his tender should be qualified by specifications?—The tender is to be upon the terms and conditions specified in the specifications bearing date the 18th of April, 1876.

896. Have you the specifications of the 18th of April, 1876, which you can produce?—I have not got the specification here, but will produce it later.

897. What is the number of this contract?—It is contract No. 33.

Work not completed.

898. Has the work been completed under their contract?—It has not.

Contractors failed to execute a portion of work; taken in consequence out of their hands.

899. Has there been any dispute between the Government and the contractors upon the subject of the contract?—The contractors have failed to execute a portion of their work and it has been taken out of their hands.

A dispute.

900. Do you mean without any dispute or difference? Were they willing that it should be taken out of their hands?—There was a dispute.

901. What was the nature of the dispute?—I would rather appear before the Commission with the papers connected with the dispute.

902. Have you the contract here?—Yes; but I do not wish to leave it at present. I will prepare a copy for the Commission.

903. Have you a list of the persons who have tendered for this work?—Yes.

List of tenderers for this work.

904. Can you produce it?—Yes; I now produce it. (Exhibit No. 28.)

905. Are these tenders based upon an approximate estimate of the quantities, and a schedule of the prices attached to such work?—They are.

Relative position of tenderers ascertained by moneying out schedule prices.

906. Is the relative position of the persons tendering ascertained by moneying out those schedule prices?—Yes.

907. Have you a report showing the result of that moneying out?—Yes; and I now produce it. (Part of Exhibit No. 28.)

Report shows that contract was awarded to lowest tenderer.

908. By this report the persons who got the contract appear to have made the lowest tender; is that your understanding?—Yes.

909. Has there been any dispute between the Department and any other persons who tendered as to relative positions?—No.

910. Is there anything about this contract that you can explain beyond the evidence that you have already given?—Two of the parties who sent in tenders made mistakes in the extension of their figures and these mistakes were corrected.

911. Has any dispute arisen on that account?—No.

Engineers keeping account of work executed since Government took control.

912. Do you know whether the Department, or the engineer, or anyone has kept an account of the quantities executed since taking the contract out of the hands of the contractor?—The engineers are keeping an account.

913. Do you know whether it is done by day's work or any subsequent contract?—It is not done under a subsequent contract; it is done under day's work.

**Railway Construction—  
Contract No. 33.**  
Done by day's work.

914. Do you know whether a final estimate of the executed quantities was made up to the time of taking the contract out of their hands?—The final estimate is not yet made.

Final estimate of quantities executed up to the taking of contract out of contractor's hands being prepared.

915. Has it been ordered to be made?—Yes; it is being prepared by the engineers, but it is not completed yet.

916. Will these documents to which you have referred give the time at which the work was taken out of the hands of the contractors, or do you know now?—They will.

917. Is there any other information which you can give now about this particular contract?—No.

**Railway Ties—  
Contract No. 36.**

918. Was there any other contract entered into in connection with the Pembina Branch, and if so, what is the number of the contract?—Yes; No. 36, for the supply of railway ties.

William Robinson, contractor.  
Date, 22nd Feb., 1878.

Submitted to public competition.

But advertised only in Manitoba

Tenders were opened at Winnipeg.

Report from Nixon explaining what was done.

919. Who is the contractor?—William Robinson.

Submitted to public competition.

But advertised only in Manitoba

Tenders were opened at Winnipeg.

Report from Nixon explaining what was done.

Report from Nixon explaining what was done.

Report from Nixon explaining what was done.

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Report from Nixon explaining what was done.

Report from Nixon explaining what was done.

Report from Nixon explaining what was done.

920. What is the date of the contract?—February 22nd, 1878.

921. Was this submitted to public competition?—Yes.

922. Have you the advertisement asking for tenders?—No, not here.

923. Can you produce it afterwards?—I am not sure whether we can. It was advertised in Manitoba only.

924. Have you the tenders which were made?—I have a list of the tenders.

925. Who opened the tenders? Was it in your Department or somewhere else?—The tenders were opened at Winnipeg.

926. Who had charge of that matter?—Here is a report from Mr. Thomas Nixon, explaining what was done.

927. Is that the best evidence that you have about that matter in your control?—I now produce the best information that I can lay before the Commission. (Exhibit No. 29.)

928. This report from Mr. Nixon is addressed to Mr. Braun, Secretary of your Department, and refers to other letters and documents, have you control of them? For instance, he speaks of Mr. Martin's letter respecting which he had telegraphed Mr. Braun, and also of a letter to Charles Augustus Nolin; he also refers to a telegram of the 19th of February to Mr. Braun and to a message from Mr. Braun of the 20th?—Yes; I can produce those at some other time. I have not got them here.

Documents referred to in Nixon's report to be produced.

929. In what capacity was Mr. Nixon employed by your Department?—As paymaster.

Nixon paymaster

930. Where did he live?—He dates his letter from Winnipeg.

931. Did he live there, as far as you know?—I don't know where he lived; he lived in Manitoba somewhere.

**Railway Ties—  
Contract No. 36.**

932. Did he frame the advertisement for the tenders, or was it framed here, directing them to be addressed to him?—The order to receive tenders was given by the Department to Mr. Marcus Smith, the Acting Chief Engineer. I cannot say at this moment whether he prepared the advertisement here, or instructed some of his assistants to do so in Winnipeg.

Management left to Marcus Smith.

933. Was the management of the matter then left to Mr. Smith's arrangement?—It was.

934. Do you remember whether the account given by Mr. Nixon of the selection of the person to receive the contract was satisfactory to the Department or not?—Yes; it was, at the time, considered as the best thing that could be done.

Nixon had made a proper selection.

935. Do you mean that he had made a proper selection?—Yes.

On 29th Oct., 1879, contract taken out of contractor's hands in consequence of delays.

936. Was this contract fulfilled by the contractor?—At page 129 of Mr. Fleming's general report of 1879, Mr. Fleming reports that on the 29th of October the contractor had only delivered 86,808 ties, and as the tracklaying of the Pembina Branch was being delayed in consequence the contract was taken out of the contractor's hands and a sufficient quantity furnished by the Department at his expense.

937. Have you any further knowledge of the matter of this contract, or would it be better obtained from the engineer or any other person?—I refer you to the engineer.

Tender was accepted by Order-in-Council.

938. Do I understand that there is an Order-in-Council?—There is an Order-in-Council accepting Robinson's tender.

939. Have you that Order to be produced?—I have not; but I can get a copy of it.

940. As to the payments on account of these different matters, have I understood you to say that we had better ask the engineer or accountant as to the particulars, or will you be prepared to furnish them?—The engineer and accountant will know quite as well as I can.

Nixon left employ of Dept. in 1879, the position he held having been abolished.

941. Is Mr. Nixon still in the employ of your Department?—No.

942. Do you know about what time he ceased to be in the employ of the Government?—In 1879.

943. Did he resign, or was he removed?—The position he had was abolished.

944. Was that the subject of an Order-in-Council?—I am not prepared to answer that.

OTTAWA, Thursday, 19th August, 1880.

TOUSSAINT TRUDEAU's examination continued:

*By the Chairman:—*

945. There were some papers asked for yesterday, which you thought you would be able to get to-day. Have you brought them?—They are now being copied.

946. Is there any other contract relating to the Pembina Branch besides those which we considered yesterday?—Yes.

**Railway Station Buildings, Pembina Branch—Contract No. 49.**

947. What is the subject of the next one in point of time or number?  
—The erection of station buildings.
948. What is the Pacific Railway number of that contract?—No. 49.
949. Who was the contractor?—Richard Dickson. Richard Dickson, contractor.
950. What is the date of the contract?—15th August, 1879. Date, 15th Aug., 1879.
951. Was this work submitted to public competition?—It was. Submitted to public competition.
952. Have you a copy of the advertisement asking for tenders?—Not here. I will have one prepared at some future time. Advertisement dated 17th June, 1879. Time for receiving tenders, 15th July.
953. What is the date of the advertisement, and the time fixed for receiving tenders?—The advertisement was dated 17th of June, 1879, and the time for receiving tenders was the 15th of July.
954. Where was it advertised? In this province, or in Manitoba, or in both?—I can give that to the Commission at some future time.
955. Were any specifications furnished to persons tendering?—Yes. Specifications furnished.
956. Can you produce a copy of them?—Yes; but not at this moment.
957. I understand you to have one before you which you read from, but which you wish to keep as a record of the office?—Yes.
958. Have you a form of the required tender which can be produced?—I have a form, but cannot produce it at this moment. I will produce it hereafter. Tender will be produced hereafter.
959. Have you any list showing the relative positions of the different persons who tendered, or was there only one tender?—Several tenders were received, and a list of them is printed at page 32 of the Blue Book called "Tenders for works on the Canadian Pacific Railway since January, 1879."
960. Was this contract awarded to the person who made the lowest tender?—Yes. Contract awarded to lowest tenderer.
961. Have you the tender?—I will send for it.
962. Have you the contract?—Yes; but I would ask leave to produce a copy of it hereafter, as I wish to retain this as a record in the Department.
963. Is this contract made according to the terms of the advertisement for tenders?—Yes. Contract made according to terms of advertisement.
964. I notice attached to this contract a separate indenture from sureties. Is this under any new arrangement?—It is not a new arrangement.
965. Has it always been customary to attach documents of this kind to contracts relating to the Pacific Railway works, in the Department?—Yes, up till very recently.
966. I notice in this contract, section 7, that the cost of the work is limited to a maximum sum specified in the contract. Has that been usual in contracts on the Pacific Railway?—No. Not usual to limit cost of work to a maximum sum in contract.

**Railway Station Buildings, Pembina Branch—Contract No. 49.**

Mode of preparing contracts.

967. This contract is upon a printed form; is there any settled form adopted with that condition in it now, as a rule, in the Department?—Each contract stands by itself. They are prepared by our law clerk, and transmitted to the Minister of Justice, and are there approved of or amended.

Contract completed

968. Has the work under this contract been fulfilled?—Yes; Mr. Fleming, at page 314 of his general report for 1880, says that this contract has been completed.

To the satisfaction of Dept.

969. Are you aware that there has been any dispute about the mode of its completion or the prices paid?—No.

970. Do I understand that it has been completed to the satisfaction of the Department, as far as you know?—Yes.

971. Is there any other matter connected with this contract that you can explain?—Not that I can think of at this moment.

972. Can you now put in the form of tender upon which this contract was let?—Yes; I now produce it. (Exhibit No. 30.)

973. Can you now put in the form of specification on which the contract was let?—Yes; I now produce it. (Exhibit No. 31.)

**Railway Ties—Contract No. 36.**

Order-in-Council authorizing contract.

974. Can you produce the Order-in-Council which authorized the contract with Robinson, as to the ties?—Yes; I produce it. (Exhibit No. 32.)

975. Was there any other contract relating to the construction of this portion of the Pembina Branch?—No.

**Railway Construction—Contract No. 13.**

Contractors, Sifton & Ward.

Date—3rd April, 1875.

976. What is the number of your first contract for any portion of the construction of the Pacific Railway between Lake Superior and Red River?—Contract 13.

977. Who is the contractor?—Sifton & Ward.

978. What is the date of the contract?—The 3rd of April, 1875.

979. Was this work let by public competition?—Yes.

980. Have you a copy of the advertisement?—Yes. (Exhibit No. 33.)

**Telegraph Contracts**

Statement regarding, by Accountant.

981. Upon a previous occasion you said you would produce a statement of expenditure upon the telegraph contracts; are you able to produce it now?—Yes; I produce a statement signed by Mr. Baine, Accountant. (Exhibit No. 34.)

**Railway Construction—Contract No. 13.**

Specifications given to tenderers.

982. Were any specifications concerning the work on contract 13 given to persons tendering?—Yes.

983. Have you a form of the specifications which you can produce?—Yes; I produce one, and it embraces the bill of works. (Exhibit No. 35.)

27th Feb., 1875, latest time for receiving tenders.

984. What was the latest time for receiving tenders?—The 27th of February, 1875.

Railway Con-  
struction—  
Contract No. 13.

985. Have you a statement showing the persons who tendered?—  
Yes.

986. Can you produce it?—Yes; I produce the original. (Exhibit  
No. 36.) List of tenderers.

987. This last appears to be certified by Mr. Braun, Mr. Rowan and  
Mr. Palmer; are you yourself aware of any of the circumstances con-  
nected with the opening of the tenders beyond what that certifies?—  
No.

988. Then your knowledge as to the opening of those tenders is based  
upon this certificate?—Yes.

989. Attached to this certificate is a report by Mr. Fleming showing  
the eight lowest tenders; have you any knowledge as to that statement  
beyond what is shown there?—No.

990. Are the facts correctly stated in those certificates, as far as you  
know?—I believe they are. I have not audited the list, but I believe  
it to be correct.

991. Were these tenders based upon a schedule of prices applied to  
those quantities given in the bill of works?—Yes.

992. By Mr. Fleming's certificate, Charters & Co. appear to be the  
lowest tenderers; have you their tender?—I will produce it shortly. Charters & Co.,  
lowest tenderers.

993. In this bill of works I notice the heading over the quantities in  
these words: "The following is an approximate estimate of the total  
quantities of the work required to be executed"; and again: "From  
this bill the aggregate amounts in the several tenders are to be com-  
puted." Do you know whether that was understood in the Department  
to be an approximate estimate or not? There has been some difference  
of opinion, I notice, in the evidence before the committees, between Mr.  
Fleming and the Minister of Public Works as to the meaning of that  
estimate and these words; have you any knowledge as to how it was  
understood in the Department?—I understood the words "approximate  
quantities" to mean as explained in the bill of works. The bill of  
works says: "The quantities in this bill are furnished for the purpose  
of giving an approximate idea of the nature and magnitude of the  
contract, and to admit of a comparison of the tenders. The Department  
of Public Works reserves the right to vary the location and alter the  
works in any manner that may appear advisable, and such alterations  
shall not invalidate the contract. The quantities of work so altered,  
whether above or below the quantities now furnished, shall hereafter  
be correctly ascertained and paid for according to the schedule of  
prices in the tender which may be accepted."

994. You have not understood my question. That is the intended  
effect of the use of the words upon the minds of the persons tendering.  
My question is directed to this: what was understood in the Depart-  
ment to be the meaning of the words? Was it understood that those  
quantities gave an estimate approaching accuracy, or were the quan-  
tities entirely speculative?—My understanding was what is conveyed  
in the bill of works.

995. I have not made myself intelligible. Did you understand that  
the quantities named in this bill of works were nearly correct, or that  
they were speculative?—My understanding was that they were approx-  
imately correct. Quantities named  
in bill of works  
approximately  
correct.

**Railway Construction—  
Contract No. 13.**

996. What do you understand “approximately” to mean?—In conversation with the engineers I understood that the location and the cross sections had not been sufficiently advanced to obtain the quantities as correctly as they could be obtained later when very close measurements had been obtained; that it was measured, probably, as closely as could be on the profiles, but not as closely as could be measured later on the ground.

Witness means by “approximately correct” as correct as they could be obtained on the profile.

997. Then did you understand that those quantities were, at all events, as correct as would be obtained after the location of the line?—I understood them to be as correct as could be obtained on the profile.

998. Is there a profile made before a location?—There is a profile made of trial locations.

999. Then do you mean that the quantities were ascertained by profiles on trial locations in this instance?—Yes; as far as I understood it.

1000. And that the quantities were named as closely as they could be named on that kind of examination?—Yes.

Marcus Smith deposited in 1879 that this contract was let before survey.

1001. Mr. Marcus Smith gave his evidence in March, 1879, before a committee of the Senate, in which he says that this contract was let before the survey was made; do you know if that was correct?—You will observe that the bill of works referred to is dated January 20th, 1875. Now at page 51 of Mr. Fleming’s general report for 1877 he says, in the fourth year—1874—that in the autumn the location of the line between Thunder Bay and Lake Shebandowan—a distance of 45 miles—was commenced, and considerable progress was made by the end of the year. I suppose the statement made by Mr. Fleming is correct.

Witness supposes from Fleming’s report that a trial location had been made before quantities stated.

1002. And that consequently a trial location had been made before these quantities were stated?—Yes.

Charters withdrew his tender by telegram in consequence of being refused further time.

1003. By the report of Mr. Fleming which you have produced, Charters & Co. appear to be the lowest tenderers. Do you know why they did not get the contract?—Mr. Charters withdrew his offer.

1004. How is that communicated to the Department?—On the 12th of March, Mr. Charters telegraphs to Mr. Braun:

“Telegram received, and having had no answer from you regarding my first request for delay of time, I was compelled to relinquish contract against my will.”

1005. Have you the correspondence showing what he had asked, or copies that you can put in?—On the 3rd March Mr. Braun telegraphs to Mr. Charters:

“Are you ready to undertake contract for railway between Fort William and Shebandowan, as tendered for on the 22nd ult., and in compliance with the Railway Act of last Session, chapter 14?”

1006. To what place is that directed?—Dorchester, New Brunswick.

1007. What is Mr. Charters first name?—E. A. Charters. On the 4th March Mr. Charters telegraphs to Mr. Braun:

“Not anticipating decision so soon, will require short time to see others concerned. Think my tender will come under head of clause 12, General Provisions, chapter 14. Will in all probability accept contract and make deposit of cash, stock and bonds of amount required if a little time is allowed.”

**Railway Construction—  
Contract No. 13.**

On the 11th March Mr. Braun telegraphs to Mr. Charters:  
“Not hearing from you, and ample delay been allowed, the Minister  
has passed on to the next tender.”

Then comes the telegram of the 17th March, which I have read.

1008. I understand that you are reading from copies, not the original,  
of this correspondence?—Yes; from copies.

1009. Who makes the next lowest tender?—Mr. Taylor.

Taylor next lowest tenderer.

1010. Can you explain why he did not get the contract?—Mr. Taylor, in a telegram to Mr. Braun, dated 15th March, says:

Taylor abandoned contract.

“Still confined to my bed. Will have to abandon contract.”

1011. Where is that from?—Orillia.

1012. Do you know whether any deposit was made by these persons tendering at the time of tender?—I will give the answer in a few minutes.

1013. Have you the original tender of Charters & Co.?—Yes; I now produce it. (Exhibit No. 37.)

1014. Have you the original tender of Mr. Taylor?—Yes; I now produce it. (Exhibit No. 38.)

1015. Attached to this tender of Mr. Charters is a short report from Mr. Fleming; please read it?—“Grading, contract Fort William to

Fleming's report.

“Shebandown. Taylor is the next above Charters. If Mr. Smith has not heard from the latter, I should say it would be advisable to pass

Reference to Hon. A. J. Smith.

“over him and enter into contract with Taylor. Do you approve?”

“Yours, &c.,

“S. FLEMING.”

1016. To whom is that addressed?—It is not addressed to any one.

1017. Do you know for whom it was intended? Who is the Mr. Smith referred to?—The pencil mark says “Hon. A. J. Smith.”

1018. Do you know why he was named?—Probably because he was of the same locality. Possibly the Minister of the Department may have inquired of him whether he was a competent and able man.

Conjectures of witness as to reference to Hon. A. J. Smith.

1019. This is a surmise?—Yes; a surmise absolutely.

1020. What is this pencil writing in the corner?—The pencil memorandum in the corner is: “Mr. Smith will let me know in the course of the day—Wednesday.” It appears to be signed secretary—“sec.” It is possibly a memorandum by Mr. Braun.

Memorandum relative to Smith.

1021. This report of Mr. Fleming's seems to suggest the passing on to Mr. Taylor, providing Mr. Smith had not heard from Mr. Charters; do you understand why Mr. Smith's hearing should be material?—I do not; you must apply to Mr. Fleming.

Does not know why Smith's hearing from Charters should be material—Refers to Fleming.

1022. Did either Charters & Co., or Mr. Taylor ask for any return of deposit, on abandoning these tenders, that you know of?—I will answer this question later.

1023. Attached to these tenders of Mr. Charters and of Mr. Taylor are apparently signatures of two sureties in each case. Do you know when they declined to take the contract whether any claim was made against the sureties in either case?—These were sureties offered in case

No claim made against sureties, as they did not guarantee that tenders would be adhered to.



**Railway Construction—  
Contract No. 13.**

the contract was entered into. They were not sureties guaranteeing that the tenders would be adhered to by the parties tendering.

