

**Tendering—  
Contract No. 61,  
B.C.**

17743. This Order-in-Council which you have produced, dated in June, authorizes not only the transfer from Purcell, Ryan & Co. to Mr. Onderdonk, but another assignment by Onderdonk to Mr. D. O. Mills: have you any correspondence on that subject? There are some letters printed in the Blue Book of 1880, if you can say whether that contains all the correspondence it will answer our purpose: it there is anything to be added to it please let us know?—As far as I am aware, the Blue Book contains all the correspondence on the subject.

17744. Are you aware of any interviews upon the subject, the effect of which would not be given in this Blue Book?—No.

17745. Do you know whether there was any report from the Engineer-in-Chief upon the subject of this transfer of the contract from Purcell & Ryan to Onderdonk: there is one on page 190, apparently, but I wish to know whether there is anything further than that?—There is no other report from the Chief Engineer, except the one printed at page 190.

17746. Is there any other information which you can give us respecting the letting of this contract for section B, or the transfer of it, besides what appears in the Blue Books, and what you have already stated?—No.

17747. The report which you spoke of when giving your evidence upon section A, made by the Engineer-in-Chief in 1879, covers this section as well as section A, does it not?—Yes.

**Contract No. 62,  
B.C.  
Contractor: An-  
drew Onderdonk**

17748. What is the next contract?—It is contract No. 62, for the construction of twenty-eight and a-half miles of railway in British Columbia, between Lytton and Junction Flat, and the name of the contractor is Andrew Onderdonk, and the date of the contract is the 23rd of December, 1879.

17749. Was this work let by competition, and invited in the same way as the work upon the last two contracts?—Yes.

17750. Have you any report upon the tenders for this particular section?—Yes; I produce it. (Exhibit No. 248.)

17751. When were the tenders for this section opened, and in presence of whom?—They were opened on the 20th of November, in the presence of Mr. Fleming, Mr. Braun and myself.

17752. Were these tenders also in the parcel which you before described as being put away in the absence of the Minister?—Yes.

**Tender from  
Brown & Corbett  
received too late  
and without a  
cheque.**

17753. On opening the tenders did you find any which you considered it necessary to reject and exclude from the competition?—There was one from Brown & Corbett received too late, and without a cheque.

17754. Was it accompanied by any other security equivalent to a cheque?—No.

17755. Would that tender have been a successful one if it had been received within the time and accompanied by proper security?—If the extensions made by the persons sending in their tender are correct, it would be the lowest tender.

17756. Do you remember whether it was decided, before opening the tender, by the persons who were present that it ought not to be allowed to compete, or was it after opening it, and knowing the

figures that it was so decided?—It was laid aside, before we commenced opening the tenders.

**Tendering—  
Contract No. 63,  
B.C.**  
Laid aside before  
tenders opened.

17757. When you say it was laid aside, do you mean that it was the opinion of the officials present that it ought not to be allowed to compete?—Yes.

17758. Was the contract awarded to the lowest regular tender?—  
Yes. **Contract awarded  
to lowest regular  
tenderer.**

17759. This tender was made by the same persons who were successful in tendering for section A?—Yes.

17760. Was this contract transferred to the same person who obtained the transfer of section A?—Yes.

17761. Were there any dealings with this contract for section C in a different way from the dealings for section A—I mean by the Government and the successful tenderers or any other person; or did it follow the transaction connected with the contract for section A? There was no difference.

17762. Then the arrangement for transferring this contract was really included in the arrangement for the transfer of section A, was it?—Yes. **Arrangements  
regarding this  
contract in all  
respects the same  
as those in regard  
to contract 60.**

17763. Do you know whether it has been necessary at any time to come to any decision, or to have any transaction with either of those sections, separate from the other of them after the contract was once awarded?—There were two separate contracts, but I think the correspondence refers to the two sections.

17764. Has there been any dispute, that you are aware of, upon the subject of the awarding of the contract or contract B in British Columbia, or any complaint by any unsuccessful tenderer?—No.