Language of document signed by sureties

1024. That is not the language of the document they sign. I will read it:—"And in case this tender shall be accepted, we hold ourselves ready to enter into contract for the due execution and completion of the work, or so much thereof as may be required; and we offer as sureties for the carrying out of all conditions, as well as for the due fulfilment of the contract, the two persons who have signed their names to this tender for that purpose." Has the interpretation of this undertaking in the Department been that the sureties are not liable until the contract is entered into?—Yes.

How interpreted by Department.

1025. Have you the tender of Sifton & Ward?—Yes; I now produce it. (Exhibit No. 39.)

1026. Have you the contract based on this tender?—Yes; I have here the original contract. I will produce a copy to be filed.

Contract for work between Fort William and Shebandowan.

1027. This contract is for work between Fort William and Shebandowan. Has the contract been fulfilled?—I find at page 388 of Mr. Fleming's general report for 1877 the statement that "after the contract was let, a change was made in the location of the line which cut off about 12½ miles at the westerly end and reduced the quantity of work about one-third. The contract now terminates at a point near Sunshine Creek, length 32½ miles."

Change in location caused contract to terminate near Sunshine Creek.

Line shortened.

1028. Without reference to Mr. Fleming's report, are you not aware that the length of the line was shortened?—Oh, yes.

1029. Has the work which has been done by Sifton & Ward under this contract been accepted as a fulfilment of their duty under it?—I shall look in the Department and refer to the reports on the matter.

1030. Have you, within your own knowledge, any estimate of the expenditure upon the portion abandoned, and which was originally included in this contract? Or is that to be obtained from some other branch of your Department?—I have not. The engineers will give you that information.

**Railway Station Buildings,  
Pembina Branch—  
Contract No. 49.**

1031. Can you produce now Mr. Dickson's tender for contract 49?—Yes; I now produce it. (Exhibit No. 40.)

**Railway Construction—  
Contract No. 13.**

Claim for compensation.

1032. Are you aware that compensation was claimed by the contractor on this contract 13 for the keeping of men some weeks before the engineer arrived to locate the line?—I am aware that there was such a claim.

Marcus Smith took charge of settlement of this claim.

1033. Do you remember who took charge of the settlement of the claim?—My recollection is that it was Marcus Smith, Acting Chief Engineer.

**Contract No. 33.**

1034. Can you produce the bill of works for contract 33?—Yes, I now produce it. (Exhibit No. 41.)

1035. Can you produce the specifications for contract No. 33?—Yes; I now produce them. (Exhibit No. 41½.)

**Railway Construction—  
Contract No. 14.**

1036. What is the number of your next contract on the construction between Lake Superior and Red River?—The next number after 13 is No. 14.
1037. Who were the contractors?—Sifton & Ward. Contractors, Sifton & Ward.
1038. Was this work let by public competition?—Yes.
1039. Have you the advertisement asking for tenders?—Yes. Advertisement calling for tenders.  
(Exhibit No. 42.)
1040. Was any specification or other information furnished to persons tendering?—Yes.
1041. Can you produce them?—Yes. (Exhibit No. 42½.)
1042. Were the contractors the persons who made the lowest tender?—No. Not given to lowest tenderer.
1043. Who made the lowest tender?—According to the report of Mr. Fleming dated 31st of March, 1875, the lowest tender received on contract 14 was from Wallace & Co. Wallace & Co., lowest tenderers.
1044. Are these tenders based upon a schedule of prices?—Yes. Tenders based on schedule of prices
1045. Which are to apply to the quantities given in the bill of works?—Yes.
1046. And by moneying out those items you arrive at the relative position of the parties tendering?—Yes.
1047. This report proposes to show that position?—It does.
1048. Have you the tender of Wallace & Co.?—Yes. (Exhibit No. 43.) Tender of Wallace & Co.
1049. Some copies of telegrams are attached to this tender; have you the messages to which these were answers, or copies of them?—Yes.
1050. Are they in such a shape that you can produce them, or do you wish to keep them?—I have not got them in such a shape that they can be produced, but I can read them. On the 25th of March, Mr. Braun telegraphs to Wallace: Telegrams between Dept. and Wallace & Co.  
“If your tender for contract fourteen is accepted are you ready to make deposit required; if so come. Contract papers must be completed within eight days from this—answer.”  
On the same day, 25th of March, Wallace, telegraphs to Mr. Braun:  
“I am ready and will be there to close contract first of next week.”  
This is signed “R. J. Campbell.”
1051. That is signed by a Mr. Campbell?—Is he one of the parties tendering?—Yes; Campbell was one of the parties tendering.
1052. Under the name of Wallace & Co.?—Yes. Mr. Campbell, on the 29th, telegraphs to Mr. Braun:  
“Just heard that section fourteen was awarded to us. If necessary will you extend the time to qualify five days—answer.” Contractors apply for extension of time.  
On the 30th Mr. Braun telegraphs to Campbell:  
“Time cannot be extended; matter too urgent—answer.” Refused.  
On the 31st Campbell telegraphs to Mr. Braun:  
“When will time expire; answer immediately and oblige.”  
And on the same day Mr. Braun telegraphs to Mr. Campbell:  
“Time expires Friday, 2nd proximo.”

**Railway Construction—  
Contracts Nos.  
14 and 15.**

On the 3rd of April, Mr. Campbell telegraphs to Mr. Braun :  
“ Our inability to qualify was owing to Wallace being sick. Will be in Ottawa and explain. Hope it will have no effect on 15. Notify me “ at St. Catharines on 15.”

Advertisement asked for tenders for 14 and 15 at the same time.

1053. Were tenders asked for relating to sections 14 and 15 by the same advertisement?—Yes.

Parties tendered at same time for 14 and 15.

1054. Then were these parties tendering also for section 15?—Yes.

1055. Were tenders asked for more than once concerning sections 14 and 15, or either of them?—Once for section 14 and three times for section 15.

1056. Upon this occasion, tenders were asked by the same advertisement for the both sections?—Yes.

1057. Do you mean section 15 as let by the last contract, No. 15? Is that what you mean by section 15?—It is the same length.

Length of contracts.

1058. How far east does it extend?—At page 388 of Mr. Fleming’s general report, 1877, the length of 14 is given as 77 miles, and at page 389 the length of 15 is given as 36½ miles.

**Contract No. 14.**

1059. Returning to contract 14, was that telegram, which you have read, the last of the negotiations with Campbell or Wallace & Co.?—Yes.

Work awarded to second lowest tenderer.

1060. What steps, if any, were then taken as to the next lowest tender?—The work was then awarded to the second lowest tender.

By verbal order of Minister.

1061. In what manner was it awarded. By Minute in Council, or order of the Minister, or how?—It was awarded by order of the Minister.

1062. Have you any record of the award?—There is no record.

1063. Verbally, do you mean?—It must have been verbally, for I have no record in the office.

1064. Was his decision communicated to the persons who made the next lowest tender?—I have nothing before me, but I shall refer to the documents of the office.

Braun writes to Receiver-General that Sifton & Ward are to deposit to his credit \$20,000.

1065. What is the next communication you have, either to or from those parties who made the next lowest tender?—I have here a letter dated 28th April, from Mr. Braun to the Receiver General, which is as follows:—

“ I beg to inform you that Messrs. Sifton & Ward, contractors for the grading and bridging of the Canadian Pacific Railway between Red River and Cross Lake, contract 14, are required to deposit to your credit \$20,000 as security for the due fulfilment of their contract. When that deposit shall have been made you will please transmit your certificate to that effect to this Department.”

Does not think contract awarded on report of Fleming.

1066. Was there any report or recommendation from Mr. Fleming by which this contract was to be awarded to these parties?—I do not think so, but I shall be able to reply more positively as soon as the person who has gone for papers to the office returns.

Thinks the Minister must have consulted Fleming.

1067. You will remember that attached to the tender of Charters & Co., for section 13, there was a letter from Mr. Fleming recommending

**Railway Construction—  
Contract No. 14.**

that the contract be awarded to the next lowest tender. Do you know why there is no such recommendation in this case?—I have no doubt the Minister consulted the Chief Engineer before he awarded contract 14 to Sifton & Ward; but I do not know why he did not report on the subject.

1068. If tenders were accepted in their regular order, and because lower tenderers were not willing or were not able to fulfil the terms, was it usual to consult the engineer as to the propriety of going to the next lowest tender? In other words, was that a matter for the engineering branch of your Department or for the managing head?—The engineer was consulted. Usual practice to consult Fleming.

1069. That was the usual practice, do you mean?—Yes.

1070. Have you any record of his being consulted in this case, about contract 14?—No record; but that does not mean that he was not consulted. No record that he was consulted about contract 14.

1071. Has this contract been fulfilled by the contractor, as far as you know?—Not completely by this contractor. Contract not fulfilled by contractor.

1072. Was the work taken out of the contractor's hands by the Government, or was it by some friendly arrangement?—Before answering that question I wish to consult the documents of the office.

1073. Have you a report showing the relative position of the persons tendering, made by Mr. Fleming on this contract?—Yes; I produce it. (Exhibit No. 44.) Fleming's report as to tenders.

1074. Are you prepared to give the amounts expended on these different contracts, or would you prefer us to get that information from some other officer in the Department?—I think you can get it better from the accountant than from me.

1075. What is the number of the next contract on construction between Lake Superior and Red River?—Contract 15. **Contract No. 15.**

1076. Was this work submitted to public competition?—Yes.

1077. Who were the contractors?—Sutton, Thompson & Whitehead. Contractors, Sutton, Thompson & Whitehead.

1078. What is the date of the contract?—January 9th, 1877. Date of contract, 9th Jan., 1877.

1079. Was this contract based upon the first advertisement for tenders, or were there several advertisements for tenders?—It was not based on the first advertisement for tenders. There were several advertisements. Several advertisements.

1080. Have you the first advertisement for work on this section?—Yes; it is the same as the one produced on contract 14.

1081. That led to no contract?—No.

1082. Do you know whether the second advertisement led to any contract?—It did not.

1083. This contract was let upon the third advertisement, was it?—Yes. Contract let upon third advertisement.

1084. Have you the third advertisement?—Yes; I produce it. (Exhibit No. 45.)

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

1085. Were specifications and other particulars furnished to persons tendering for this contract?—Yes.

**Specifications.**

1086. Can you produce them?—Yes; I now produce them. (Exhibit No. 46.)

1087. Was this tender based upon a schedule of prices applied to estimated quantities?—Yes.

1088. And the relative position of the tenders was ascertained by moneying out the prices and quantities?—Yes.

**List of tenders in Blue Book.**

1089. Have you any report or information showing the relative position of the persons who tendered?—At page 10 of the Blue Book called "Return to an Address, of papers connected with the awarding of section 15, on the Canadian Pacific Railway, 1877," there is a list of the tenders received, with the amounts.

1090. Are these amounts named in the list based upon a bill of works furnished to persons tendering?—Yes.

**Bill of works.**

1091. Can you produce the bill of works for section 15?—Yes; I produce it. (Exhibit No. 47.)

**A. P. Macdonald & Co., lowest tenderers, did not get the contract.**

1092. This list shows A. P. Macdonald & Co. to have made the lowest tender: did they get the contract?—They did not.

1093. The Blue Book to which you have referred contains some correspondence on this subject; do you know of any correspondence relating to this subject besides what is shown in this Blue Book?—This return was prepared as a statement of all telegrams and correspondence with parties tendering, or with any other parties, in relation to tenderers or to the contractors, and I believe it is complete.

1094. And do you believe it to be correct as far as it goes?—I do.

1095. Have you the original tender of A. P. Macdonald & Co.?—Yes; I produce it. (Exhibit No. 48.)

1096. Have you the original tender of Martin & Charlton?—Yes.

**Tender of Martin & Charlton.**

1097. Do you produce it?—Yes; I now produce it. (Exhibit No. 49.)

**\$1,000 deposited with each tender.**

1098. Do you know whether any deposit was made with these tenderers, as required by the specifications? I think the specifications call for \$1,000 with each tender?—My recollection is that deposits were made.

**Cannot say at present if deposits were returned.**

1099. Do you remember whether they were returned to these persons whose tenders were not accepted and who were unable to give security?—I must refer to the office for that.

**No rule to prevent a contract being given to one of several persons tendering.**

1100. The second tender appears to have been made by Martin & Charlton, and the report shows that on the 21st December E. J. Charlton withdrew his tender. On the 29th of the same month, the other person, Patrick Martin, communicates with the Minister, stating that he is ready to perform the work and give security. Is there any practice or rule in your Department which permits or prevents a contract being given to one of several persons tendering when the others withdraw?—There is no such rule.

**Report of Minister, saying Martin, who had**

1101. Then, as you understand the practice, on the 29th of December Martin alone would have been eligible for this contract if he could

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

have given security?—Yes; on the 6th of January, 1877, the Minister reported to Council, and in his report the following paragraph occurs:—  
“The letter of Mr. Martin, one of the members of the firm of Messrs. Charlton & Co., already referred to, contains a statement that he is prepared to proceed to give the necessary security, but he did not tender any security, and as he had been given the opportunity of two months to do so, it would have been evidently useless to wait any longer on his account, setting aside altogether the matter of the rupture of the firm of which he is a member.”

written that he was prepared to go on without Charlton, had failed to put up security, and that, besides, the firm was broken up.

1102. Does that qualify your opinion previously expressed?—It does not.

Witness, notwithstanding Minister's report, of the same opinion that the rupture of the firm not material.

1103. Are you still of the same opinion?—Yes.

1104. Then do you think that the rupture of the firm was not material?—Not the rupture of the firm; but the fact that he did not make the deposit for two months was material.

1105. But the rupture of the firm was not material?—No.

1106. Who makes the next lowest tender?—Sutton & Thompson.

Sutton & Thompson the next lowest tenderers.

1107. Will you produce their tender?—I now produce it. (Exhibit No. 50.)

1108. Give me the names in full of the members of the firm?—R. T. Sutton and William Thompson.

1109. Are these the same parties who tendered for the telegraph contract?—I do not know.

1110. Was the contract awarded to them?—Yes; to Sutton & Thompson.

Contract awarded to them by Order-in-Council.

1111. How was it authorized?—By an Order-in-Council.

1112. Have you a copy of the Order-in-Council?—The printed copy of the Order-in-Council is at page 32 of the return to the Address referred to in one of my previous answers. There is a typographical error in it; the \$1,994,000 should be \$1,594,000.

1113. Have you the contract?—Yes; I now produce it. (Exhibit No. 51.)

1114. Do you know whether the dealings between the Department and the persons who have done the work under this contract have been with Sutton, Thompson & Whitehead, or with one or more of that firm?—They were at first with Sutton, Thompson & Whitehead, but since then an Order-in-Council has been obtained recognizing Mr. Whitehead as the sole contractor.

Order-in-Council recognizing Whitehead as sole contractor.

1115. Have you that Order?—I have not got it here, but I can procure a copy of it.

1116. Was the work on this contract within the estimated quantities mentioned in the specifications or has it exceeded the estimated quantities?—It has exceeded the estimated quantities.

Work has largely exceeded the estimated quantities.

1117. Largely, or to a small extent?—Largely.

1118. Do you know whether the progress estimates that are furnished to the Department gave any information when the estimated quantities were first exceeded, either in gross or in detail?—The progress estimates did not give that information.

Progress estimates did not give information that estimated quantities had been exceeded.

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

Not possible for Dept., without advice of engineers, to know whether work was going to be more expensive than was estimated.

No record of estimated quantities kept.

1119. Was it possible for the Department, then, during the progress of the work as executed, to know whether the work was going to be more expensive than the tenders intimated?—It was not possible without recourse to the engineers.

1120. Do you keep any book or record of the estimated quantities, so that it can be ascertained, when progress estimates are put in, whether these exceed the estimated quantities of the tenders?—We do not.

OTTAWA, Friday, 20th August, 1880.

TOUSSAINT TRUDEAU'S examination continued:

*By the Chairman :—*

1121. According to your system, may the executed quantities largely exceed the estimated quantities without the Department being aware of it? Is it possible?—No, it is not; for the engineers are in constant daily communication with the Department and keep it informed.

In the present case, thinks the Engineer informed the Department that the executed work exceeded the estimates. Whether it would be proper to stop contract when quantities reached, debated. Also, whether it would not be expedient to change grades from 52:26 to 80:40 feet to the mile.

1122. Are you able to say now whether, in reference to section 15, they did keep the Department informed of the fact, as soon as it occurred that the executed works were costing more than the estimated works?—I have no doubt that they did; and what recalls it to my mind is this fact: I know it was discussed in the Department whether it would not be proper to stop contract 15 when the quantities in the contract were reached. This thing was very seriously discussed. Another proposition discussed was, whether it would not be expedient to change the grades. It was thought that the grades might be changed from 52:26 to 80:40 feet to the mile. This was very seriously discussed and very favourably entertained by Mr. Mackenzie at the time. Another thing which brings it to my mind is this: that on one occasion, before the Committee on Public Accounts, a question was raised as to the increased cost of these works, and I recollect that I stated there, before the Committee, that I advocated the change of grading, and that it had been discussed in the Department and the Minister was favourably disposed.

1123. Favourably disposed to what?—To the change. That is what brings it to my mind, that on both sides of the Committee there was a strong expression that the grades of the road should not be disturbed.

That the cost and quantities exceeded the estimates, known to Dept. shortly after it occurred.

1124. I do not understand how the strong expression on both sides of the Committee would affect this particular question, but perhaps it does. In the meantime, do I understand you to say that the knowledge that the cost and quantities of the works executed exceeded the cost and quantities estimated on section 15, was known to the Department, and discussed there soon after it occurred?—Yes; I say that it was, and I have quoted those things simply to show what brings it to my mind.

1125. You have no doubt now that you are right, and that it was about section 15?—These discussions apply to all the sections, but section 15 was very much the subject of debate.

**Railway Con-  
struction—  
Contract No. 15.**

1126. Without reference to other sections for the present, are you aware whether this excess on section 15 was brought to the notice of the Department and discussed very soon after it occurred?—My impression is that it was verbally.

1127. Have you ascertained whether any deposits were made with the tenders in the case of section 15?—I have ascertained that deposits have been made, and we are now preparing the list.

Deposits were made with tenders for sec. 15.

1128. Has it been the practice with the Department to forfeit deposits made with tenders when the parties who made the tenders withdrew or omitted to fulfill the conditions?—The practice is not constant.

Practice as to forfeiting deposits not constant.

1129. What is the usual practice, or is there any understanding about a usual practice?—The practice is to retain the cheques, but some of the cheques have been returned under special circumstances.

Practice to retain cheques, but some have been returned under special circumstances.

1130. Not under ordinary circumstances?—No.

1131. Are you aware whether any of the securities, in the shape of cheques or money, on undertakings connected with any of the offers about work on the Pacific Railway have been retained by the Government in consequence of failure in the performance of the offer?—I cannot answer without referring to the Department.

1132. You spoke yesterday of the Order substituting Mr. Whitehead for the firm of Sutton, Thompson & Whitehead for section 15 contract; have you got that Order?—I produce a copy of it. (Exhibit No. 52.)

Order-in-Council substituting Whitehead for the firm of Sutton, Thompson & Whitehead.

1133. Have you the contract, or a copy of the contract No. 33 to produce?—It is not ready yet.

1134. Have you contract 13, or a copy of it?—It is not yet ready.

1135. You spoke of some correspondence concerning disputes on contract No. 33; have you that ready?—We are not quite ready yet.

1136. Contract 15 covered the ballasting and track-laying over the grading work that had been done on section 14?—Yes.

1137. What is the number of the next contract, on account of construction, between Lake Superior and Red River?—Contract No. 25.

Contract No. 25.  
Grading, &c., between Sunshine Creek and English River.

1138. What is the subject of that contract?—Grading and bridging, and other works, between Sunshine Creek and English River.

1139. About how many miles?—About eighty miles.

Extent, 80 miles.

1140. Did it not also cover some work over part of what is known as contract No. 13?—It also covered track-laying and ballasting from Fort William to English River—that is 112 miles altogether.

Also covered track-laying and ballasting from Fort William to English River.

1141. Was this work let by public competition?—Yes.

1142. Have you the advertisement asking for tenders?—Yes; I produce it. (Exhibit No. 53.)

1143. Were specifications and bills of work furnished to persons tendering?—Yes.

Specifications and bill of works furnished to tenderers.

1144. Have you copies of these to produce now?—No.



**Railway Construction—  
Contract No. 25.**

Price based on schedule of prices.