17765. Is there anything further which you can state by way of evidence upon the subject of this contract C, beyond what appears in the Blue Books?—No.

17766. All these contracts for the four sections of British Columbia have not only been transferred to Onderdonk, but by him transferred to a Syndicate represented by Mr. Mills, is that not so?—Yes. **Contracts 60—63  
inclusive, trans-  
ferred to a Syndi-  
cate represented  
by Mills.**

17767. And that has been approved of by His Excellency in Council?—Yes. **Approved by  
Order-in-Council.**

17768. What is the next contract?—The next contract is No. 63, it is for the construction of forty and a-half miles of railway in British Columbia between Junction Flat and Savona's Ferry: the name of the contractor is Andrew Onderdonk, and the date of the contract is December 15th, 1879. **Contract No. 63,  
B.C.**

17769. Tenders for this work were asked by the same advertisement to which you have already alluded were they not?—Yes.

17770. Have you any report upon the subject of this section?—Yes; I produce it. (Exhibit No. 249.)

17771. When was this opened and before whom?—They were opened on the 20th of November, 1879, in presence of Mr. Fleming, Mr. Braun, and myself.

17772. Were the tenders for this section included in the parcel to which you have already alluded?—Yes.

**Tendering--  
Contract No. 63,  
B.C.**

Irregular tender  
not allowed to  
compete.

17773. Upon opening the tenders did you find any which you did not allow to compete on account of any irregularity?—There was one from Brown & Corbett which arrived too late and in which there was no cheque.

17774. Was there any other security equivalent to a cheque in it?—No.

17775. Was there any decision arrived at as to whether it should be allowed to compete before it was opened and the figures known?—It was thought by us that it should not be allowed to compete.

Not as low as  
successful tender.

17776. Was it as low as the successful tender?—No.

17777. Was the contract awarded to the lowest tenderer?—Yes.

Kavanagh the  
lowest tenderer.

17778. Who made the lowest tender?—T. & M. Kavanagh.

At Kavanagh's  
request work  
awarded to  
Onderdonk.

17779. Did they execute any contract in the first place before Onderdonk became the contractor, or was their right transferred so that he became the original contractor?—There was no contract executed with Kavanagh, but at their request the work was awarded to Mr. Andrew Onderdonk.

17780. Before the contract was thus awarded, had they put up the security necessary to entitle them to deal with it?—They had sent in a cheque with their tender, but had given no other security.

17781. What time was given to them, when they had notice that the contract was awarded to them, within which they might put up the further security?—In a letter from the Department to Mr. Kavanagh, a copy of which is printed at page 147, Mr. Kavanagh is requested to make his final deposit on or before the 8th of December, and at page 150 of the same Blue Book is a copy of a letter from the Department to Mr. Kavanagh extending the time to the 11th of December.

Onderdonk  
deposited \$90,000.

17782. Did they put up the security by the 11th?—No; but on the 11th they addressed a letter to the Department asking that the work be awarded to Mr. Andrew Onderdonk; and Mr. Onderdonk made a deposit of \$90,000 on the next day—the 12th.

17783. Then had the time been extended beyond the 11th to enable this to be done?—The time had been extended up to the 13th.

Extension of time  
granted by Minister  
and approved  
by Order-in-  
Council.

17784. By what authority had it been extended?—The extension was granted by the Minister approved of by an Order-in-Council.

17785. Do you mean that when you say that the extension is approved of by Council that the transaction itself is approved of; and that that involves the extension upon which the transaction is based?—Yes.

17786. Is there any other document beyond what appears in the Blue Book upon the subject of extension as far as you know?—No.

17787. Did you take part in any discussion upon the subject of this extension either with the Minister or with any other official, or with any other person?—I am not aware of any other discussion further than what appears in the Blue Book.

17788. Have you any means of knowing the reason why this extension was granted to Kavanagh, either the first or second extension?—No.