1145. Was the price of this work based upon a schedule of prices applied to the works mentioned in your bill of works?—Yes.

1146. And the moneying out of these prices shows the relative position of the persons who tendered?—Yes.

Report of Engineer.

1147. Have you any report from the engineer upon this subject, relating to this contract?—Yes; I produce it. (Exhibit No. 54)

Contractors, Purcell & Ryan.

1148. Was the contract given to the persons who made the lowest tender?—The lowest tender was made by Mr. Purcell, and the contract was given to Purcell & Ryan.

1149. Have you the tender by Purcell?—Yes; I produce it. (Exhibit No. 55.)

Letter of Braun to Purcell, asking for deposit.

1150. Have you any letters, or copies of letters, from the Department to Mr. Purcell upon the subject of this tender?—On the 30th of May, Mr. Braun writes to Mr. Purcell:

“With reference to your tender dated the 20th instant, for contract “25 of the Canadian Pacific Railway, I am now requested to state “whether, and when, you are prepared to make the necessary 5 per “cent. deposit, namely \$50,000.”

And I find, attached to the tender, letters which show that Mr. Fleming had already written, on the 25th of May, to Mr. Purcell, very much to the same effect,

Tenders opened on 22nd May.

1151. This report from Mr. Fleming upon the position of the persons tendering, and the amounts named by each, appears to show that the tenders were opened on the 22nd of May. Is that right?—Yes.

All who opened tenders connected with Engineering Dept.

1152. The gentlemen who opened those tenders are all connected with the Engineering Department?—Yes.

1153. Was that usual in the opening of tenders?—It was usual to have two or three persons, and those who could afford the time were selected.

The managing heads of Departments could not always spare the time to be present

1154. It was not always the practice to have one of the managing heads of the Department, either the Minister, Deputy Minister, or the Secretary, for instance?—No; because the time could not always be spared.

Tenders opened the day named in the advertisement.

1155. This certificate seems to show that the tenders were opened the day named in the advertisement?—Yes.

1156. I understood you to say upon a previous occasion that the practice was to allow a few days to elapse before opening them; am I right?—Yes.

Does not know why departure was made from the practice of allowing a few days to elapse before opening tenders.

1157. Do you know why that practice was not followed on this occasion?—I do not.

The usual practice was not followed.

1158. This was different, then, from the usual practice?—Yes; the tenders were opened at four in the afternoon.

1159. I notice, by some correspondence between Mr. Fleming and Mr. Purcell, that the terms of the tender were changed after the receipt of it by the Department; can you explain that? The penalty or bonus is raised from \$10 a day to \$500 a day?—I am not aware that the tender was changed; the contract is \$10.

**Railway Con-  
struction—  
Contract No. 25.**

1160. I notice a letter attached to the tender which says that Purcell is willing to raise the bonus to \$500. Does that affect the value of the tender in any way?—No.

1161. It did not alter the terms of the contract?—It did not.

1162. Have you the contract No. 15?—Yes.

1163. Can you produce it?—This is an original; I will produce a copy of it.

1164. Have you the correspondence showing what led up to the introduction of another person into the contract besides Purcell?—I have here a letter dated 30th of May from Mr. Purcell to the Minister of Public Works, asking that Hugh Ryan be associated with him. I now produce it. (Exhibit No. 56.)

Letter from Purcell asking that H. Ryan should be associated with him.

1165. I notice in this tender of Ryan's that many of the figures have been altered, both schedule of rates and the amounts as moneyed out. Have you any means of knowing that it was in that shape when it was opened beyond the certificate signed by Mr. Fleming?—No; I have no means.

1166. Has this contract been fulfilled by the contractors?—The work has been executed.

Work has been executed.

1167. Are the contractors finally settled with?—No.

Contractors not finally settled with.

1168. Is there a dispute existing between the contractors and the Department?—There is a dispute.

1169. Did the executed works exceed the estimated works on this contract?—Yes.

Executed work exceeded estimated very considerably.

1170. Largely, or only in a trifling degree?—Very considerably.

1171. Do you remember upon what item the principal excess was?—Excavation.

Excess principally on excavation.

1172. Of what material?—I do not wish to speak from memory. The Commission would obtain this information from the engineers more direct.

1173. And more correctly?—Yes; more correctly than I can give it, speaking from memory.

1174. Was there a re-measurement of the executed quantities upon this contract—I see that the Chief Engineer recommends it in the interests of the public?—Yes.

Re-measurement of executed quantities.

1175. What was the general result of the re-measurement? Was it to verify the previous measurements, or to show that they were too low or too high?—The re-measurement did not agree with the first measurement, and at this moment they have been referred to the engineer who made the first measurement for report.

Re-measurement showed results less than the first measurement.

1176. Do you mean that they were less than his measurements?—They were less than the first measurements.

1177. Who made the re-measurement?—Mr. L. G. Bell, Engineer.

1178. Who made the former measurements?—They were made by a staff of engineers under Mr. McLennan.

1179. Who gave the certificates upon those previous measurements; were they by the staff or by a single engineer?—I cannot remember.

**Railway Con-  
struction—  
Contract No. 25.**

Matter referred to engineer who made first measurement for explanations.

In summer of 1880, McLennan's services dispensed with.

Some explanations have been given by him.

Not the practice of Department to initial alterations in tenders.

1180. You say that this measurement by Mr. Bell has been referred back to the person who made the previous measurement?—Yes.

1181. You do not mean Mr. Hazlewood?—No; it has been referred to Mr. McLennan.

1182. Is Mr. McLennan still in the employ of the Department?—No

1183. But you expect him to make a report for your information?—We expect he will defend his previous measurement.

1184. Then, is the matter referred to him with that view—that he may defend it?—It is referred to him with the view of receiving any explanations that he may offer.

1185. Can you remember in round numbers the difference in value of the work as certified by him and by Mr. Bell?—I would rather not speak from memory.

1186. Was Mr. McLennan dismissed, or did he resign, or how otherwise did he leave the service?—Mr. McLennan has only lately left the service.

1187. I was not asking about the time; I was asking about the manner in which he left it?—During the last winter Mr. McLennan was out on the survey, and on the completion of the survey this spring or summer his services were dispensed with.

1188. Then he had completed any work upon which he had been engaged for the Government before he left the service?—Yes; he had completed his survey.

1189. Has he given any explanation of the difference in quantities as ascertained by him, and by Mr. Bell?—He has not done so—not completely.

1190. Has he not completely given you any explanation, and if so is it by correspondence which you can produce?—Yes; he has, by correspondence.

1191. Which you will produce, or a copy of it?—Yes.

1192. Can you give the certificates of engineers showing first when the excess occurred on this contract beyond the amounts of work estimated at the time of the tenders?—Yes.

1193. Do you know whether there is any recognized practice in the Department that upon the opening of tenders, if any of them appeared to contain alterations these alterations should be initialled, or noted in some way, by the persons who opened the tenders, so as to prevent subsequent alterations, or suspicion of them?—It is not the practice.

1194. I notice in this tender of Purcell's that alterations have been made upon at least three items after it was first prepared: "solid rock excavation," "rock excavation" and "ballasting"; do you remember whether it happens that the final increase or decrease in quantities is principally upon these items, or any of them?—It is on these items.

1195. Have you the certificate of re-measurement of Mr. Bell, or a copy of it, that you can produce, showing the difference between that and the previous measurement?—I can produce a copy of it.

1196. And the final measurement by Mr. McLennan?—Yes.

1197. Can you produce the contract with Sifton & Ward, No. 14, or a copy of it?—I now produce a copy of it. (Exhibit No. 57.) **Railway Construction—Contract No. 14.** Copy of contract with Sifton, Ward & Co.
1198. Can you produce the bond given by way of surety for this contract, or a copy of the bond?—I now produce a copy of it. (Exhibit No. 58.)
1199. Have you a copy of the specifications for contract 15 to produce?—I now produce a copy. (Exhibit No. 59.) **Contract No. 15.**
1200. Have you a copy of the bill of works for contract 25 to produce?—I now produce it. (Exhibit No. 60.) **Contract No. 25.**
1201. Have you the Minute of Council authorizing the operating of the telegraph line by Oliver, Davidson & Co.?—I now produce it. (Exhibit No. 61.) **Telegraph Construction—Contract No. 4.**
1202. Have you any notification, or copy of it, from the engineer, or any one in your Department, to Oliver, Davidson & Co. concerning the operating of this line?—Yes; and I now produce a copy of it dated June the 10th, 1876. (Exhibit No. 62.) **Railway Construction—Contract No. 33.**
1203. Have you the advertisement for the tenders upon which contract 33 was awarded?—Yes; I now produce it. (Exhibit No. 63.) **Advertisement for tenders.**
1204. Have you copies of the correspondence between the Department and Mr. Robinson connected with his contract for ties on the Pembina Branch?—Yes; I now produce them. (Exhibit No. 64.)
1205. What is the number of your next contract concerning the construction of the road between Lake Superior and Red River?—No. 41. **Contract No. 41.**
1206. What is the subject of that contract?—The construction of a line from English River to Eagle River. **English River to Eagle River.**
1207. Which is the eastern terminus?—English River.
1208. Is that the terminus of the work under contract 25?—Yes.
1209. About what length of line does this work cover?—About 118 miles. **118 miles in length.**
1210. Who were the contractors?—Purcell & Co. **Purcell & Co., contractors.**
1211. What is the date of the contract?—March 4th, 1879. **March 7th, 1879, date of contract.**
1212. Was this work let by public competition?—Yes.
1213. Have you the advertisement for tenders?—Yes; I produce it. (Exhibit No. 65.)
1214. I see by the advertisement that other work than this was included in the advertisement for tenders?—Yes. **Other work included in advertisement for tenders.**
1215. Were all the tenders for this work received by the Government before the time named in this first advertisement?—No; the time was extended. **Time for receiving tenders extended.**
1216. Was the date for the extension inserted in any newspapers before the time had elapsed named in the first advertisement?—Yes.

**Railway Con-  
struction—  
Contract No. 41.**

Time extended  
after second ad-  
vertisement.

1217. Were all the tenders which were considered by the Department in reference to this contract received before the time named in the second advertisement?—No; the time was again extended.

1218. Was this extension advertised before the time named in the second advertisement had expired?—Yes.

List of tenders.

1219. Have you any statement or report showing the relative positions of the different parties who tendered, after the tenders were opened?—There is a printed copy of a report by Mr. Fleming, containing a list of the tenders received. (Exhibit No. 66.)

1220. This report which you have produced numbers seventeen tenders in this work. I notice in the Blue Book dated 1880, and purporting to give information on the same subject, that twenty tenders were received: can you explain this discrepancy?—In the Blue Book there are two columns; in the first column there are seventeen tenders. These are the seventeen tenders given at page 4 of the return.

1221. Then there is no discrepancy?—There is no discrepancy.

1222. What does this column relate to in this Blue Book?—Tenders for work to be completed by the 1st of July, 1882, and ready for through trains by the 1st of July, 1881.

1223. Then the seventeen tenders mentioned in Mr. Fleming's report do not relate to this particular condition?—No.

Contractors:  
Marks, Ginty,  
Purcell & Ryan.

1224. Was the contract let to the persons who made the lowest tender?—The contract was made with Messrs. Marks, Ginty, Purcell & Ryan.

Lowest tenderers:  
Marks & Conmee.

1225. Who made the lowest tender?—Marks & Conmee.

1226. Persons are named in the contract who are not named in the tender?—Yes.

Letter from  
Marks & Conmee  
to Minister sug-  
gesting the asso-  
ciation with  
themselves of  
Purcell, Ginty &  
Ryan.

1227. Do you know why that was done or what led to it?—A letter dated February 13th, from Marks & Conmee to the Minister, says:

“In the event of section A of the Canadian Pacific Railway being awarded to our tender, we will associate with us in the contract Messrs. Purcell, Ginty & Ryan, the contractors for the section east of the one in question, and all preliminary arrangements made by them with the Government respecting our tender will be satisfactory.”

1228. Was that what led to the introduction of the new parties?—Yes.

Tenders based on  
estimated quanti-  
ties and schedule  
of prices.

1229. Were these tenders based upon estimated quantities and schedule of prices to apply to those quantities?—Yes.

1230. The moneying out of these quantities and prices gave the information which would show the relative position of the tenders?—Yes.

Return of corres-  
pondence to Par-  
liament.

1231. Has the correspondence between the Department and persons who have made tenders for this work been the subject of a return to either House of Parliament?—Yes.

1232. When was the order for the return made?—16th February, 1880.

1233. Was the correspondence returned?—Yes.

1234. Do you know when?—March 31st, 1880.

**Railway Construction—  
Contract No. 41.**

1235. Is there any correspondence on the subject that you are aware of besides this mentioned in this return, between the Department and any persons who made tenders for the work?—No; there is no other correspondence.

1236. I see that this return purports to contain among other things "copies of all departmental reports respecting such tenders, Orders-in-Council and correspondence not heretofore brought down." Do you know whether there was any correspondence brought down before that report which would give us information upon the subject?—The correspondence referred to as not having been heretofore brought down is the correspondence which I have just produced.

1237. Attached to Mr. Fleming's report?—Yes.

1238. Then these two returns embrace everything relating to this, as far as you know?—Yes.

1239. Have you the specifications and bill of works which were supplied to persons tendering for this contract?—I produce the specifications (Exhibit No. 67), and the bill of works (Exhibit No. 68).

Specifications,  
bill of works.

1240. Separate tenders appear to have been asked for, one being upon condition that the road shall be ready for through trains by the 1st of July, 1882, and the other upon condition that it shall be ready by the 1st of July, 1881. Do you know which of those conditions was adopted as the basis for the contract?—They were both adopted.

Two-fold condition as to time of completion adopted as basis of contract.

1241. In what way were they both adopted? Do you mean that the contractors were to be paid a higher price if they did it at the earlier time and a lower price if at the later time?—Yes.

Contractors were to be paid a higher price if they completed the work by July, 1881; lower if by July, 1882.

1242. Has there been any other return to Parliament concerning this contract, except the report which you have just put in and the Blue Book which has been mentioned?—There was a return giving a copy of the contract entered into.

Return giving a copy of contract.

1243. Can you produce one?—Yes; but it is not a return made according to an order of the House, but is made under the Act. (Exhibit No. 69.)

1244. Was the tender of Marks & Conmee, as made by them, adopted as the basis of the contract, or was it altered in any way?—The prices on the tender are not altered.

1245. You mean the prices on the tender which was accepted, or do you mean that none of the prices have been altered? Has the extension been altered?—The extensions do not appear to have been altered.

1246. To what does this remark refer in the report of Mr. Fleming, then,—first column, "as per tender," naming one amount, and in another column, "as revised," naming a different amount?—I refer you to the engineers for explanations.

1247. Have you the original contract in this case, or a copy of it, to produce?—I cannot leave the original with you, but I will furnish a copy of it to be filed.

1248. Is this work now in progress under this contract?—Yes.

Work still in progress.

1249. Has there been any dispute between the contractors and the Department about the work or the measurement of it?—No.

No dispute between contractors and the Department.

**Railway Con-  
struction—  
Contract No. 41.**

1250. Do you know whether the progress estimates, as they have been made, show that any of the quantities originally estimated for the purposes of tendering have been exceeded?—I refer you to the engineers on that. I cannot say from memory.

**Contract No. 42.**

1251. We will leave this contract for the present. What is the next contract relating to construction between Lake Superior and Red River?—Contract 42.

Contractors:  
Fraser, Manning  
& Co.

1252. Who were the contractors?—Fraser, Manning & Co.

This work sub-  
mitted to compe-  
tition at the same  
time as contract  
41.

1253. Was this work submitted at the same time that the last contract was submitted for public competition?—Yes.

Time for receiv-  
ing tenders ex-  
tended.

1254. Were the times for receiving tenders extended in the same way?—Yes.

1255. And by the same advertisements?—Yes.

1256. Have you any reports or correspondence referring to this contract beyond those mentioned in the returns and reports which you have put in already relating to contract 41?—No.

Morse, Nicholson  
& Marpole the  
lowest tenderers.

1257. Who made the lowest tender for section B.?—Morse, Nicholson & Marpole.

1258. Have you their tender?—Yes; I produce it. (Exhibit No. 70.)

**Contract No. 41.**

1259. Can you produce the tender of Marks & Conmee as to section A?—Yes; I produce it. (Exhibit No. 71.)

Tenders based on  
estimated quanti-  
ties and schedules  
of prices.

1260. Were the tenders in this case based on estimated quantities, and a schedule of prices to be applied to those quantities?—Yes.

1261. And is it by moneying out those prices that the relative positions of the persons tendering is ascertained?—Yes.

**Contract No. 42.**

1262. This tender of Morse, Nicholson & Marpole appears to be made on the form of tender B. In the report of Mr. Fleming I see a list of names under the form of tender C; have you that form of tender C to produce?—I have not got it here.

Contract based on  
form of tender B.

1263. Can you say whether the contract was based on the form of tender C?—On the form B.

Morse, Nicholson  
& Marpole did not  
get the contract  
because they  
withdrew their  
tender.

1264. Under form B you say that Morse, Nicholson & Marpole were the lowest tenderers; did they get the contract?—No.

1265. Why not?—They withdrew their tender.

1266. Have you the correspondence which shows that withdrawal, or which led to it?—A copy of their letter to the Department is printed on page 17 of the return called "tenders for works."

Andrews, Jones  
& Co., next lowest  
tenderers.

1267. Who made the next lowest tender?—Andrews, Jones & Co.

1268. Have you that tender?—Yes; and I now produce it. (Exhibit No. 72.)

1269. Did these parties get the contract?—No.

They failed to  
make deposit.

1270. Why not?—They failed to make the deposit required.

**Railway Construction—  
Contract No. 42.**

1271. Have you any correspondence or documents showing this withdrawal or failure on their part?—The reasons and correspondence which led to the rejection of this tender are given in two reports to Council, dated 3rd and 5th of March. These reports and Orders-in-Council will be found at pages 23 and 24 of the Blue Book.

Reasons and correspondence relating to the rejection of their tender given in Blue Book.

1272. Are you personally aware of the circumstances connected with the rejection of this tender, beyond what appears in the Blue Book?—No.

1273. From whom did you receive the next lowest tender?—From Fraser, Grant & Pitblado.

Fraser, Grant & Pitblado next lowest tenderers.

1274. Have you their tender?—Yes; I now produce it. (Exhibit No. 73.)

1275. Was the contract awarded to these parties?—Yes.

To them contract awarded.

1276. The tender of Andrews, Jones & Co. appears to have been to finish the road for through trains in July, 1881, while the tender of the parties who got the contract is to finish it a year later; do you know whether any difference in value was attached to the tenders on that account? What I mean is this: was it not considered in the Department that finishing the section at an earlier date was worth a higher price than finishing it at a later date?—Yes.

Their tender named July, 1882, as the time for finishing contract while the time fixed by tender of Andrews, Jones & Co., was July, 1881. A money value attached to finishing the contract earlier.

1277. It appears that the contract of the present contractors is over \$200,000 more than the next lowest tender, and requires the road to be finished a year later than the other offered to do it. Do you know of any other reason for not giving it to the lowest tender except that they had failed to deposit the security?—I know of no reason except the one which is given in the report to Council.

Failure to deposit security, sole reason why contract not given to lower tenderer.

1278. Did you personally take any part in the discussion about this matter as to the propriety of refusing the extension of time which was asked for by Andrews, Jones & Co?—No.

Witness took no part in the discussion respecting propriety of refusing extension of time to Andrews, Jones & Co

1279. Was the contract awarded to Fraser, Grant & Pitblado?—Yes; and some additional names.

1280. Have you any correspondence, or copies of it, relating to the introduction of new names?—Yes; I now produce a letter. (Exhibit No. 74.)

Letter relative to introduction of new names by Fraser, Grant & Pitblado.

1281. Do you know the addresses of Andrews, Jones & Co., to whom an extension of time was not given to make the deposit?—Mr. Andrews, of Newburg, N.Y., Mr. Jones, of Brooklyn, N.Y., and Mr. Drake, of St. Catharines.

No question regarding responsibility of the personnel of Andrews, Jones & Co.

1282. Did you ever hear any question raised about the responsibility of these parties?—No.

1283. Do you know the names and addresses of the persons whose tender was accepted?—On the tender Mr. Fraser gives his address as New Glasgow, Nova Scotia; Mr. Grant, Truro, N.S., and Mr. Pitblado, Truro, N.S.