Tendering—  
Contract No. 62,  
B. C.

17789. Do you know whether there was any difficulty about the necessary security being given before the contract was completed in any of the sections in British Columbia: on page 149 there is a report upon this subject, but it may be that you know something more than is stated there?—No; the report on page 149 contains all the information which I can give.

17790. I think you have already said that this contract, after being given to Onderdonk by virtue of this transfer from Kavanagh, was afterwards assigned by him to Mills as well as the contracts for A, B and C?—Yes.

17791. Have you the original tenders in this case?—Yes; I produce twelve tenders. (Exhibit No. 250.)

17792. Have you the original tenders for section C?—Yes; I produce twelve. (Exhibit No. 251.)

17793. Is there any other matter connected with this section D on which you can give us information not contained in the Blue Book?—No.

JAMES GOODWIN'S examination continued:

GOODWIN.

*By the Chairman:—*

Contract No. 61,  
B. C.

17794. It is not necessary that you should be sworn again as you have already been sworn in this matter: do you so understand it?—Yes.

17795. Had you any arrangement, before you tendered for the British Columbia sections, with any other person who was tendering, for the purpose of selling out afterwards to him, or make any other arrangement by which a tender should be put in at a particular rate, either higher or lower than any other persons?—No; Ryan and myself and Col. Smith made up our tender and put it in, not with the intention at that time of selling out.

Witness and part-  
ners tendered  
without any in-  
tention of selling  
out.

17796. Was there any arrangement existing at that time between your firm and any one else as to prices?—None at all.

No arrangement  
between his and  
any other firm as  
to prices.

17797. Do you know of any such arrangement existing between any other persons tendering?—I do not. I may state I did not see Onderdonk until after the tenders were in—never seen him or spoke to him.

TOUSSAINT TRUDEAU'S examination continued:

TRUDEAU.

*By the Chairman:—*

Bridge over  
Red River—  
Contract No. 64.

17798. What is the next contract?—Contract No. 64, it is for the erection of a temporary bridge over the Red River at Winnipeg. The contract was entered into on the 18th of March, 1880, with Ryan, Whitehead & Ruttan.

17799. Was the work let by public competition?—Yes.

17800. Advertisements asking for tenders?—Yes.

17801. Where were the advertisements published?—In Manitoba.

**Bridge over  
Red River—  
Contract No 64.**

17802. By whom were they opened?—A list of tenders received was sent in to the Department in a report by Sandford Fleming dated the 6th of April, 1880. The report does not state by whom they were opened.

17803. Have you the report?—Yes.

17804. Who is reported to have made the lowest tender?—Ryan, Whitehead & Ruttan.

**Contract let to  
lowest tenderer.  
\$7,350 amount of  
tender.**

17805. Is this the same firm who got the contract?—Yes.

17806. What is the amount of their tender?—\$7,350.

**Work completed.**

17807. Do you know how far the work had progressed in June last, or can you say whether it has been completed?—The bridge has been completed.

17808. Has it been settled for?—Yes.

17809. Without dispute?—Yes, without dispute.

17810. Has there been any complaint or dispute on behalf of the unsuccessful tenderers, or any of them?—Not that I know of.

17811. Will you produce the report to which you refer?—Yes; I produce it. (Exhibit No. 252.)

17812. Is there any other matter connected with this contract which you wish to explain?—No.

OTTAWA, Monday, 29th November, 1880.

TOUSSAINT TRUDEAU'S examination continued:

**Passenger Cars—  
Contract No. 65.**

**Contract with  
James Crossen  
for construction  
of four first-class  
passenger cars.**

*By the Chairman:—*

17813. What is the next contract?—Contract No. 65, with James Crossen, for the construction of four first-class passenger cars. The date of the contract is the 15th of March, 1880.