1284. Have you the original contract for section B?—I have, but I would rather produce a copy of it to be filed.

1285. Is this work in progress?—Yes.

Work in progress.



**Railway Con-  
struction—  
Contract No. 42.**

No disputes be-  
tween contractors  
and department.

1286. Have there been any disputes between the contractors and the Department on the subject of the work?—No.

1287. Have any returns of executed works been made which show an increase over the quantities estimated at the time of tendering?—I cannot speak from recollection.

Both Morse & Co.  
and Andrews,  
Jones & Co. made  
deposits.

1288. Did Morse and Co., or Andrews, Jones and Co. make any deposit with their tenders, as far as you know?—Yes.

1289. Are you aware whether those deposits were retained by the Government, or returned in either case?—I must refer to the office.

1290. Have you any certificate by the persons who opened those tenders as to the contents of them?—Yes; I now produce it. (Exhibit No. 75.)

30th January last  
day for receiving  
tenders.

1291. What was the last day for receiving tenders on this contract?—The 30th of January.

Opened 2.30 p.m.,  
30th January.

1292. When were the tenders actually opened?—At 2.30 p.m. on the 30th of January.

Witness does not  
know why the  
time usual to ob-  
serve between re-  
ceiving and open-  
ing tenders was  
not observed on  
this occasion.

1293. Do you know why the time, that you have spoken of on a previous occasion, that was allowed between the date of receiving tenders and the date of opening them, was not allowed in this case?—I know of no reason.

Witness present  
when tenders  
were opened.

1294. Were you present at the opening of those tenders?—Yes.

Irregular tenders.

1295. I see by this certificate signed by you as well as the engineer that some of the tenders were considered irregular; can you name the persons who made the irregular tenders?—The first one was from Macdonald & Falardeau—no cheque.

1296. The irregularity was the absence of the cheque?—Yes.

1297. That means a cheque given by way of security?—Yes.

1298. Was that tender afterwards allowed to compete with the others?—No.

1299. Have you that tender here?—I have not.

1300. What was the amount of the cheque required with each of these tenders?—Five thousand dollars.

1301. Do you know whether the amount of that tender was less than the one which was adopted?—No; it was more.

1302. What is the name of the next irregular tender?—A Labarge & Co.

1303. What was the irregularity there?—The cheque was not marked "good" by the bank.

1304. The condition was a marked cheque to accompany the tender?—Yes.

1305. Was that tender allowed to compete with the others?—No.

1306. What was the amount of that tender?—\$2,398,215.

1307. Was that amount lower than the price of the tender which received the contract?—No; it was higher.

**Railway Con-  
struction—  
Contract No. 42.**

1308. What is the next irregular tender?—It was from Baird & McLean.

1309. What was the irregularity?—No cheque.

1310. What was the amount of the tender?—\$3,115,000.

1311. For section B?—No; for section A, too.

1312. Was that lower than the tender which was accepted?—No; it was higher.

1313. The next irregular tender?—R. Nagle & Co.

1314. What was the irregularity?—It was received after time.

1315. What was the amount of it?—\$2,226,613.

1316. For which section?—For section A.

1317. Was that lower than the tender accepted?—No; it was higher.

1318. Then none of these tenders which you consider irregular was lower than the tenders accepted?—No.

None of the irregular tenders were lower than the tender accepted.

1319. In your Department what do you call that document which you have produced?—Schedule of tenders.

1320. Would that be considered a departmental report?—It is; it is signed by officers of the Department.

1321. You say that the Blue Book was a Return to an Address of the House of Commons, dated the 16th of February, 1880, and that the order required also copies of all departmental reports respecting such tenders; was this report embodied in that return, do you know?—It was not.

Schedule of tenders not in Return to House of Commons because when Return was made the schedule was not signed.

1322. Why not?—When the return was prepared, the report had not yet been endorsed.

1323. Who had charge of the document at that time?—This paper was kept in a safe with the cheques, and, therefore, it was not sent to the record room in time to appear in the return of which the Blue Book is a printed copy.

1324. Do you mean that it was an oversight—that it was overlooked—or do you mean that things in the safe ought not to be embraced in the return?—There is no reason why it should not have been embraced in the return, but it was locked up in a safe with the cheques and was probably overlooked.

Moreover it was overlooked, being in the safe with the cheques.

1325. Have you another return showing the result of all these tenders compared with each other?—Yes.

1326. Is this embraced in the printed returns?—Yes, substantially.

1327. Does the Department continue to deal with Fraser, Manning & Co, respecting this contract, or has there been any change since the making of the contract?—I will answer that question later, after reference to the office.

**Contract No. 13.**

1328. Can you now produce a copy of the contract with Sifton & Ward, No. 13?—Yes; I now produce it. (Exhibit No. 76.)

Contract with Sifton, Ward & Co.

**Railway Construction—  
Contract No. 33.**

Kavanagh, Murphy & Upper. 1329. Can you produce a copy of the contract No. 33, with Kavanagh, Murphy & Upper?—Yes; I now produce it. (Exhibit No. 77.)

**Contract No. 49.**

1330. Can you produce a copy of the contract No. 49?—Yes; I now produce it. (Exhibit No. 78.)

**Contract No. 42.**

1331. Is paper No. 43 H a copy of the actual contract, No. 42?—It is.

1332. Does it contain the agreement about substituting other persons for the original contractors?—No.

**Securities and Payments on Account.**

OTTAWA, Saturday, 21st August, 1880.

TOUSSAINT TRUDEAU'S examination continued :

*By the Chairman :—*

1333. Can you state now the particulars of the securities given with the tenders or with the contracts, and which might have been forfeited to the Government by reason of the default of the persons giving the securities?—I cannot at this moment, but I can get a statement prepared.

1334. Can you furnish a statement in regard to each contract, showing the sums paid each fiscal year to the 30th of June, 1880, under each such contract?—I shall prepare a statement of that also.

1335. And also for the month of July, 1880?—Yes.

1336. Has there been as yet any estimate of quantities based on the several bills of works to be executed in the future, in order to complete each contract as late as the 1st of August, 1880?—We are getting that estimate prepared.

1337. Are you aware of any other matter relating to contracts 41 and 42, or either of them, which will assist us in our enquiry?—Nothing occurs to me at this moment.

**Contract No. 48.**

1338. What is the number of the next contract for the construction of any portion of the Pacific Railway?—No. 48.

Contractor : John Ryan.

1339. Who is the contractor?—John Ryan.

Subject of contract : first hundred miles west of Red River.

1340. What is the subject of the contract?—It is the first 100 miles section west of Red River.

1341. And for what work?—For grading, bridging, track-laying, half-ballasting, station building, &c.

Work let by public competition.

1342. Was this work let by public competition?—Yes.

1343. Have you the advertisement asking for tenders?—I will produce a copy of it later.

1st August, 1879, last day for receiving tenders.

1344. Can you name the date mentioned as the last for receiving tenders?—The 1st of August, 1879.

1345. Have you the specifications or bills of works upon which these tenders were to be based?—Yes; I will produce copies later.

**Railway Construction—  
Contract No. 48.**

1346. Are the specifications and bills of works attached to the contract?—Yes.

1347. Have you the contract or a copy of it?—I have the original contract here but I will produce a copy to be filed. Will produce a copy of contract to be filed.

1348. Have you any report showing when the tenders for this work were first opened?—Yes; but I cannot produce it at this moment.

1349. I notice that there are two sets of specifications attached to this contract: one called "general specification," and the other "special specification:" were they both furnished to persons tendering?—Yes. General and special specifications furnished to persons tendering.

1350. Who made the lowest tender?—Mr. Hall.

Hall lowest tenderer.

1351. Have you the original tender here?—Yes; and I now produce it. (Exhibit No. 79.)

1352. In the Blue Book of 1880, I notice at page 34 two columns relating to this and other tenders, one being headed "total as per tender," the other "total as revised:" will you explain why any revision was necessary?—The column headed "total as per tender" is a list of the tenders as received; the column headed "total as revised" contains the same tenders, deducting the fencing and one-half of the ballasting. Distinction between tenders and revised tenders.

1353. Is that deduction made to apply to all tenders?—Yes.

1354. Is there any condition permitting the Government to make such deduction, either in the specifications or bills of works, or was it the subject of a subsequent arrangement?—In the fourth clause of the special specification called the Colonization line from Winnipeg, in Manitoba, I find these words: Clause giving Government power to make deductions.

"These quantities may, in actual execution, be diminished, and the contractors will be paid accordingly, but on no account must the assumed quantities be increased."

1355. Is it under that clause in the specifications that the right to make this deduction from the work is assumed—as far as you know?—Yes; and also under the fifth clause of the same contract attached to the general specification.

1356. Did this deduction affect in any way the relative positions of persons tendering, as far as you know, so as to affect the awarding of this contract?—It did not. Deduction did not affect awarding contract.

1357. Then I understand that the contract was awarded to the same person who would have been entitled to get it if that revision or deduction had not been made?—Yes.

1358. Do you know whether before the opening of the tenders it was arranged by the engineer or in the Department that this deduction was to be made?—Yes; for I find in a letter addressed to Mr. Pope by Mr. Smellie, in the absence of the Chief Engineer, the following paragraph:— Arranged before opening tenders that deduction was to be made.

"The Engineer-in-Chief, before leaving for England at the end of June, wrote a memorandum instructing me to say that, on the reception of tenders and on making a statement of their amount, the whole of the item for fencing and half of that for ballasting should be deducted." Letter from Smellie to Pope (acting Minister).

**Railway Con-  
struction—  
Contract No. 48.**

Hall, the lowest tenderer, did not get the contract.

Because he was not prepared to make the deposit.

Hall sent for immediately tenders were opened.

Hall from the first doubtful if he could find capital.

Witness informed Hall that he must make deposit within a few days.

Informed Hall of the probability of there being deductions.

1359. Does Mr. Hall, the person who makes the lowest tender, get the contract?—No.

1360. Why not?—Mr. Hall wrote a letter to the Department stating that he was not prepared to make the deposit.

1361. Is that the letter referred to on page 44 of the Blue Book?—Yes.

1362. Can you say when he was informed that his was the lowest tender, and that he was entitled to the contract?—I can state from memory that Mr. Hall was sent for immediately after the tenders were opened.

1363. Did you see him?—Yes.

1364. What took place between you and him in reference to this matter?—It was a general conversation on his ability to execute the work.

1365. Did you inform him that he would be entitled to the contract if he was prepared to fulfill the conditions?—Yes.

1366. What was the result of the conversation?—He wished for time to consider it, and finally sent in this letter dated 8th of August.

1367. Yes; but for the present, speaking of the conversation, did he inform you then that he would be ready if he had time or any other delay or favour granted, or was it an unequivocal statement that he would not be able to fulfill the conditions?—From the first he appeared to think that he could not find the capital necessary.

1368. Do you know the man yourself?—I never knew him before I saw him that day, and I have not seen him since.

1369. Did you state to him that he would have to be ready with the deposit at once, or did you name any time within which he must make it?—My recollection is that the conversation never reached the point of when he would have to make the deposit. Mr. Hall appeared to doubt whether he could make the deposit at all.

1370. Are you aware that he was informed that he would be obliged to make the deposit at once?—I am aware that he was informed that he would have to make a deposit within a very few days. The words "at once" used in Mr. Hall's letter must not be understood to mean that I asked him to make the deposit during his first interview.

1371. Did you inform him at what time, or about what time, he would be required to make that deposit?—I informed him that he must make the deposit within a few days.

1372. Then you think the conversation did reach a point at which the time for making the deposit was mentioned?—It reached that point on my side.

1373. Did you inform him that there was any alteration in the specifications?—He was informed of that both by myself and by Mr. Smellie.

1374. By Mr. Smellie, in your presence?—No; not in my presence.

1375. As to what you know of your own knowledge, you say that you informed him that there was an alteration in the specification?—I informed him that there would probably be no fencing and only one-half the ballasting.

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struction—  
Contract No. 46.**

1376. Do you remember whether you said "probably" or "positively"?—I do not.

1377. Was any other person present at this conversation besides yourself and Mr. Hall?—I do not recollect.

1378. Could you tell about the time of that conversation?—I have no note of it. It must have been before the date of Mr. Hall's letter to the Department.

1379. Can you not tell more nearly than that?—No.

1380. Do you remember whether at any time before this 8th of August you had a conversation with Mr. Ryan on the subject of this tender?—No; I had no conversation with Mr. Ryan. Had no conversation with Ryan.

1381. Do you know whether Mr. Hall was aware who had made the next lowest tender?—I do not.

1382. That was not alluded to in any way in your conversation?—It was not.

1383. Did you see this letter from Mr. Hall, of the 8th of August, about that time?—Yes. Hall's letter to Department; his reason for withdrawing tender.

1384. Were you surprised to find that he made the reason for withdrawing the necessity for making the deposit at once, and the fact that an alteration had been made in the specifications?—I do not recollect whether I was surprised.

1385. Did you take any steps to let him know that some time would be given to make the deposit?—Mr. Hall quite understood that a few days would be given him.

1386. Then, did you understand from this letter that he was giving his reasons for withdrawing in good faith?—I thought so at the time and I think so now.

1387. I ask if you think that the reasons which he gave were really his reasons—the necessity for making the deposit at once and the alteration in the specification?—I think that his reason was that he had no capital. Thinks Hall had no capital and that he ought not to have tendered.

1388. And that he ought not to have made the tender?—Yes.

1389. Did he deposit any security?—Yes.

1390. How much?—\$3,000. He deposited \$3,000.

1391. In what shape?—In the shape of a cheque on a bank.

1392. Do you know whether his deposit was returned to him?—It was returned to him. Deposit returned.

1393. How much more did the Government agree to pay the next lowest tenderer for the same work?—\$46,190. \$46,190 more than Hall's tender paid.

1394. And in the face of the fact that the Government were obliged to pay that extra price and your impression that he ought not to have made the tender at all, was the deposit returned to him?—Yes.

1395. Have you now before you the report of the opening of these tenders?—The report is mislaid, but I will search for it and endeavour to procure it hereafter.

1396. On page 46 of this Blue Book it is mentioned in a report by the acting Minister of Railways and Canals that Mr. Hall was notified

**Railway Con-  
struction—  
Contract No. 48.**

on Monday the 4th, and came to Ottawa on the 7th of August, 1879; do you know how this information was obtained by Mr. Pope?—Mr. Pope probably had before him a copy of the telegram sent to Mr. Hall.

1397. Then you think that a telegram was sent to him?—Oh, yes.

1398. Why do you think that?—Because it is my recollection of the matter.

1399. Do you remember now whether at the time of the conversation between you and Mr. Hall, of which you have spoken, you had any information that Mr. Ryan was in the city at that time?—I do not.

Order-in-Council authorizing return of deposit to Hall.

1400. Was any Order-in-Council passed concerning the return of the deposit to Hall, and, if so, when was it passed?—An Order-in-Council, dated August 12, 1879, was passed. A copy of this Order-in-Council is given at page 46 of the Blue Book.

1401. Was the contract awarded to the next lowest tenderer?—Yes.

1402. Did he enter into the contract?—Yes.

Work under progress.

1403. Is the work under contract now in progress?—Yes.

No dispute between contractor and department.

1404. Has there been any dispute between the Department and the contractor as to the quantities or quality of the work?—No.

1405. Is there any other matter within your knowledge connected with the letting of this contract which you think would help us in this enquiry?—Nothing occurs to me at this moment.

1406. Do you know whether any list of any of the tenders relating to this contract was made public before the contract was awarded?—No.

Not aware whether any list of tenders was made public before contract was awarded.

1407. Do you know whether any person outside of the Department had any list of the tenders, about that time?—No.

1408. Do you know whether any list was said to have been published in any newspaper before the contract was awarded?—I do not recollect. I did not pay much attention. I did not enquire

Nor of the publication of any list.

1409. You were not made aware that any list was said to have been published in a newspaper before the contract was awarded?—I do not recollect that I was.

1410. Did you ever afterwards see in any newspaper a list which had been published before the contract was awarded?—I have no recollection of that.

1411. Have you any reason to think that information respecting the persons who had tendered for this contract or their prices was given by any person in the Department to any person outside of the Department before the contract was awarded?—No; I have no reason to think so.

Work not completed.

1412. By this contract the work was to be all finished by the 19th of August, of this year; has the Department been informed, by telegraph or otherwise, that it is fully completed?—The work is not completed.

Some fault found with contractor respecting the progress made.

1413. Do you know if it has been considered in the Department that he has made proper progress, or is any fault found on the subject?—

**Railway Construction—  
Contract No. 48.**

Some fault has been found and he is being urged to go on with the work.

1414. Is the work much in arrear or only slightly, do you know?—The Chief Engineer is now on the work investigating this question.

1415. And you have not sufficient knowledge of it to answer?—Not to answer definitely.

**Railway Ties—  
Contract No. 59.**

1416. What is the number of the next contract?—No. 59.

1417. Is that in Manitoba?—It is for the supply of 100,000 ties in Manitoba. For supply of ties.

1418. Who are the contractors?—Whitehead, Ruttan & Ryan. Contractors: Whitehead, Ruttan & Ryan.

1419. Has the contract been fulfilled?—Yes.

1420. And paid for?—Not wholly.

1421. Is there any dispute between the Department and the contractors?—You will obtain that information from the engineers.

1422. Mr. Ruttan, in giving evidence a few days ago, said that he had received a final certificate of the ties being delivered and had settled with the sub-contractors upon that basis; that subsequently an engineer required the ties to be re-inspected, and that some were then culled: do you know why the new inspection was considered requisite?—I must refer you to the engineers for that information.

1423. You have no report here on the subject?—No.

**Railway Construction—  
Contract No. 66.**

1424. Is there any other contract for construction in Manitoba?—Yes; contract 66.

1425. With whom?—With Bowie & McNaughton. Contractors: Bowie & McNaughton.

1426. Was this work let by public competition?—Yes.

1427. Have you the advertisement asking for tenders?—Yes; I now produce it. (Exhibit No. 80.)

1428. Can you now produce the advertisement No. 48?—Yes; I now produce it. (Exhibit No. 81.)

1429. Have you the specifications and bills of works upon which these tenders were based?—Yes; they are the same as those attached to the contract. Report showing when tenders were opened.

1430. Can you produce the contract?—Yes; but I would rather give a copy.

1431. Have you any report showing when the tenders for their contract were opened and the result of them?—Yes; I now produce it. (Exhibit No. 82.)

1432. Was this contract let to the persons who made the lowest tender?—Yes. Contract let to lowest tenderer.

1433. Is this contract, with the accompanying papers, correctly reported in the paper marked 19 S, of 1880, as far as you know?—Yes.

1434. Then no copy of it will be required. Can you produce this tender?—Yes; I now produce it. (Exhibit No. 83.)



**Railway Construction—  
Contracts Nos.  
48 and 66.**

1435. Have you the tender upon which the last contract was awarded—Ryan's?—Yes; I now produce it. (Exhibit No. 84.)

Tender based on a schedule of prices.

1436. Was this tender based upon a schedule of prices to apply to the estimated works?—Yes.

1437. And the moneying out of these prices and works shows the relative positions of the persons who tender?—Yes.

No correspondence with persons other than Bowie & McNaughton.

1438. Has there been any correspondence between any of the other persons, besides those who obtained the contract, as to the propriety of awarding the contract to Bowie & McNaughton—in other words, have there been any complaints from any of the persons who made the rejected tenders?—No.

1439. Is there any correspondence upon a similar subject in reference to tenders for contract 48, besides that which is reported in the Blue Book?—No; there is no correspondence.

**Contract No. 66.**

No dispute.

1440. Has any dispute occurred, within your knowledge, between the Government and the contractor as to the work on contract 66?—No.

3rd May, 1880, date of contract.

1441. What is the date of the contract?—The 3rd of May, 1880.

1442. Is there any matter connected with the letting of this contract which you think would enlighten us in our enquiry?—No.

1443. Do you know if the progress is satisfactory up to this time, or have you any information on the subject?—The Chief Engineer is now on the line, and there is no report from him yet.

1444. Have you contract No. 23 which you can produce—that of Sifton & Ward for cross ties?—No; we have not got it yet.

1445. Will you produce it as soon as possible and give it to the Secretary; we wish to take it with us to Manitoba?—A copy will be prepared.