17814. Was the work let by public competition?—Yes.

17815. Have you a copy of the advertisement and any report upon the tenders?—Yes; I produce it. (Exhibit No. 253.)

17816. What is the time then for the receipt of tenders?—Monday, the 23rd February, 1880.

17817. When were they opened, and before whom?—They were opened on the 2nd of March, 1880, in the presence of Mr. Smellie, Mr. Braun and myself.

**Separate arrange-  
ment for official  
car.**

17818. The description of this contract in Mr. Fleming's report of 1880 gives four first-class passenger cars and one official car. This report of the tenders put in and the advertisement together show that the invitation was only for tenders for the first-class cars and other cars but no official car: was there a separate arrangement as to the official car?—Yes.

17819. How were tenders obtained for the official car?—A report from the Engineer's Department, dated 15th of March, 1880, shows that when the tenders for the first-class cars were received the drawings for the official car were not ready. As soon as these drawings were

ready the builders who had sent in tenders for first-class carriages were asked for tenders for the official car. The same parties sent in tenders and the lowest was accepted.

17820. Were all the parties who had previously tendered for first-class cars invited to offer for the official car?—Yes.

17821. Was the contract given for the first-class cars to the lowest tender?—Yes.

17822. And for the official car?—Yes.

17823. What is the whole amount involved in this contract?—About \$24,900.

17824. Has it been performed?—Yes.

17825. Is there any dispute upon the subject?—No.

17826. In this report of the different tenders which were sent in in answer to your advertisement, I notice seven firms have made offers, but I gather from it that only two made offers for the first-class cars?—Yes.

17827. The other offers were for the other cars, such as baggage cars, box cars, &c.?—Yes.

17828. Was any other contract based upon these offers for the ordinary cars?—Yes; there were contracts for postal, box and platform cars.

17829. With whom was that made and what was the number of it?—The box cars and platform cars are known under the name of contract No. 67; the postal and baggage was contract No. 68.

17830. Was the contract No. 67 given to the lowest tenderer?—Contract 67 is for sixty box cars, and sixty platform cars. The contract is with the Moncton Car Co., and is based upon a tender which is the lowest for the platform cars, but not the lowest for the box cars.

17831. What is the difference between the successful tender and the lowest one for the box cars?—\$5 per car.

17832. By whom was that tender made: \$685 was the lowest?—By Simon Peters. The advertisement asked for tenders for sixty box cars. Mr. Peters offered to furnish from fifteen to thirty cars only.

17833. Then do I understand that it would have been necessary, at all events, in order to get the required number, to go to Mackay & Elliott, known now as the Moncton Car Co.?—Yes.

17834. Was there any complaint on the part of Simon Peters because he did not get the contract for the portion which he offered to supply?—No; on the contrary, there is a letter from him asking to withdraw his tender. I produce the letter. (Exhibit No. 254.)

17835. Was there any complaint in any of those car contracts upon the part of persons who were not awarded the contracts?—No.

17836. Were all the tenders which were put in considered and allowed to compete, or was there any one irregular and rejected?—They were all allowed to compete.

17837. What is the amount involved in contract 67?—\$70,800.

17838. Has that contract been fulfilled?—Not yet; it is in progress.

17839. What is the amount involved in contract No. 68?—\$6,230.

**Passenger Cars—  
Contract No. 65.**

Lowest tender accepted for official car and for first-class cars.

\$24,900 involved in this contract.

**Postal and Platform Cars—  
Contracts Nos. 67 and 68.**

Contract 67 for sixty box and sixty platform cars based on a tender the lowest for platform, but not the lowest for box cars.

Simon Peters offered to furnish from fifteen to thirty box cars at \$5 lower, but advertisement called for sixty cars.

Simon Peters asked to withdraw his tender.

\$70,800 involved in contract 67 which is in progress.

In contract 68 \$6,230 involved.

**Postal and  
Platform Cars  
Contracts Nos.  
67 and 68.**

17840. What is the date of contract No. 68?—The 8th of May, 1880.

17841. Have you the original tenders which were put in on these different car contracts?—Yes; I produce seven. (Exhibit No. 255.)