1446. Can you produce contract 32 A, or a copy of it; it is for station houses at Sunshine Creek and English River?—I will produce a copy of it later.

1447. And also contract No. 26, for the engine house at Fort William?—I will produce a copy.

1448. Have you contract No. 40, for engine house at Selkirk?—I have the original here, but I would prefer to give you a copy.

1449. We have before asked for contract 48; have you that ready now?—It is not ready yet.

1450. Have you contract 59, for ties on section 14?—I have the original, and will supply a copy.

1451. There was some correspondence in connection with the contract No. 33 (Kavanagh and Upper), have you that ready now?—We are now preparing it.

1452. Have you the correspondence concerning Mr. McLennan's inaccuracies in measurements on section 25?—It is not ready yet.

1453. There was an additional agreement concerning contract 42, by which other persons were substituted as contractors; have you that?—It is being copied.

**Railway Construction.**

1454. Then there is a report of the engineers, or other officers opening the tenders for contract 48, which you say has been mislaid; have you found it yet?—No; we have not found it.

**Pemb. Branch.  
Worked by Government.**

1455. Is the Pembina Branch now worked under a lease with any one; if not, how is it worked?—It is worked by the Government.

1456. Is it by contract with any person?—No.

1457. Has there been at any time an agreement by which it was worked by contractors?—Yes.

Worked at one time by contractors.

1458. How was that contract ended?—It was cancelled by Order-in-Council dated 20th January, 1880, to take effect on the 10th of February, 1880.

Contract cancelled by Order-in-Council, 20th January, 1880.

1459. Is there any dispute between the Government and these contractors in respect to that contract?—The contract is not settled, but it is in a fair way of being settled amicably.

1460. Have you the original, or a copy of contract No. 43 to produce?—I can give you a copy.

WINNIPEG, 8th September, 1880.

**Telegraph Construction—  
Contract No. 1.**

JOHN SIFTON, sworn and examined:

SIFTON.

*By the Chairman:—*

1461. Where do you live?—In Winnipeg.

Lives in Winnipeg.

1462. Have you been interested in any contracts on account of the Pacific Railway?—I have.

1463. What was the first contract in which you were interested?—Contract No. 1, telegraph construction.

First contract in which he was interested, No. 1.

1464. In what way were you interested in that?—I was contractor, or one of the contractors.

1465. Who were they?—David Glass, Michael Fleming and myself.

Contractors: D. Glass, Michael Fleming and witness.

1466. What was the name of the firm?—Sifton, Glass & Co.

Sifton, Glass & Co. style of firm.

1467. Were there only those three persons interested?—Those are all.

1468. Were there only those three interested all the way through the contract?—That is all. In fact I was the only one interested in it towards the end.

Witness the only one interested towards the end.

1469. You acquired the interests of the others afterwards?—Yes.

1470. The contract was let after tenders were asked for by public competition?—Yes.

1471. Were you in Ottawa at the time the tender was put in?—I was.

Was in Ottawa when tender was put in.

1472. Were you there for any length of time upon that occasion?—I think about a week.

**Telegraph Con-  
struction—  
Contract No. 1.**

Tender in Flem-  
ing's hand-writ-  
ing.

Fleming's busi-  
ness pursuits.

Fleming, Glass  
and witness in  
Ottawa on the  
last day for re-  
ceiving tenders.

Tender made out  
on last day or day  
before.

The partnership  
arrangement  
made before start-  
ing for Ottawa.

Did not finally  
settle amounts  
and time of com-  
pletion before see-  
ing Chief Engi-  
neer.

Character of in-  
formation want-  
ed from Chief En-  
gineer.

Understood that  
the advertise-  
ment left it op-  
tional to tender  
for the whole line.

Tender applicable  
either to whole  
line or one sec-  
tion.

Thinks there was  
no discussion  
with Fleming on  
the day the ten-  
ders were finally  
received.

1473. Were you there on the last day for receiving tenders?—I was.

1474. In whose writing is this tender, Exhibit No. 5?—Mr. Fleming's.

1475. What was Mr. Fleming's occupation at that time?—He was express agent and manager of the telegraph in Sarnia for the Montreal Telegraph Company, and he was carrying on a private bank at the same time.

1476. At Sarnia?—Yes, at Sarnia.

1477. Was he in Ottawa at that time?—Yes.

1478. And Mr. Glass?—Yes, and Mr. Glass; we were all there.

1479. You were all there at the time the tenders were finally received?—Yes, I think so. I was, and I think we were all there. I could not be very positive, but my impression is that we were, because I think we were only in time to make out the tenders. I think they were put in just the day before.

1480. Are we to understand your recollection to be that the tender was made out upon the last day, or the day before?—Yes.

1481. Had you arranged between yourselves that you would unite your interests before you went down there?—Yes.

1482. It was not an arrangement made on the spot?—No.

1483. Had you considered the subject as to the amounts, or time of completion, or any of those details before you went down?—We had had some consultation before we went there, but we had not finally completed it as we had to see the Chief Engineer, and get some explanations, but we had made out a sort of rough estimate before we went down.

1484. What kind of information did you want from the Chief Engineer?—There was no specification, and we wanted information as to the probability of it being all let in one contract or in sections, or what was meant by "light poplars" such as were mentioned, or timber in use—such information as contractors always require from those who have supervision of the work.

1485. Did you get then from Mr. Fleming any verbal explanations which were not in the advertisement?—I think not, only so far as letting to one party was concerned. He could not give us information on that subject, for that would be a matter for consideration after the tenders were opened by the Government.

1486. Did you understand that the advertisement called for one tender for the whole line if a person wished so to tender?—I did.

1487. And did you understand that you made your tender on that basis?—We understood that we made the tender on that basis or on the basis of any one section.

1488. Was Mr. Fleming in Ottawa upon the day the tenders were finally received?—I think he was.

1489. Did you discuss the matter with him that day?—I do not think that it was discussed. I do not think we discussed the question at all on that day. I think the tenders were made out the day before

Telegraph Construction—  
Contract No. 1.

and finally fixed on. I do not think that we spoke of tenders that day. I know we were not stopping together, and I do not think I saw him that day until the afternoon. I do not remember positively. There was no discussion any way on that day.

1490. Do you mean the day on which they were finally received?—Yes.

1491. Did you consider that you would take any one of the sections at the mileage rate at which you offered to take another section for?—No.

1492. What sections would you require different prices for?—The prices were stated. There was so much for prairie and so much for woodland, and on the terms of our contract we had been willing to accept any section.

Prices were stated for prairie and for woodland, and they were ready on terms of contract to accept any section.

1493. That was the only distinction you made—so much for woodland and so much for prairie?—I think it was. I have never seen the tender since it was put in, and that is several years ago.

1494. You understood then, if they wished to give you the British Columbia section, the Thunder Bay section, or any other, that the only distinction you wished to make was so much for woodland and so much for prairie?—That is my recollection of it, but I cannot speak positively of it. The question with regard to the British Columbia end is that there was some of it very heavily timbered, but I do not remember whether there was anything specified in the tender about that or not. I have never seen the tender from the time it was put in until to-day. Our idea was to get the whole work, and in the event of not being able to get that to get what we could. That is the way we felt about it.

Not positive if this was so with the British Columbia end.

1495. Look at the tender again and read it through, and then point out any portion of it which you think amounts to a tender for any particular section of it?—I presume that clause thirteen would be a special offer for that piece of the line for which we had the contract.

Clause 13 construable as an offer for the piece of line awarded.

1496. With that exception there is no other offer for any particular section?—I do not make out anything else. My remembrance of it is that there was nothing else. The reason for that offer was, that that section was considered to be so very much easier built than other portions of the line.

1497. Did any one of you three gentlemen take a more active part than the others in negotiating this arrangement with Mr. Fleming or anybody else?—Not up to that point.

1498. You mean up to the time of putting in the tender?—Yes.

1499. Were you present the day the tenders were opened in Ottawa?—I was.

1500. Were you at the opening of the tenders yourself?—No.

1501. Were you informed that day of the result?—No.

1502. How soon after it were you informed of the result?—We all remained over, I think, for two days—the day that the tenders were opened and the following day. Then Mr. Fleming said it would be quite uncertain when, and might be some days, before he could give information about the matter, and my two partners went home and left me there. I remained for about two weeks but I got no further information.

Learned that some time would elapse ere information regarding awarding of contract could be given.

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struction—  
Contract No. 1.**

Trudeau, eight days after contract was opened, said he had better go home.

1503. You mean after the opening of the tenders?—Yes, I got no further information on the subject, and either Mr. Fleming or Mr. Trudeau, I do not know which, in a conversation that we had, said that I had better go home, it was not very far off and they would let me know; but there were other parties apparently lower than us on the line and no decision had been arrived at.

1504. How long was that after the opening of the tenders?—I think it was eight or ten days. I think I said I was there about two weeks altogether.

1505. Do you recollect how long it was after the final receipt of the tenders before they were opened?—I could not tell anything about that; I do not know where they were opened. I suppose they were opened the next day, but we could not get any information on the subject.

Several days after final receipt of tenders elapsed ere he was told that there were other tenderers lower.

1506. Was it about the next day after the final receipt of the tenders that you were informed that there were other persons lower than you?—No, I think it was several days.

1507. How long were you there altogether on that occasion?—About two weeks, or a little more. I was there about two days before the tenders were put in and the balance of the two weeks after.

1508. You say that you think you stayed about ten days after the tenders were opened?—Yes.

1509. What time would that leave from the day they were received to the day they were opened?—I said I took it for granted that they were opened the day after they were received. I really do not know when they were opened.

1510. How long was it after the tenders were put in when you were informed by Mr. Trudeau or Mr. Fleming that there were others lower than you?—I do not know. I think it was about the time I said I went home—several days after. I cannot remember.

Both partners present when he asked for information from Fleming.

1511. At the time that you asked for further information from Mr. Fleming was any one of your partners present?—Yes; I think that they were both present.

1512. Did you have more than one interview with Mr. Fleming?—I do not remember having more than one interview.

1513. Where was that interview?—In Mr. Fleming's office.

1514. What was the subject mentioned at that time?—It was just to gather what general information we could before putting in our tender, of what the requirements would be.

Fleming gave no particular information.

1515. Do you remember what information he gave you?—No; I think he did not give us any particular information on the subject at all.

Character of timber to be used as poles.

1516. Then what did you understand to be the character of the work as specified?—We understood that such timber as could be got along the line, every place, was to be used for poles. That was understood definitely, and was stated in the contract.

Described in advertisement.

1517. What was stated in the contract would not be information to you at the time of tendering?—No; it was stated in the short adver-

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struction—  
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tisement that was published. I do not know whether there is a copy of it attached to your papers or not. I did have a copy of it at one time, but I do not know whether I have it now.

1518. Was the whole character of the work to be of a temporary kind?—So far as the poles were concerned it was, but so far as the wire and instruments and clearing of the land were concerned, they were to be complete. The wire and instruments were to be of good material, and the clearing of the land was to be of such a character as to admit of their going on with the building of the railway on it.

Character of wire and instruments. Clearing to be such as to enable the road to be gone on with.

1519. What about the erection as well as the material of the poles?—There was nothing stated about the manner of erection. We considered that in that matter we were more interested ourselves than anybody else, as we had to keep the line up. If we did not keep it up we would not get paid for it.

Nothing stated about manner of erecting poles.

1520. Do you mean that the mode of securing them would only be such as would answer your own interest?—No; but what would answer our interest for five years would answer the interests of the Government or anybody else, and we were supposed to deliver the line over to the Government in good working order. If we had not the poles well secured we could not do that. We understood that they were to be put up as well as they could be under existing circumstances. The poles would not stand very long.

The contractors as much interested as Government in having poles put up well.

Poles would not stand very long

1521. Why?—Because they would rot.

1522. What kind of timber were they?—In nearly every instance they were poplar. I have obtained a few miles of cedar and tamarac poles at considerable extra expense to save the trouble of putting them in again.

Poplar in general.

1523. How long will poplar last before it rots?—About three years.

Poplar last three years without rotting.

1524. Was that a material approved of by the engineer?—The contract approved of it; it said "the material on the line."

Contract stipulated "material on line."

1525. Look at the original tender and say upon what day it was finally prepared?—It must have been prepared on the 22nd of July, the date it bears.

Tender completed on 21st and prepared on 22nd July.

1526. Do I understand you to say that that was the day upon which this document was first completed?—No; we had this document completed the day before we signed it.

1527. Then you think it was first completed on the 21st of July?—I do.

1528. Why was the date of the 22nd put in?—Because that was the day on which it was handed in.

1529. Was it handed in?—I think it was.

1530. Why do you think that?—I think it was handed in to Mr. Braun. I am not positive, but I think I handed it to Mr. Braun myself.

Witness handed tender to Mr. Braun.

1531. Do you remember whether your partners were present?—No, I do not.

1532. Where do you think you handed it to Mr. Braun?—It would be in his office if I handed it to him. In all cases when I put in tenders in Ottawa, I have handed them to Mr. Braun.

**Telegraph Construction—  
Contract No. 1.**

Alterations in figures made before tenders handed in.

1533. Then you think it was on the 21st of July this document was first prepared; can you say when the alterations were made in it, in the figures—or rather the amounts for section 1?—They were made before it was handed in.

1534. Can you say whether the alterations were made on the 21st or 22nd?—I cannot now, but I think I will be able to establish it.

1535. How do you think you can establish it?—By looking over my memoranda, I fancy I can find out what was done.

1536. You think you have a memorandum showing when the change was arrived at in your minds?—The change was made just when we were finishing it. When we were copying it I made the change on the rough copy that was made up before Mr. Fleming copied it. He had another copy of it in his possession. He had copied it before I saw him in the morning.

Cause of change in figures.

1537. Can you remember what it was that led to the change?—Yes; the fact of this section having lighter timber than any other section between here and Fort Pelly.

1538. As you had it originally, before the alteration was made, it was lighter was it not? You say as to the whole line that the average cost was to be \$629 per mile for woodland?—Yes.

1539. And you had this section for \$529 originally?—Yes; it was already lighter by one-sixth.

1540. Can you explain why you found it necessary to reduce it \$20 still lower than it was?—I think that it required to be reduced that much lower to bring it equal with the other sections.

Change not made in consequence of information received by contractor between 21st and 22nd July.

1541. This last change appears to have been made between the 21st and 22nd of July; did you get any information between the 21st and 22nd July as to the character of the work which induced you to take off that much from the price?—No.

How price was arrived at.

1542. Then why, if you had no new information upon the subject, did you find it necessary down at Ottawa, the day before putting in the tender, or the day of tendering to reduce it by \$20 a mile or thereabouts?—It was just this way: where there are three men making a contract together they generally differ in their opinions. I objected to the price being put in there at first, but my partners would not consent at the time. They gave way finally to me before we put in the tender, and consented to make the change. We had a good deal of discussion on that matter.

1543. Do I understand you to say that before this was finally altered you had always wished to have it at the present price, \$492 per mile for woodland?—Yes.

1544. And for the prairie you wished to have it \$189, and they wished to have it \$209?—Yes.

1545. Do you remember where that discussion took place between you and your partners at which the final change was made?—Yes.

1546. Where was it?—In Ottawa in a room of the Russell House where we were making out our tenders.

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struction—  
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1517. Was it upon the day of putting in the tender?—I could not state whether it was on the day of putting in the tender or the day before.

1548. Do you remember how you were first informed that your tender would be accepted or acted on?—It was either by telegraph or letter, I do not remember which, a considerable time after this; we had given up all hopes of having anything to do with it when we got the notice.

Informed of ac-  
ceptance of ten-  
der either by tele-  
graph or letter.

1549. Before that time were you aware that Mr. Dwight was the party named as likely to get the contract?—No; but I did not expect to get the contract. I had disabused my mind of the whole thing; I expected that it was given to somebody else.

1550. Mr. Farwell was not interested with you in this contract at all?—No.

Farwell not in-  
terested in this  
contract.

1551. Was he down there assisting you with this contract?—No.

1552. Whose handwriting is that in the letter of the 14th of October, Exhibit No. 2?—It is Mr. Glass's.

Letter of the 14th  
October, in Glass's  
hand-writing.

1553. Were you in Ottawa at that time?—No.

1554. Then at the time the contract was finally arranged for, you were not in Ottawa?—No; I was not,

When contract  
was finally set-  
tled witness not  
in Ottawa.

1555. Who was acting for the firm then?—Mr. Glass.

Glass acted for  
firm.

1556. Mr. Glass alone?—Yes.

1557. Do you remember consulting among yourselves about the price for maintenance for this particular section?—No; I do not remember.

1558. Was there any consultation between the members of the firm before the contract?—I do not remember anything about it. My impression is that there was not any consultation, but I could not say that positively.

1559. What is the occupation of Mr. Glass?—He is a lawyer.

Glass's occupa-  
tion.

1560. Do you remember when you made your tender whether for the maintenance of the line there was any particular provision or understanding among yourselves—among the firm?—We had so much to talk about on that matter that it is impossible for me to remember, but I think there was. We had discussed the matter very fully, but I cannot remember it so distinctly as to say. We discussed very fully the maintenance of the line on the different sections, and the cost of getting material and supplies to the different houses on the sections. We figured for a long time over that and discussed it very fully.

1561. Did you consider that any particular portion of the line would be more expensive to maintain than another?—Yes.

Thought that one  
portion of line  
would be more ex-  
pensive than  
other to maintain.

1562. Which portion did you think would be most expensive?—We thought that the portion between Lake Nipissing and Lake Nipigon would be most expensive, and the next would be between Thunder Bay and Red River.

To wit: between  
Lake Nipissing  
and Lake Nipi-  
gon.

1563. More expensive than in British Columbia?—Yes.



**Telegraph Construction—  
Contract No. 1.**

Next most expensive section, British Columbia. 1564. And which would be the next most expensive?—The British Columbia end would be the next.

Next to that the prairie region between Edmonton and Pelly. 1565. And which would be next?—The prairie region between Edmonton and Pelly.

Contract 1, the least expensive section. 1566. And the least expensive of all would be your section?—I thought it would.

About 25 per cent. cheaper.

1567. What rate would the expense of maintaining it bear towards the Edmonton and Pelly section? Would it be 50 per cent. less expensive, or how much?—I think it would not. The difference would be between 15 and 25 per cent. It is a matter that a person would require to think over some.

1568. At that time you did consider that some sections would be more expensive than others?—At that time we had considered the matter very fully and figured out what we thought to be correct.

1569. Could you say now pretty nearly what would be the difference between the cheapest section—the one you got—and the most expensive section?—What really would be the expense of doing that and what we calculated on at the time would be two different things.

1570. I want to know what was operating on your minds at that time of the transaction?—I could not tell you. We considered this the cheapest section, but I could not come near the calculations we made at that time. I do not know that we made any difference with regard to the maintenance of the whole thing, but we thought that would be the easiest section to maintain at that time.

1571. You say you do not remember that there was afterwards a discussion between the Department and Mr. Glass, acting for the firm, as to the amount that ought to be paid for maintenance?—I do not know anything about that; I was not there, and I know nothing at all about the discussion.

At time of tendering understood, among witnesses and his partners, that some sections would be more expensive to maintain than others.

1572. Do I understand you to say this: that at the time you made your tender it was understood among the partners that some sections would be more expensive to maintain than others?—Yes.

1573. And if you received only those sections you would require to be paid more for maintaining them?—I do not know what conclusion we came to with regard to that, for really our idea in the first place was that we would get the whole line. We had no other idea. Then when we were offered one portion of it I objected to taking it at all, because I was engaged at that time in other matters. Mr. Glass went down to Ottawa and then wrote back to me, stating what arrangements he had made, and we agreed to go in.

When making original tender understood they were to have receipts of line.

1574. When you made your original tender had it been discussed between you as to whether you should receive any of the profits of the line, or work it at all besides maintaining it?—We understood that we were to have the receipts of the line, I think.

1575. At the time you made your original tender?—I think so, but I am not sure now.

But tender says nothing about this.

1576. If you did so understand it, how was the idea communicated to you?—I could not tell you. Does the tender say anything about it?

Telegraph Com-  
struction—  
Contract No. 1.

1577. No; it does not?—I could not give you an answer on that question. I do not remember what our ideas were at that particular time; I do not remember it distinctly.

1578. Do you keep your correspondence about business matters filed away, or do you destroy them?—Some of them I keep, and more of them I destroy. If there is anything on this matter that I can refer to I will do so.