17842. These do not include the tenders for the official car do they?—No; I now produce the tender for the official car. (Exhibit No. 256.)

**Official car order-  
ed by Order-in-  
Council.**

17843. Was the contract for the official car ordered by Council or by the Minister?—It was ordered by Council the 18th of March, 1880. I produce the Order-in-Council. (Exhibit No. 257.)

17844. Is there anything further in connection with these car contracts which you consider necessary for you to explain?—No.

**Tendering—  
Contract No. 66.  
Second 100 miles  
west of Red  
River.**

17845. What is the next contract?—Contract No. 66, for the construction of the second 100 miles of line west of Red River.

17846. Have you any report by the engineer upon the tenders for this second 100 miles west of Red River?—Yes; I produce a report by Sandford Fleming, dated 13th of April, 1880. (Exhibit No. 258.)

**Under Order-in-  
Council, George  
McTavish's name  
added to the firm  
of Bowie & Mc-  
Naughton.**

17847. The contract was originally awarded to Bowie & McNaughton: was it transferred by them, and if so who became the contractor?—Under the authority of an Order-in-Council, dated the 22nd of May, 1880, the name of George S. McTavish was added to the firm of Bowie & McNaughton.

17848. Then did the firm remain Bowie, McNaughton & McTavish, or was McNaughton also dropped out?—The new firm is known under the name of Bowie, McTavish & Co., and consists of Bowie, McNaughton and McTavish.

17849. Have you a copy of the Order-in-Council which you can produce?—Yes; I produce it. (Exhibit No. 259.)

17850. Can you produce the next highest tender for this work above the one that was accepted? I think it was made by a Barrie firm—Marpole & Co.?—Yes; I produce it. (Exhibit No. 260.)

**Transportation  
of Rails—  
Contract No. 70.  
From Montreal  
to Emerson and  
Fort William.**

17851. What is the next contract which we have not investigated?—Contract No. 70, with the North-West Transportation Co., for the carriage of rails from Montreal to Emerson and Fort William.

17852. How was this contract brought about: was there any competition?—An advertisement was issued and tenders received. I produce it. (Exhibit No. 261.)

17853. When were the tenders opened and before whom?—They were opened on the 13th of May by Mr. Fleming and myself.

17854. Were all the tenders received allowed to compete?—Yes.

17855. Who made the lowest tender?—Henry Beatty, of the North-West Transportation Co.

17856. I see that the advertisement calls for tenders up to noon on Saturday the 8th of May for the transport of about 23,000 tons of rails and fastenings, part to be delivered on the cars at Emerson and the remainder at Fort William: was this about the quantity that was finally contracted for?—Yes.

**Henry Beatty, of  
North-West  
Transportation  
Co., lowest  
tenderer.**

23,000 tons.