1579. For instance, there is the letter of Mr. Glass to you from Ottawa?—Yes; he either telegraphed or wrote to me from Ottawa, and my impression is that I have that.

1580. I understand that this arrangement as to the taking of the contract was made by Mr. Glass in your absence, and that you and he did not discuss the details of the final arrangements; that you left it to him to act?—Yes.

1581. Then I suppose you had made no estimate about what the profits would amount to if you operated the line as well as maintained it?—No.

No estimate had been made as to what the profits would amount to if they operated the line.

1582. You had never made any calculation of that kind?—No.

1583. If you had never made any calculation about what the profits would amount to, how could you consider that to be an element in the transaction on which you would base your figures?—I do not know that I can answer that question. So far as the first question you ask is concerned, I think the probability is that after or before that we had considerable talk about the profits of the line, but I really could not tell which.

1584. There was nothing said about it in your original tender?—No; I think there was nothing said about it before that.

Nothing said about profits in original tender.

1585. At the time you made the tender it was not an element in your calculations for the contract?—No, it could not; because there was nothing said about it in the advertisement.

They were not an element in calculations for contract.

1586. While you were in Ottawa, about the time of receiving the tenders, did you see any person in the Department besides Mr. Fleming?—Yes; I saw Mr. Trudeau and Mr. Braun.

Saw Fleming, Trudeau & Braun.

1887. Any one else?—No.

1588. Neither Mr. Mackenzie nor Mr. Buckingham?—I saw Mr. Buckingham frequently on the street.

Saw Buckingham in the street, but did not converse with him on the subject of the tender.

1589. Had you any conversation with him on the subject?—No; I had no conversation with anyone on this subject, except Mr. Fleming, until after the tenders were put in, and then the conversation I had was with Mr. Trudeau and no one else.

After tenders in, conversed with Trudeau only with the view of discovering when decision would be arrived at.

1590. Did you converse with him more than once?—Yes, I went in there every day half-a-dozen times to find out when they were going to decide it, and whether he had any information about the contract or not, but I did not go there for information of any other kind. That was the place I expected to get the information from.

1591. Do you remember whether you were informed that a fortnight, or anything like that, would elapse from the receipt of the tenders before they were opened?—I do not remember.

**Telegraph Construction—  
Contract No. 1.**

1592. How long do you think you were in Ottawa at that time?—I think I was there about two weeks altogether.

1593. And upon being informed that there were other persons lower than you, you went home and dismissed the matter from your mind until you were informed later in the year that your tender would be accepted for a portion of the line?—Yes.

Announcement that they had got contract reached witness before the other partners.

1594. Do you remember whether this communication from the Department was to you individually, or who it reached first?—I think it reached me.

1595. Where were you living?—In London.

1596. Do you remember the time that was first named for the completion of this contract?—No.

Asked for extension of time, which was granted.

1597. Do you remember that you asked for an extension of the time?—Yes.

1598. Was it granted?—Yes.

1599. Was it completed within the extended time?—Yes.

Information that tender was accepted contemporaneous with Braun's telegram to Sifton & Glass, London.

1600. Mr. Trudeau has given us a copy of a telegram of 6th October, 1874, to Sifton & Glass, London, signed "F. Braun, Sec.:" do you know whether that was about the time that you were informed that your tender would be accepted?—Yes.

1601. Do you remember any discussion upon receipt of that telegram, between you and your partners, as to whether you had tendered for a particular section or not?—No.

Does not know who answered the telegram.

1602. Do you know who it was that answered the Department?—I do not.

Consultation of partners before answer sent.

1603. Do you remember whether you and your partners consulted together before an answer was sent—at London?—Yes.

Aware then how much of line was included in section 1.

1604. Were you aware at that time how much of the line was included in section 1?—Yes, we were thoroughly aware of it.

1605. At that time?—Yes.

1606. Do you mean when you answered that telegram on the 7th?—Yes.

1607. The Department has given us a copy of the telegram dated the 8th, signed Sifton, Glass & Co., which asks this question: "Does section one extend from Garry to Edmonton?" Now, as a matter of fact, section 1 extends from Garry to Pelly—that is 250 instead of 800 miles?—I knew all the time that Pelly was the right terminus, but one of the partners held that it was all the way to Edmonton. He had forgotten the information he had, I suppose.

1608. Then this telegram was sent to satisfy your other partners?—Yes, while we were discussing the matter in London.

Witness first moved up to Manitoba in April, 1875.

1609. When did you first move up to Manitoba to live?—In April, 1875.

The other partners went up in November.

1610. Did either of your partners come up about the time of this contract being entered into?—Yes, we came up in the November before. The three of us came up together and built the line down from here to Selkirk in November and returned again.

1611. Which side of the river is it built on?—On the west side.
1612. Did you furnish the wire and other materials, as well as do the work?—We bought the wire from the Government.
1613. Where was the wire when you bought it?—At Winnipeg, and we were charged  $3\frac{1}{2}$  cts. above market price, and did not know it at the time.
1614. How long was it after you had entered into the contract before the line was marked out for you by the engineers?—Some time in November part of it was marked out. The line from here to Selkirk did not require to be laid out, as it ran along the great highway. It was not on the line of railway. Some time the last of November or the 1st of December, 1874, they gave us the line running west from here.
1615. On November 9th, 1874, you appear to have telegraphed to Mr. Fleming in these words: "Direct engineer to point out works; we wish to go over the whole line at once to know what is to be done." You think it was about a month after that when they marked out the line?—They were at work on it before that about a month. Before that we were unable to go west from Red River on the located line.
1616. You think an extension for the completion of the line was granted?—Yes, I know it was. I got a letter from Mr. Fleming.
1617. A letter of the 9th July, 1875, asks for an extension to the 1st of October, 1876?—Yes.
1618. In your tender of July, 1874, you offer to finish this section in November of 1874?—Yes.
1619. Did you expect to be able to do it all in four months?—Yes, if we had got it at that time of the year we could have done it. That was on the understanding that we should get the whole line, as we would have put on a very much larger force. It is only a matter of force doing any of that work.
1620. Your offer to build it in 1874 was based on the understanding that you would have the whole line?—Decidedly that was the understanding on our part, but I may say here that at that time there was supposed to be but very little timber on that line, and it turned out that there was considerable.
1621. Do you operate the line now?—Yes.
1622. Is there any arrangement between you and the Government as to rates?—No.
1623. Do you charge what rates you think proper?—We charge the same rates to the Government as to the public.
1624. Is there any arrangement between you and the Government as to what rate you charge the public?—No.
1625. And you charge the public whatever rate you think proper in your own interest?—Yes; the plan that I adopted in that was: I consulted with other telegraph men and got their ideas about what would be, under the circumstances, a fair rate for the public on this line. The rate that would benefit the public would benefit the owner, and I put it at that price.

**Telegraph Construction—  
Contract No. 1.**

Line built on west side of river.

Wire bought from the Government.

Charged  $3\frac{1}{2}$  cts. above market price.

Part of line marked out either at end of November or beginning of December.

November 9th, telegram to Fleming to have works pointed out.

An extension for completing line was granted.

Letter 9th July, 1875, asks for extension to Oct., 1876.

In tender of July, 1874, offered to finish in November, 1874.

If they had got the contract when they tendered, and got it for whole work would have finished by the time given in tender.

Contractor operates line.

No arrangement as to rates.

The Government had to pay same rates as public.

No arrangement as to rate public charged.

Basis of charge.

**Telegraph Construction—  
Contract No. 1.**

Aware there had been complaints about the way line was managed

1626. I suppose you are aware that there have been complaints about the way in which the line has been maintained?—Yes, I am aware of that, and I am also aware that our line has been kept up more uniformly and has been in operation more days in the year than the line right alongside of the railway. Those complaints have generally come from interested parties.

Will have the line another year.

1627. Are you still interested in the matter?—I still have the line, and will have it another year.

1628. Do you keep books showing the receipts and expenditure connected with it?—Yes.

1629. Would you tell, if we wish to know, about what is the expense of maintaining it a year from your books?—I think I could, though the accounts generally run from one year into another. In fact it costs nearly as much one year to maintain it as another, as I have to keep a certain number of men, whether they are idle or not—repairers and operators—and then the renewing of the line makes it cost more occasionally. I have renewed half of it already by putting in new poles, and the balance I must put in before my time expires.

Three years the average life of the poplar pole.

1630. What is the average life of the poplar pole?—About three years. There are places where we have put in dry poplar and they last much longer. When the fire runs through the bush the poplar is killed, and though it remains standing it dries up and the bark falls off. If you cut them about two years after they have been killed they will last a great deal longer than green poles.

Killed poplars last longer than the green poles.

Character of land over which line runs.

1631. Is it generally dry land over which this line runs?—It is generally dry. There is more than half of it dry, but there is a great deal of wet land.

1632. Do you mean ordinarily wet land, or bog?—From the Narrows of Lake Manitoba to Mossy River it runs through low land, and a very large part of it swamp. Of the sixty miles there are, perhaps, ten to twelve of swamp.

1633. Westward from Mossy River, what proportion of that is swamp?—West of Mossy River in the first fifty miles there is, perhaps, half of it swamp.

1634. And then westward from that?—It is all dry land.

1635. Is it wooded?—It is very fine land; most of it is timbered, and the rest of it prairie and small poplar.

1636. Are there any settlers there?—There are a few settlers. Wherever you find water courses there are a few scattered settlers. Between Selkirk and the Narrows, something over 100 miles, there are only about five miles of muskeg, but there is a good deal of wet land. For the last two years we have got, west of this town, a place that five years ago was as dry as the street, now there are three feet of water on it. That is at Baie St. Paul. If the line were deflected so as to go around those swamps it would strike gullies that would be more impracticable for railway purposes.

**Railway Construction—  
Contract No. 13.**

1637. What was the next contract in which you were interested?—The next was contract 13, at the Thunder Bay end of the road.

1638. Was that let by public competition?—Yes.

**Railway Construction—  
Contract No. 13.**

1639. What was the original extent of line covered by contract 13?—  
I do not remember.
1640. Do you remember to what point the western terminus went?—  
I think it was to Lake Shebandowan. Western terminus at Lake Shebandowan.
1641. Did you go there yourself and look after that work?—No; I  
was on this end—on contract 14—and my brother and Mr. Ward were  
at the other end. I was not over the whole of the other end myself. Did not go over whole section.
1642. What was the name of the firm?—Sifton & Ward. Name of firm:  
Sifton & Ward.
1643. Who were the persons interested?—The contractors were my  
brother, Mr. Frank Ward, of Wyoming; Thomas Cochran and J. H.  
Fairbanks, of Petrolia, and myself. Mr. Farwell afterwards became  
interested with us in the line. Personnel of firm.
1644. Afterwards?—After the contracts were obtained—both of them.
1645. Was the work on both of those sections advertised for at the  
same time?—I do not remember whether they were asked for at the  
same time or not. Does not remember whether work on contract 14 and 13 were advertised for at same time.
1646. Was there any understanding between the persons who became  
the nominal contractors and those other gentlemen who became inter-  
ested afterwards, that if you got the contract they would become inter-  
ested?—Between Thomas Cochran, Mr. Ward and myself there was.  
Mr. Fairbanks came in after the contract was got, and Mr. Farwell  
came in after that again. How firm was made up.
1647. Do you know whether there was any understanding between  
Farwell and Fairbanks, and your firm, that they should become inter-  
ested afterwards?—I do not know that there was any understanding.
1648. You were not a party to any understanding?—No; I think I  
was the person who tendered. Witness the person who tendered.
1649. Was Farwell down at Ottawa at the time of tendering?—No;  
he was not at Ottawa, and did not know that I was tendering. Farwell not aware of his tendering.
1650. Was he down at the time you got the contract?—No; he  
knew nothing about it until he saw that the contract was awarded to  
me, through the newspapers, and he telegraphed me (I had been  
acquainted with him for a number of years) to know whether he could  
not come in with me on the work I had got. Then we opened a cor-  
respondence. When he saw that witness had got contract telegraphed him to ask whether he could not come in on the work.
1651. Had you been over that part of the country to ascertain the  
probable expense of the work, so as to know how to tender?—I had  
been over part of it. I had been over half of the work on the Fort  
William end, and about twenty miles of this end. Had been over a large portion of the work.
1652. And was it from the knowledge you obtained in that way that  
you were able to form some opinion of the prices which you mentioned  
in your tender?—Yes. And was thus able to form an opinion as to prices.
1653. Was it acting upon the information you obtained in that way?  
—Yes; and my brother had been over all the section on the east end.
1654. The line was changed after some of the work had been done,  
was it not?—Yes; at Sunshine River it was directed towards the north,  
but I could not give you any of the particulars of it. Line changed; but witness can give no particulars.

**Railway Construction —  
Contract No. 13.**

1655. You did not take any active part in the management of that portion of the contract?—No; nothing further than going down occasionally and having a look at the books. It was entirely in the hands of my brother and Mr. Ward. Mr. Fairbanks was there part of the time, and so was Mr. Cochran.

1656. Mr. Cochran was mentioned as one of your sureties at the time you tendered?—Yes.

Heard there was a lower tenderer.

1657. Do you know whether any other person tendered at a lower rate than you did for this work?—Yes; I heard that there was some person from Nova Scotia, or somewhere down the country. I do not know anything positively about it only from the fact that there was a delay in deciding the matter on account of there being a lower tender. If the party would accept we would not get it.

1658. Do you know if any parties named T. A. Charters & Co. were connected with it?—No.

1659. Or G. W. Taylor?—No.

1660. Are you aware of any communications between any one on behalf of your firm with either of those parties?—I am certain there were no negotiations with any person belonging to our firm. I was the person who did all the business for them.

Remembers being informed of a change of line at Sunshine Creek.

Negotiations took place as to the terms on which that change should be made.

1661. Do you remember being informed that there was a change in the direction of the line at Sunshine Creek?—Yes.

1662. Were there any negotiations between any one on behalf of your firm and the Government, as to the terms upon which that change should be made?—There was, but I could not say anything about it.

1663. Who were the parties who negotiated those terms?—They were my partners.

1664. You would not be able to say anything about the change of the line which made a difference in the rock cuttings?—No.

1665. Had you an engineer of your own on that end of the line?—We had a part of the time.

Taylor engineer for contractor for part of time.

1666. Who was it?—One Taylor, I think, an engineer who had been in the employ of the Government. I think there were two engineers there. I do not remember their names, and I cannot give you anything particular on that subject.

Matter settled.

1667. Are you aware whether the matter is settled between the contractors and the Government about section 13?—I understood it was.

1668. You believe there is no dispute now between you and the Government?—I believe there is no dispute.

In consequence of delay in locating line men had been idle and work delayed.

1669. There was a charge made for the delay in locating this end of the line on contract 13; some of the men got there before the line had been laid out, and there was a claim for compensation; do you know the particulars of it?—I do not know the particulars. I know of the men having been idle and the work detained.

Marcus Smith employed to settle consequent claim; some allowance made.

1670. Mr. Marcus Smith was employed to settle that claim, and there was some allowance made?—Yes.

1671. Did your partners discuss the bearing of the quantities given at the time of tendering as to whether they would affect the gain on the transaction or not?—Yes; the quantities were a matter of very grave discussion in tendering.

**Railway Construction—  
Contract No. 13.**  
Quantities matter of consideration when tendering.

1672. How was it understood by the contractors? Were the quantities supposed to be nearly correct, or given for the purpose only of adding up to ascertain the amount of a tender?—We supposed that they were nearly correct.

Quantities supposed to be nearly correct.

1673. What led you to suppose so?—From the fact that any contracting we had ever done before on the Grand Trunk, the Great Western and the Canada Southern, the quantities were very nearly right. Almost in every case they are behind, but not enough to make a very great difference; but in this country where there was so very much rock they might make a very grave difference. A person might calculate on having only a very small quantity of rock where there would be a large quantity, and they might be deceived and have a poor contract.

Reasons for supposing that contract was correct.

1674. What effect has that upon the tendering?—In our case our experience in the past had been that the quantities were so nearly correct that it did not have any effect. We assumed that it was very nearly correct and would not make any great difference.

1675. Did this estimate turn out to be as nearly correct as the estimates on those other roads?—I could not tell you about 13 as I am not sufficiently posted to give you any definite information. On 14 I know what it was, as I managed my own work.

1676. What is the next transaction in which you were interested?—**Contract No. 14.**

1677. Was that submitted to public competition?—Yes.

1678. Do you know who made the lowest tender?—I do not.

Does not know who made lowest tender.

1679. Do you know any of them who were lower than you?—No; but I have heard that some person up north, near Collingwood, was lower. It appears to me that the name was Robinson.

1680. No; they were J. Wallace & Co., of Dunbar. Did you know them?—No.

1681. And you had no negotiations with them?—No.

1682. Was the management of this contract left principally with you?—Yes.

Management of this contract principally in witness's hands.

1683. Who were the parties interested in this contract?—The same parties who were interested in the other.

Personnel of company the same as in contract No. 13.

1684. In the same proportion?—No; I think there was a difference with Fairbanks. I think he had one-fifth in the contract at Thunder Bay, and one-sixth in this. I do not remember exactly how it was.

1685. Wallace & Co. appear, by a return made by Mr. Fleming, to have put in the lowest tender; do you know anything about those parties?—No.

1686. Had you any negotiation with those parties?—No.

1687. Do you know of any between your partners and them in relation to this contract?—No; I do not.



**Railway Construction—  
Contract No. 14.**

Considered quantities given in bill of works to be correct.

Grounds for supposing quantities correct.

Quantities to be executed greatly in excess of estimate.

Excess arose from deviations in line.

Contractors had an engineer employed.

Who got copies of plans and profiles from Government engineer.

Contractors making claim on Government.

Nature of claim.

1688. Do you know whether you and your partners, in making this tender, considered the quantities given in the bill of works to be nearly correct, or otherwise?—We did certainly think so.

1689. Why did you think so?—We thought so from the fact of our experience in the past and the fact that they had surveyed this line.

1690. What experience had you?—We had had contracts, as I said, on the Grand Trunk and some on the Great Western and Canada Southern. I, myself, have been engaged in the excavation and work of that kind for twenty years, in county works and all kinds of works.

1691. Was there anything in the advertisement for tenders to lead you to understand that this was based upon a different system from the others?—I do not remember anything.

1692. How did it turn out? Did the quantities which were required to be executed exceed the bill of works, or were they lower than the estimate?—They turned out to be about 60 per cent. in excess of the estimate. In some instances they were 300 per cent. and more. For instance, in solid rock the estimated quantity was 10,000 yards, if I remember rightly, and the actual quantity was from 30,000 to 35,000 yards. In loose rock the estimate was about 3,000 yards, and there were over 30,000 yards executed. Then the earth work went 50 per cent. over what was estimated.

1693. Did all that excess in the rock work arise from the deviations of the line?—Yes.

1694. Was it not partly from the alteration of the grade?—I could hardly say whether the grade was changed or not. I could find out by referring to the profiles.

1695. Had you an engineer employed on your own behalf?—Yes.

1696. Did he make plans and profiles of his own, or did he get copies from the Government engineers?—He got copies from the Government engineers.

1697. Who was the engineer you had employed?—We had three: the first year we had a young man named Henry Hollingshead, from St. Paul, who had had considerable experience on the St. Paul and Pacific. Then we had Mr. Molloy, who had been for a time engaged with the Government here. He came here in the employ of the Government, but was dismissed. After him we had Mr. Lynch who is now in charge of part of section B for the Government.

1698. Where are the plans and profiles that you had at that time?—I do not know where they all are; I have got some of them.

1699. I understand that you are making a claim against the Government for something in connection with this particular contract?—Yes.

1700. What is the nature of the claim, generally, without going into particulars at present?—The nature of the claim is, in the first place, for delays; and in the next place we claim that on account of the delay, and our men having to go away, that wages were raised and we were entitled to a charge for the excess in wages that we had to pay. In the next place we have a claim for an extra ditch, an immense canal, that was dug some four or five miles along the road, and the engineers made us wheel the material from that into the centre of the road, some

eighty-five feet, and only allowed us the price of off-take drains for it. The engineers here have recommended that we be paid the price of side ditches for it. We claim that we should have not only the price of side ditches but a charge for bringing it the extra distance. Instead of having to bring it only ten feet, which the ordinary berm of the road calls for, we had to bring it eighty-five feet. It was not such earth as could be moved with teams. If it was we would not have asked anything extra for it, because we were obliged to remove earth from borrow-pits any reasonable distance to the middle of the road-bed, but this had to be wheeled over bogs and muskegs eighty-five feet from the berm of the road out of the ditch. Then we were stopped working at one time in the fall when we were getting ready and had transported some of our supplies on the line; and there were fresh surveys made north and south to see if it would not be better to change the road. We were obliged, in consequence, to move back our supplies.

**Railway Construction—  
Contract No. 14.**

Nature of claim.

1701. Where was this?—It was thirty miles east of the Julius Muskeg. It was thought to be a great barrier at that time, and they wanted to move the line, and we were put to the expense of removing our supplies and a small building that we had put up. Then we had the road changed very much, and very much to our disadvantage, which I think can be shown by competent men who have examined and seen it.

Julius Muskeg.

1702. Going back to the telegraph contract, one of your partners was Mr. Glass?—Yes.

**Telegraph Construction—  
Contract No 1.**

Glass one of partners.

1703. Did he propose to you to enter into the partnership, or did you make the first overtures to him?—I really am not positive.

Not aware whether he made first overtures.

1704. Are you aware whether he had ever been engaged in any such work?—No; he never was.

Glass had never been engaged in any such work.

1705. Remembering that now, does it lead you to any impression about the first offer?—My impression is that he made the proposition to me. I think I could answer that question more fully to-morrow or some other day.

Witness's impression that Glass made first offer.

1706. Do you know now the price that you ask for telegraph messages over section 1?—Yes; it is one dollar for a message of ten words from here to Pelly, and extra, I think it is 7 cts.

Tariff over section 1.

1707. I think you said you had a statement by which you could give some idea of the receipts and expenditure?—Yes, I will prepare any information of that kind that I can give you.

**Railway Construction—  
Contract No. 14.**

1708. About this contract 14, do you remember if you were at Ottawa about the time the contract was awarded?—I was there at the time the contract was awarded.

Was in Ottawa when contract was awarded.

1709. Do you remember that there was one tender ahead of you, that of Wallace & Co.?—I think I was there in connection with contract 13, getting that fixed up, when we were notified that 14 was open for us.

1710. To that dollar that is charged for a message over your part of the line, you must of course add something for the part over to Edmonton; how much is that addition?—I do not know how much that is. It was up to five dollars at one time.

**Telegraph Construction—  
Contract No. 1.**

**Telegraph Construction—  
Contract No. 1.**

1711. You do not control the sections west of Pelly?—No; I think it is a dollar from Pelly to Battleford. In other words, it would be double as much from here to Battleford as from here to Pelly. I think that is the present rate. I have nothing to do with the other line except settling up with them and receiving their messages.

**Railway Construction—  
Contract No. 14.**

1712. You say you think you were at Ottawa regarding section 13, and at that time you also negotiated the closing of the contract for section 14?—Yes; I think so.

**Ward with witness when contract for 14 closed.**

1713. Was there any other partner there with you?—Yes; I think Mr. Ward was there with me.

1714. Why do you think Mr. Ward was with you?—He was there to sign the contract, I think. I think my brother and he were there.

**Date of contract.**

1715. The contract for section 14 is dated the 3rd of April?—They were both there at that time.

**Contracts Nos. 13 and 14.**

**How information as to tenders having been awarded reached witness.**

1716. Do you remember how you were informed that your tenders on those two sections would be accepted?—I do not remember how we were informed of 13, but I remember how we were informed of 14. Mr. Trudeau informed me when we were settling about the securities and finishing up about the other contract, or getting it ready. He said that the House was about being dissolved, and the time that had been given to somebody else for putting up securities had elapsed, and they wanted the contract closed before the House prorogued. He said: "If the contract is awarded to you, can you put up the security at once?" I said "Yes, immediately—before night if necessary." He said: "Well, I will see you again." I called in again.

**Contract No. 14.**

1717. The same day?—I think it was the same day,—it was either the same day or the next morning, and he said the contract had been awarded to us.

1718. That was in 1875?—Yes.

1719. Did you furnish the security then immediately?—Yes; I think it was done within the next day or two before the House rose. I left to come to this country on the 7th of April.

**Trudeau informed him.**

1720. Mr. Trudeau thinks that was a contract awarded by Mr. Mackenzie, and he says that he has no way of knowing how you were informed of it. That is my recollection of his evidence. Your recollection is that it was Mr. Trudeau who informed you?—Yes; that is my recollection of it. I am pretty clear about that. It is five years ago and I might be mistaken, but I am pretty sure about it, as I recollect the conversation that took place about putting up the security, and that is what brings it to my mind.

1721. He told you that the persons who had made a lower tender had not put up the security?—He either told me, or it was understood, I cannot exactly say which.

1722. Understood by you?—Yes.

**Understood from Trudeau that the lowest tenderers had not put up security.**

1723. Can you say how you came to that understanding?—It must have been from conversation with Mr. Trudeau, as I had no conversation with any person else on the subject.

**Railway Construction—  
Contract No. 14.**  
Witness's brother also in Ottawa at the time.

1724. You say that Ward was the only partner of yours that was down there at that time?—No; my brother was there.

1725. Do you know R. J. Campbell, of St. Catharines?—No.

1726. Or Wallace & Co?—I do not know any of them.

1727. Do you know anything about the change of grade at the east end of section 14?—Yes.

1728. Was there a change of grade which increased the quantities considerably there?—Some places, I think, the quantities were increased, and in other places I think they were decreased. I think we had better decide that by looking at the profiles. I will get whatever information I can on the subject.

Effect in quantities of change of grade at east end of section 14.

1729. You said you had been over the line of country generally before the contract was awarded on 14?—The first twenty miles.

1730. Had you been over the country south of that at all?—Not much; just a little east of here.

Character of country south of contract 14.

1731. How far south?—About fifteen miles.

1732. That would be just starting from Winnipeg then, and not with a view to railway construction?—No.

1733. You do not know how that country would compare with the located line for railway construction?—There is not much difference, only one has timber on it and the other has not, but they are both level.

1734. Do you remember what was the time for the completion of contract 14?—In 1876, I think.

1735. It was not nearly completed then the 1st of August, 1876?—No; it was not.

Contract to have been completed in 1876. It was not nearly completed in August, 1876.

1736. Do you remember when the letting of the next section east of that, namely section 15, was made?—I do not remember, but I think it was in 1877.

1737. Was there much of section 14 unfinished in January, 1877?—Yes; considerable of it.

1738. That was six months after the time for its completion?—Yes.

1739. What was the cause of the delay?—The first occasion was delay in not having laid out the work in the first place, and when we came on here the work was not ready.

1740. How much of it had been done? Was the line located on the ground at all?—Yes, but there was no work laid out.

Line located but no work laid out.

1741. Do you mean that they had not cross-sectioned it?—There were no cross-sections done, and no engineers here to lay out the work when we came.

No cross sections and no engineers to lay out work when the contractors went on the ground.

1742. How long was it after you came before the work was laid out so that you could proceed?—I came here prepared to go on with the work in the latter part of April or the 1st May. I had a large number of men and horses coming into the country. We brought our own teams; and I advertised for men in St. Paul as we came through, and employed an agent to hire men and send them on to me, expecting that everything was ready. We had about sixty teams and 1,200 men, and we kept them some time. We could not pay them, but we boarded them, and we

Witness prepared to go on with work by 1st of May.

**Railway Construction—  
Contract No. 14.**

Men left because no work ready.

Raising rate of wages failed to bring them all back.

Contractors in a position to have done all the work that summer had it be laid out for them.

had to pay some of our foremen's expenses. After a while the men went away and reported that there was no work going on, and no work ready. The consequence was it was impossible to get men in again that summer. We could have employed any number of men at \$1.75 per day then if the work had been ready; but they all went out of the country again. We had to raise the wages to \$2 per day to try and bring them back, but even that did not bring them, for wherever the men went back to the United States, all the way to Chicago, it was reported that there was no work going on so that laborers were afraid to come. After that we had to pay very high wages to induce them to come in, and could not get over half the number we wanted. We were in a position to have done all the work that summer had it been laid out for us; and it was the best season we have had since for work. We made every effort on our part, but the engineers only came on to lay out the work in June.

1743. When they come on to lay out the work were you able to proceed then, or did they require to lay it all out before you began?—No; they allowed us to commence five miles back from the river. The line was located that five miles but they thought of changing it, consequently we had to commence five miles out from the base of our supplies. We had to build a road to get out our supplies which, after the real location was made, was of no use to us at all, for we could have commenced at the river.

Having commenced to lay out work engineers proceeded eastward.

1744. After they commenced to lay out the work at that five mile point they went eastward and located in an easterly direction?—Yes.

Engineers kept ahead of contractors until December when a difficulty arose regarding Julius Muskeg.

1745. Did they keep ahead of your work then, or did they impede you in any way?—They kept ahead of us until the following December when that difficulty arose about the Julius Muskeg.

1746. Is that where they laid the ditch eighty-five feet from the roadway?—Yes; they gave us notice not to proceed further east than the Julius Muskeg, and that stopped our work all winter.

Twenty-five miles from where they started to the Julius Muskeg.

1747. How far was it between the five mile point from which you started and the Julius Muskeg?—About twenty-five miles.

Until line at Winnipeg end located contractors not permitted to work on more than this length for nearly a whole year.

1748. So that this was the only length upon which you were permitted to work until about a year after you got the contract?—Yes; until the time that they located this end. They located the five miles at this end some time during the latter part of the summer.

About August permitted to work westerly towards the river.

1749. Then they did not permit you to work westerly towards the river?—Yes, they did in the latter part of the year—perhaps in August or somewhere about then.

The part of line on which work not permitted the Julius Muskeg.

1750. Then the portion of the line that they would not permit you to work on was east of the Julius Muskeg—was it?—Yes.

Advantages which would have attended permission to work on the Julius Muskeg.

1751. Would it have been any object to you to have been allowed to work east of the Julius Muskeg?—Yes, for the reason that we could have got our supplies over; and we intended and had made arrangements to have our supplies taken across the muskeg in the winter, as we could not get them through in the summer. It consequently delayed us a whole year.

**Railway Con-  
struction—  
Contract No. 14.**

1752. Why did you wish to get your supplies over the Julius Muskeg in the winter?—Because we had plenty of work there that could be done.

1753. What was the object of your getting the supplies over at that time?—The Julius Muskeg was frozen in the winter, and we could get our supplies over without any difficulty. We were obliged, the next summer, to build a corduroy road eight miles long before we could get in our supplies, for we could not commence until the spring because we had no notice where the line was to be.

Julius Muskeg frozen would have made a good bridge in winter for getting over supplies. Had to build a corduroy road.

1854. Could you not have got your supplies over the Julius Muskeg on the ice at all events?—We did not know where to put them. They were running one line to the north and one to the south—trial lines, and we did not know which one would be adopted.

Why under circumstances ice bridge on Julius Muskeg not used.

1755. How wide is this Julius Muskeg?—Four miles across, and then there is a small piece of dry ground, and then another piece of muskeg about a mile and a-half wide.

Width of Julius Muskeg.

1756. When you speak of supplies what do you mean?—We mean provisions for the men and teams principally, as well as preparing shanties to live and work in. We build them in the winter and get them ready along the line every two miles or so. Then our timber making which we had to get out in the winter was stopped.

What is meant by supplies.

1757. What was the timber for?—Bridges.

1758. And for trestle work?—Yes; there was a great deal of trestle work. The principal part of our timber was east of the Julius Muskeg, and we had men on that work at that time.

A great deal of trestle work.

1759. In getting out timber for your work how far north or south of the line would you have to go for it as a rule—to get all that you wanted?—Two miles, perhaps. Not more than that.

Timber procurable within two miles of line.

1760. Could you not tell within two or three miles where the line was to be located east of the muskeg?—No.

1761. Do you mean that you were not able to get out any timber at all that winter?—No; we stopped operations at once.

Uncertainty as to location of line stopped operations.

1762. If you could have told within two or three miles where the line was to be located, could you have gone on with the timber operations?—Yes; but the drawing of timber out of the way in a wet country like that is a pretty serious matter. They went off two or three miles on one side, and then they abandoned it and struck the other side.

1763. Do you say that the location was so uncertain that you could not tell within two miles where the line was to be finally built?—Yes; and the very fact of the notice that they gave us would show that they were uncertain as to the point.

1764. Is your evidence that they did not facilitate the getting in of supplies by any qualification of that notice, but that you were just told to stop?—Exactly.

1765. I believe there was a condition in your contract that if they were to stop your work at any time you were to have an additional period, equivalent to the delay, in which to complete the contract, if it was delayed by the stoppage?—Yes.

Special condition in contract with respect to stopping work.

1766. Did you get that additional time?—I presume we did, but not any more.

Got additional time.

**Railway Construction—  
Contract No. 14.**

Nature of arrangement by which contractors ceased to work.

1767. What was the nature of the final arrangement, by which you ceased work on the line?—We completed the line to the last two miles or mile and a-half. That end of the road was re-located; the line was changed; and that is the point that increased the rock cutting so much.

1768. Did it curve to the north or to the south?—It curved to the south.

1769. And that increased the rock cutting?—Yes; that increased the solid rock cutting.

1770. What was the nature of the arrangement by which you ceased to work?—I may say that they never located this piece of line until very lately. It was not completed.

1771. You mean the altered location?—Yes; so far as that is concerned it was the only location for us, because they would not lay out the work until it was re-located and this point was decided.

Correspondence respecting work on re-location.

1772. Then this curve to the south was really the first location on which you were permitted to do any work in that locality?—Yes. In September, 1877, we were anxious to get ready to do that work, for there appeared to be some idea that there was rock on it, although we could not tell where the location was to be; but if there was rock cutting to be done we were anxious to have some approximate estimate of it, so that we could prepare ourselves for that class of work. The material for drills, steel, powder and everything that was necessary for that kind of work had to be brought into the country. I wrote to the district engineer on the 15th of September, 1877, asking him for an approximate estimate of the quantities of rock at the east end, and gave him our ideas what we wanted, &c.,—that we wanted to get in supplies. On the 25th of September he regretted that he was unable to give me any information on the matter at all as it was still not located. On the 17th of October he notified us that the work on that part of the section would be set out for us at once—that it was re-located. We then had to get our stuff in by teaming it from Fisher's Landing.

1773. Where is Fisher's Landing?—This side of Crookstown, on the Red River, about 150 miles from here.

1774. Did you bring it to Winnipeg?—We brought it to Winnipeg and then teamed it out on the road.

1775. Why did you not bring it to Winnipeg a good deal earlier than that?—Because we did not know whether we would want it or not until we received that letter in October. It was then impossible to get the stuff in by water, and there was no railway. It cost us some five hundred dollars more to get it in there by teams than it would have cost to get it down by boats.

At end of 1878, Marcus Smith came on work and said they would not have it done in time.

1776. That is down to October, 1877?—Yes. We went on to work then as fast as possible, and carried it on until the end of 1878, when Mr. Marcus Smith, the acting Chief Engineer, came over the line and said that we were not likely to get it done within the time that they were going to allow us to do it in.

Marcus Smith said they had not force.

1777. Did he say this to you?—Yes he said this to me. All of it, he said, would be done except the last two or three fills at the end. He said that there would be no difficulty in doing it, but we had not the force. We told him we would do it as fast as it could be done; and

would get the force that was necessary. He evidently felt inclined that Whitehead should have the filling of these voids, and he suggested that we should make arrangements with Whitehead to do the balance of the fills.

**Railway Construction—  
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Marcus Smith's suggestions as to balance of fills.

1778. Who else was present at the time he said this?—Mr. Farwell was present at the time; and my brother was present at part of the conversations. We finally consented to try and make an arrangement with Mr. Whitehead.

1779. You consented to Mr. Smith; Mr. Whitehead was not present then?—No; Mr. Whitehead was not present then; but we consented to Mr. Smith. I think part of his concern to get it into Whitehead's hands was that if Whitehead was delayed with his contract he would have a claim against the Government with respect to getting in his supplies.

Reasons operating on Marcus Smith's mind.

1780. Had you any other reason beside that as a probable reason why Mr. Smith desired Mr. Whitehead to get the contract?—I had other reasons. Mr. Whitehead had complained of that work not having been done.

1781. Complained to you?—Yes; complained to me.

1782. Was that all? Did he just make the complaint to you?—That was all unless what was generally talked about, that that work was in the way of his contract.

1783. Talked about between you and Whitehead?—No; it was generally talked about between outsiders. We had an interview with Whitehead and we made him an offer for the work.

Made Whitehead an offer for the fills.

1784. Did you go to him, or did he come to you?—I think that the meeting between us was arranged by Mr. Marcus Smith, or Mr. Rowan, or some of the Government officials. I think it was a kind of a mutual understanding that we should meet and talk it over, and we made an offer of 37 cts. a yard to Whitehead. He did not seem inclined to take it for that, but offered to do it for 40 cts. It was delayed some time and Mr. Smith said positively that if we did not make arrangements with Mr. Whitehead and have this matter settled, that the Government would have to take the contract out of our hands.

37 cts. a yard. Whitehead offered to do it for 40 cts.

Smith said unless arrangement was made with Whitehead, Government would have to take contract out of their hands.

1785. Who was present when he said that?—Mr. Farwell was present.

1786. And who else?—I do not know who else was present.

1787. Marcus Smith and you and Farwell were present?—I do not know whether we were both together at the time, but I know that he made the same statement to the two of us.

1788. Did he make the same statement when Farwell and you were present?—No; Mr. Farwell was not present when he told me. He told us that unless we made an arrangement with Whitehead the Government would have to make some arrangement themselves and cancel our contract.

1789. About what time was that?—That was in September, 1878. We made arrangements, subject to the approval of the Government, with Mr. Whitehead at his price—40 cts.

This was in September, 1878. Arrangement made with Whitehead subject to approval of Government at 40 cts.

1790. Was there anything else beside the earth price mentioned?—Yes; he was to do the balance of the rock. There was 1,000

Whitehead also to do balance of rock.



**Railway Construction—  
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yards or so to be finished in the cuts, that were required to be put into the fills, and he took that at our price.

Contractors lost by giving this work to Whitehead.

1791. Was there any loss or gain to you by his taking it from you?—Yes; there was a loss to us.

The earth filling the best paying work they had.

1792. What did you lose in that particular arrangement with Mr. Whitehead?—We lost on his getting the work. That was the best paying work we had, the filling of the earth work.

1793. He got 40 cts.; what was your price?—Our price was arranged by the schedule of prices, according to the distance which the earth had to be drawn. We had 26 cts. a yard for all earth up to 1,200 feet, and extra haul after that.

1794. At what rate?—I do not remember without looking at the specification. I see by the specification that it was one cent per cubic yard for every 100 feet over the 1,200.

The Government paid Whitehead.

1795. Who paid this extra price between 26 cts. and 40 cts. to Mr. Whitehead?—The Government. We gave him an order to have the Government pay him for the work as it was estimated.

1796. As between you and the Government was the difference between the 26 cts. and 40 cts. charged to you?—No; they do not estimate that work to us at all.

1797. I understand that if you did the work you were to get at least 26 cts.?—Yes; and an additional cent per yard for haul, and he was to do it for us at 40 cts. without any extra haul.

Contractor's price higher than Whitehead's.

1798. Do you know which amounted to the larger sum, 40 cts. per yard without extra haul, or the 26 cts. per yard with extra haul?—Our price was the larger at 26 cts. per yard and the extra haul.

The Government therefore get the work cheaper, and this is the ground of one of the claims of contractors.

1799. So that the Government got this work done, as a whole, at a lower price by Whitehead than they would have got it done by you?—Yes.

1800. Is that difference one of the items of your claim against the Government?—Yes.

1801. You say you can furnish the particulars of this claim?—Yes.

No other claim on account of transfer to Whitehead.

1802. Is there any other claim that you have against the Government on account of that change of the contract from you to Mr. Whitehead, besides this earth work?—No.

1803. The rock work does not come into the question?—No.

When change made no understanding respecting relation of contractors to transferred work.

1804. When you made this change at the suggestion of Mr. Smith was there any understanding as to whether or not the Government should end the matter with you, or whether it should still be considered afterwards between you and the Government?—There was no understanding of the kind.

No understanding between contractors and Whitehead.

1805. Was there any understanding between you and Mr. Whitehead?—No understanding whatever.

1806. There was a document drawn up between you and Mr. Whitehead?—Yes.

1807. Have you a copy of it?—I do not think I have. There is a copy of it with the Government.

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struction—  
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1808. Is this a correct copy of that document now handed to you?—I think it is right, but I cannot say without comparing it with the original.

1809. Will you produce this as a true copy, subject to correction, if it is not a correct one?—Yes. (Exhibit No. 85.)

Copy of agree-  
ment between  
contractors and  
Whitehead.

1810. Do you know anything of the grade of the formation level at the east end of the line, whether it was higher or lower after section 15 was let than it was intended to be when you first took it?—I do not know from recollection, but I can tell by the profiles. I have the two profiles, the first and the last.

1811. Did the Department at any time before this conversation with Mr. Smith complain that you were not finishing the work as fast as you ought to have done?—Yes.

1812. When was that?—I do not remember now, but I have the date of it.

First notified that  
work was not  
being done by  
letter.

1813. Was it by letter?—Yes; it was by letter.

1814. Can you produce it?—I am not sure that I can produce the letter, as I think Mr. Farwell has it with the other documents, below. I can produce the answer we sent to the Government.

1815. In your answer did you call attention to the delays that caused you to be behind?—Yes; and I think that they communicated those facts to the District Engineer, and asked for his explanations, and his explanations corroborated what I stated in my communication

In answer men-  
tion was made of  
the delays which  
threw the work  
behind.

1816. What I mean is this: were you led to understand by the silence or action of the Government, after your explanation, that your conduct was satisfactory?—Yes; I certainly was.

Led to believe  
that Government  
thought their  
conduct satisfac-  
tory.

1817. Then you did not understand that after the explanation they were still complaining that you were not getting on fast enough?—No.

1818. Was the time that Mr. Smith came up and threatened to take the contract out of your hands the first occasion after your previous explanation that you were informed that the Government were not satisfied?—Yes.

The next notifica-  
tion that Govern-  
ment did not  
think work satis-  
factory made  
through Marcus  
Smith.

1819. Were you surprised at the position taken by the Government at that time?—Yes; very much surprised, because on account of that piece not being located we could not get the plans ready to work on.

Surprised at  
course taken by  
Government.

1820. Did you say so to Mr. Smith: that you thought it was unreasonable that he should insist on taking it out of your hands?—We told him that we could finish it as fast as any person else could do it, and that we were anxious to do it. My brother felt it was a great object to keep it as he considered it was the means of making some profit out of the contract, which we had not made before.

Told Smith that  
they could finish  
work as fast as  
any one could do  
so.

1821. Did you explain to Mr. Smith that the delays were not your fault, and that it was unreasonable to take the work out of your hands?—Yes, decidedly, we took that position.

Explained to  
Marcus Smith  
that the delays  
were not their  
fault.

1822. You said that you were not to blame for the delay?—Certainly, we took that position—that we were not to blame for the delay—that the Government had delayed us.

Contractors took  
position that they  
were not to blame  
for delay.

1823. What was his reply to that?—That he was acting under instructions.

Smith replied  
that he was act-  
ing under instruc-  
tions.

**Railway Construction—  
Contract No. 14.**

Had contractors got as much time as Whitehead they would have made \$150,000 thereby.

1824. Did he say that he was acting under instructions?—He is a peculiar man. Sometimes he will talk a good deal on some subjects, and sometimes he will not say much. He said: "The last extension that you have got from the Government is run out now and I must have this thing done." He was anxious while he was there that some arrangement should be made that would be final about that end of the work, and, as I said before, I think the reason of that was to get out of trouble with Whitehead more than anything else. Had we got half the time that Mr. Whitehead got to do the work it would have been \$150,000 in our pockets.

Explanations as to delays.

1825. Do you mean that if your time had been extended as a favour as long as his time was extended as a favour you would have reaped a much larger profit?—Yes; we did not ask for time, because we felt, whatever the opinions of the engineers on the subject were, that our delays, caused by the Government, were equal to the time that we took over the contract. The first year of the time we considered as lost to us by the work not being ready for us, and when we were stopped at the Julius Muskeg, that delayed us another year. Being stopped during the winter it prevented us from working the following summer, and we were also stopped on the east end.

Marcus Smith's threat made in September, 1878.

1826. When do you say that that threat of Mr. Smith's was made to you?—It was made in September, 1878.

Smith remained until arrangement with Whitehead was consummated.

1827. Did he remain up there until you and Mr. Whitehead finally consummated the arrangement?—He did.

1828. Was it done shortly after this conversation?—Yes; I think, perhaps, a couple of weeks elapsed, it could not have been more. It was early in September.

1829. In round numbers, can you say about the amount of your claim for this filling done by Mr. Whitehead?—I have not figured it out. I have got the amounts and the distances. Perhaps it would be better to leave it until to-morrow as I could not go within a good many thousand dollars one way or the other.

No understanding with Mr. Smith as to claim.

1830. Was there any understanding between you and Mr. Smith, as to whether, if this arrangement was made, you should have any claim against the Government, or whether your claim should be ended?—I never had any understanding at the time.

1831. You were not asked in any way to end your rights?—No; not by any means. Mr. Farwell got up the agreement after the matter had been talked over. I was out on the line principally; but after the arrangement was made he got up the agreement and Mr. Rowan and Mr. Smith, I think, had consultations over it.

Wording of agreement.

1832. This agreement between you and Mr. Whitehead contains these words: "Upon the completion of all the other works on contract 14, and final settlement made out between the Government and Sifton, Ward & Co., irrespective of the work to be done by the said Joseph Whitehead, as aforesaid." Now that might bear the construction that the Government might settle with you for all the rest of the contract, and that thy might assume the responsibility of this work being done by Mr. Whitehead without increasing or reducing your work at all?—I never had any such understanding as that. We had a large amount of security in the hands of the Government at that time, and some per-

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centage; and we got the final estimate without waiting until that work could be done.

1833. Was it your intention that whatever claim you had should be kept alive, and that this agreement between you and Mr. Whitehead was not to end your claim for the eastern portion of the line?—That was my understanding of the whole thing.

Witness understood that his firm's claim should remain alive.

1834. This agreement you say was prepared by Mr. Farwell?—By Mr. Farwell and Mr. Whitehead, and submitted to Mr. Rowan or Mr. Smith, I cannot say which.

Agreement prepared by Farwell and Whitehead, and submitted to Rowan or Smith.

1835. It was prepared without any lawyer?—There was no lawyer connected with it. We never had a lawyer employed on our work, if we had it might have been better for us.

Agreement prepared without a lawyer.

1836. At the time that Mr. Smith made this threat and induced you to agree with Mr. Whitehead, what amount of force had you on hand which you could have applied to this particular work at the end of the section?—We could have put all our force on to that.

1837. But you had unfinished work at the time?—Yes; but it was a small amount.

1838. What force had you at that time?—We had about 500 men at that time.

Contractors had a force of 500 men, a number sufficient in witness's opinion to finish the work.

1839. Did you consider you had force enough then to finish this work that Mr. Whitehead afterwards had?—Yes; it would have taken a very small force to have done that work; it would have been done altogether by cars. All we had to do was to get in the machinery, a train of cars and steam shovel.

Had not train of cars but could have got them.

1840. Had you the train of cars?—No; but we would have got them.

1841. Mr. Whitehead had them on the other contract?—Yes.

1842. Would you explain your contention about item No. 1, against the Government?—Item No. 1 is in reference to the first part of that item \$1,291.50, expenses of boarding men while they were waiting for work to be laid out when they first came on the contract in May and June. The next item in that claim is for wages to the engineer and foreman who were hired by the month, \$380. The next item was a road we had to make that became useless after the line was located, for the first five miles east from the river, \$584.62. The next item was the increase of wages to the men we had during the four months following. We had all the men we could give work to in the spring at \$1.75 per day, but when these men left the country we were obliged to rise wages to induce men to come back.

Explanation respecting witness's claim against Government.

1843. That was owing to the delay caused by the Government?—Yes.

1844. Your contract contains a clause that if you were delayed by the Government you should get an extension of the same period; was not that intended to be a full compensation for the delay?—It might be under ordinary circumstances.

Under ordinary circumstances clause in contract respecting extension of time would provide compensation for delay.

1845. But was it not intended as full compensation at the time that you entered into the contract; did you understand that the delay would be compensated by a similar extension?—Yes; but we did not want

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anything except that extension. We did not want any compensation for delays after the work commenced.

But the work was not ready in the first place.

1846. Then why do you ask 25 cts. a day for the work of the first year?—Because when we came on here the work was not ready for us. We were not delayed, that is they did not stop us; but they never had work ready for us.

Wages rose in consequence of action of Government.

1847. Why should you charge 25 cts. a day increase for the work of the first year?—In consequence of the action of the Government the wages went up.

1848. What was the action of the Government which caused the wages to go up?—As I said the work was not laid out when we brought in the men, and they went back to the United States and reported that there was no work, and we could not get men back again without raising the price of wages that much higher.

1849. Now if in the following year the country had been full of laborers, and wages had gone down 25 cts. you would not expect to have to take off 25 cts. or to give the Government credit for it?—No.

1850. And why would you not expect it?—If through the action of the Government the wages were reduced we would be very happy to give them credit for it, but under ordinary circumstances we take our own chances.

1851. You think then that the price of wages was raised in consequence of the action, or the inaction of the Government?—Yes; and I think Mr. Rowan will bear me out in it. I felt very sore on the matter at the time, as we knew how it would pinch. I made representations to the Government at the time on the subject.

Julius Muskeg,  
Item No. 2 of  
claim.

1852. Then item No. 2 concerns the Julius Muskeg alone?—Yes.

1853. And that is for making a ditch outside of the railway line?—Making a ditch outside of the railway line, and bringing the earth in to make the road-bed with.

1854. Does your contract require you to bring in any earth from the outside of the line?—A general clause of our contract is that for hauls of 1,200 feet we shall get nothing extra.

1855. Does that include borrow-pits?—Yes; but this is not a borrow-pit.

1856. Why was not this a borrow-pit?—Because it was a ditch, and borrow pits are made in places where we can haul the earth with teams. We would not make a borrow-pit where we could not draw with teams for the Government or anybody else. If they got the stuff alongside of the road they sometimes increase the ditch, but they do not increase the berm, and we get it wherever we can wheel it; but this ditch was put there for another purpose.

Point involved in this part of claim.

1857. If this ditch at the distance of eighty-five feet could be treated as a borrow-pit along your contract, then you would have no claim?—No.

1858. Then the question is whether it is properly a borrow-pit or a piece of extra work?—Yes; you are aware that the contract specification says that the berm, when we get the clay out of the ditch, is to be ten feet. Now when you come to make it eighty-five feet and have to wheel that into the roadbed with barrows all the way for five miles along the

line, you can see that the difference would be very great. In the first place a berm of ten feet is a very large amount, and you have got to base your calculations in making up the contract on the width of the berm.

1859. You had agreed for ten feet?—Yes.

1860. What is the width of the ditch?—The average width would be four or five feet.

1861. So that taking the average from the bottom of the slope to the centre of the ditch under your contract it would be about twelve feet?—Yes.

1862. And had you to draw it eighty-five feet?—About seventy-three feet average, and the worst of all, this ran through swamp—part of the Julius muskeg and over a mile of it in another muskeg, which made it impossible to use teams in any of it. We had to make gangways across the road and wheel the stuff by hand. Earth had to be wheeled an average of seventy-three feet.

1863. What kind of gangways?—Plank on trestles. We ask in addition to the regular price 9 cts. extra per yard for handling that dirt.

1864. What would have been your regular price?—Our regular price would have been, if it was constituted a side ditch, 26 cts., and we ask 9 cts. extra. But the fact is the engineers have called it an off-take ditch and have estimated it to us at 23 cts.

1865. Is that the price of your off-takes?—Yes. The specification says that the off-take ditches shall be dug right and left of the road to drain the country.

1866. In your contract are you obliged to haul the material of the off-ditches at all?—No.

1867. Are you obliged to put the material into the road?—No; only six feet from the edge of the berm.

1868. But in this case the engineers required you to move it from the ditch and put it into the line?—They required us to move nearly 100,000 yards of it. Their engineer makes it something less than that. Required to move 100,000 yards from the ditch.

1869. What in your opinion would it be worth just to move that material irrespective of the excavation?—I think that the actual cost of moving that would be from 12 cts. to 15 cts. a yard.

1870. So that in your claim you are not getting as much as if it were an entire extra?—No; if we put the stuff out on the edge of the ditch, and the Government asked us to move it into the road-bed after it was put there, they would have to pay us 26 cts. per yard for it.

1871. Supposing it was an extra item altogether outside of the contract, what would be a fair price for it?—I think it could be moved into the bank for 15 cts. per yard.

1872. And this was moved and put into the line?—Yes.

1873. What sort of foundation was there for the plank that you say that you had to wheel it over?—We had to make trestles for them—ten or twelve for each runway. Had to make trestles for the plank for the barrows.

1874. Then was the track on which you wheeled your barrow an artificial support altogether?—Yes.

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Work stopped  
January 7th, 1876,  
east of Julius  
Muskeg, to 22nd  
April.

1875. In January, 1876, you say the work was stopped east of the Julius Muskeg to the 22nd of April following?—Yes.

1876. Was that the time in which you would have moved your supplies but for the stoppage?—We had moved some then that we had to move back again. All this item is for work that had to be undone.

Particulars of  
claim in hands of  
Government.

1877. Have you given the particulars of all this claim to the Govern-  
ment?—Yes.

1878. Just as you have described it now?—Yes; they have the particu-  
lars of every item of the claim.

1879. Is not that such a delay as was contemplated by your agree-  
ment?—Yes.

Part of claim for  
work which had  
to be undone.

1880. Then why should you ask for anything more than an extension  
of time?—We ask for work that we had to undo. We had supplies  
there and we had to bring them back.

1881. That was not work on the line?—It was work for the line.

1882. Your contract you say has a clause to this effect: that if you  
are delayed at all after the work has once commenced it shall be duly  
compensated by giving you a corresponding time in the shape of an  
extension. Do you understand that to be a condition of your contract?  
—Yes.

Reasons why wit-  
ness thinks clause  
as to extension of  
time does not  
cover his case.

1883. When the Government stopped you in January, 1876, for a  
particular period, is it not within your contract, according to your  
opinion, if you get an extension for a similar period afterwards?—No.  
For instance, we were only stopped there for four or five months, or some-  
thing of that kind; but it prevented us from getting material across  
there, and so stopped us from working the whole of the following year.  
We had commenced operations, and had our supplies there, and had to  
move them back again, and I never understood any such thing as that  
as coming within that clause.

1884. You mean to say this: that a stoppage at some period of the  
year would be more damaging to the contractor than at other periods in  
delaying the work?—I think that if by their action they have caused  
work to be done that is of no advantage to the contractor in carrying  
on the contract, the mere fact of getting an extension of time does not  
repay him, as he only gets the extension of time to enable him to com-  
plete his contract. I do not see that that is compensation for anything  
by which they have caused an extra expense.

Delays during  
certain periods of  
the year would be  
more damaging  
than at other  
periods.

If work stopped  
during winter  
supplies cannot  
be got in.

1885. Are there some periods of the year when the delay would be  
more damaging to the contractor than others?—Yes.

1886. Which are the most damaging periods of the year for delay to  
occur in?—The fall would be the most damaging period with us, because  
if we are stopped during the winter it prevents us from getting in  
supplies. As soon as sleighing comes we get over this wet country  
easier than any other way.

1887. If in some periods of the year delay is more damaging to the  
contractor than others, it must follow that there are some periods in  
which delay is less damaging to the contractor than others?—Yes.

Spring the period  
during which de-  
lays do least harm  
to contractor.

1888. What period would be the least damaging?—The first three  
months in the spring would be the least damaging to the contractor,

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Next item of claim: change of line.

because he could not do much of anything at that time. The next item is for a change of the line from station 1010 to station 1700, after we took the contract. It was moved from a dry ridge, workable at all times with ploughs and scrapers, into a leveller part of the country and altogether through swamp, where no team work could be done except for a mile of it. On the first located line on which we took the contract there was a large portion of it dry, in fact I had let a sub-contract to a St. Paul firm at a very reasonable rate between those stations. He and his partner were here making arrangements for men when the change took place and they threw up the contract. It cost us considerably more to do that work through there than we received for it—when we could have got it done for less than our price had the change not been made. I think I can establish before you, on the evidence of practical men and engineers, that the price we asked—5 cts. per yard of an advance—is reasonable on that change.

1889. Under which clause of your contract do you claim an increase of price, when a change is made from one location to another?—Clause 7.

1890. At the time this work was given over to Mr. Whitehead, under your arrangement, had you the plant necessary to do it?—No; not on the ground.

Did not have the necessary plant when work was given over to Whitehead.

1891. What sort of plant did you require?—An engine and train of cars and a steam-shovel.

1892. What would be the first expense of those items on the ground?—From \$20,000 to \$25,000.

1893. What would have been their value after doing the work?—They would have been worth what they cost, with the usual wear and tear taken off—say 20 to 25 per cent.

1894. So that you would have lost \$6,250 on the value of the plant?—Yes.

Value of wear and tear of plant, \$6,250.

1895. What do you lose, supposing you have to bear the loss of the work altogether?—\$150,000 in round numbers.

Estimated value of loss of work, \$150,000.

1896. That is upon one item of earth?—Yes.

1897. Upon what length of the line was that?—A very short length of line—only a mile and a-quarter.

1898. You say that you lost \$150,000 upon the earth item alone; between the price of 26 cts. with haulage and 40 cts. without haulage?—Yes.

1899. Was this at Cross Lake?—Yes; three fills; this side of Cross Lake.

Site of work, near Cross Lake.

1900. At that portion of the line was the earth hauled from borrow-pits?—Yes.

1901. A long distance?—Yes.

1902. By your contract was the earth to be hauled or could the voids have been filled with trestle work?—They could have been filled with trestle work.

According to contractor voids might have been filled with trestle work.

1903. Was it decided before you arranged with Mr. Whitehead whether they should be filled with trestle work or with earth?—Yes;

Before arrangements with Whitehead it was



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decided that the voids should be filled with earth. it was decided they were to be filled with earth, and we had done part of all the fills.

1904. On this mile and a quarter?—Yes.

1905. Was this only raising the embankments?—No; it was the completion of them. There were gaps that were not filled out—one almost entirely filled and the other two were gaps.

1906. When you speak of a mile and a quarter, do you mean the gaps?—No; I mean the full extent.

1907. So that the actual work would really be upon a much shorter length than a mile and a quarter?—Yes; about 1,500 feet.

1908. As I understand you, the earth to fill these gaps was drawn from borrow-pits?—Yes.

Earth drawn  
from distant  
borrow-pits.

1909. But it was at such a distance that the extra haulage made it very high-priced?—Yes; this was the nearest place that the earth could be got.

1910. And it was settled that it was to be filled by earth instead of trestle work before you made the change to Whitehead?—Yes.

1911. Did you make any estimate of the probable value of this work before you consented to change to Whitehead?—We did.

1912. Did you tell Mr. Smith about the difference in the cost of it under the new arrangement as compared with the previous arrangements with you?—I do not know that there was anything said about it.

1913. Did you call his attention to the fact that you would lose money by it?—I do not know whether there was anything said about losing money by it, as I understood we were to get our prices.

Nature of claim.

1914. Is your claim the difference in the cost between his contract price under the new arrangement and the price you were to be paid under the old contract?—That is all.

1915. You do not claim for loss of profit at all?—No; we claim that Mr. Whitehead is our sub-contractor with the permission of the Government.

1916. And you only ask the Government to pay you what they have saved by letting Mr. Whitehead do the work?—That is all.

1917. Could you have procured the plant that was necessary to do the work, and finished it as soon as Mr. Whitehead?—We could have done it much sooner. We had the means to procure the plant immediately and could have done it much quicker, because we had nothing else to attend to, and he had other works.

1918. As a matter of fact, when did he finish that portion of the line? It was on the 13th or 14th of September that you agreed with him?—It was done this last year—1879.

1919. More than a year afterwards?—Yes.

1920. So that he could not work over that piece to help him on section 15 until last winter?—No.

1921. And you could have finished it sooner if you had been allowed to do so?—Yes; we clearly understood that we would not be allowed to finish it in the time it was necessary.