**\$5 per long ton  
delivered at Fort  
William.**

17857. What is the rate named in the contract for delivery at Fort William?—\$5 per ton.

17858. This is the long ton, is it not?—Yes.
17859. And the transportation was from Montreal?—Yes.
17860. What is the price named for transporting the long ton from Montreal to Emerson in the lowest tender?—\$14.50. **Transportation of Rails—Contract No. 70.**  
\$14 per ton to Emerson.
17861. Then the difference between the delivery at Fort William and at Emerson is \$9.50 for the long ton, is it not?—Yes. \$9.50 difference between Fort William and Emerson.
17862. How does this price compare with the previous contracts for the same work?—It is lower.
17863. By how much?—\$9.50 per ton between Fort William and Emerson. This contract \$8.50 lower than was paid to North-West Transportation Co. under contract 34.
17864. To whom, or under what contract, was this price—the higher price—paid for transporting rails from Fort William to Emerson at \$18 a ton?—It was under contract 34 with the North-West Transportation Co.
17865. Then, comparing these prices all the way from Montreal to Emerson, how do you find that the whole price compares with previous contracts for the same work?—It is lower by about \$4.80 per ton.
17866. Do you find that upon any previous occasion that the transportation of rails from Montreal to Emerson cost you \$4.80 more than this?—Yes. Previously paid \$4.80 more from Montreal to Emerson.
17867. Do you remember by what contract you paid that higher price for this same work?—Under contract 22 the sum of \$1.20 was paid for the carriage of rails from Montreal to Kingston, and under contract 34 \$18 from Kingston to St. Boniface. Contract 22, \$1.20 from Montreal to Kingston; contract 34, \$18 from Kingston to St. Boniface.
17868. Was this contract which we are now considering let to the lowest tenderer?—Yes.
17869. Was there any complaint upon the part of other persons who had tendered on the ground that they did not get the contract?—No. Contract let to lowest tenderer—no complaint.
17870. Was this contract, No. 70, authorized by Order-in-Council?—Yes; I produce it. (Exhibit No. 262.)
17871. Has the work been performed under this contract 70?—This contract is in progress of execution. Contract in progress.
17872. Was there a contract before this on the same subject, No. 69?—No. 69 is not a formal contract. In the summer of 1879 the North-West Transportation Co. were to carry 11,000 tons to Manitoba for Mr. Ryan, the contractor of the first 100 miles west of Red River. The North-West Co. had also a contract with the Department for the transportation of some 4,000 tons to Fort William. Late in the autumn of 1879, it was found that the makers in England were sending more rails than the 15,000 tons expected, and Mr. Beatty was ordered to carry this extra quantity, the rates being the same as those rates paid by Mr. Ryan, who was the contractor for section 48. **Contract No. 69.**  
Not a formal contract.
17873. By what authority was this arrangement made: by the Minister or by Council?—The case is reported only by Mr. Fleming, and is approved of by Order-in-Council, both of which I produce. (Exhibit Nos. 263 and 264.)
17874. What was the price paid for this work?—\$16.



**Transportation  
of Mails—**

**Contract No. 69.**

17875. How does this \$16 compare with the prices which you have been formerly paying for the same work?—It was less.

\$3.30 less than  
previously paid.

17876. How much less per ton?—Taking contracts 22 and 34 as a basis, it was less by \$3.30.

17877. Has the work been done under this arrangement?—The work has been executed, but the accounts have not been quite settled.

**Iron Super-  
structure—**

**Contract No. 71.**

Toronto Bridge  
Co. contractors.

17878-9. What is the next contract?—Contract No. 71. It is for the furnishing and erecting of iron superstructures over the eastern and western outlets of the Lake of the Woods. The contract was with the Toronto Bridge Co.

17880. Was the work submitted to public competition?—Yes.

17881. Have you a copy of the advertisement and the report upon the tenders?—Yes, and I produce it. (Exhibit No. 265.)

17882. From this report it appears that two tenders were sent in. They were opened by yourself and Mr. Smellie two days after the date named for receiving them: is there anything further about the matter than appears from this report?—No.

17883. Were all the tenders that were received allowed to compete?—Yes.

Contract given to  
lowest tenderer.

17884. And the contract awarded to the lowest tender?—It was.

17885. Was there any complaint by the unsuccessful tenderers?—No complaint.

\$50,000 involved  
in contract.

17886. What is the total amount involved in the contract?—About \$50,000.

17887. The decision to award this contract was arrived at, apparently, before the date of our Commission, but the contract itself was executed afterwards: is that correct?—Yes.

17888. Is there anything connected with the proceedings, up to the awarding of the contract, which requires further explanation?—Nothing.

17889. What is the next contract?—Contracts 72 and 73 were entered into in July and October.

17890. Had any of the preliminary steps—such as advertising or awarding the contract—been taken before the 16th of June?—No.

17891. What is the next contract towards which any steps were taken before the middle of June last?—On the 17th of May, 1880, tenders were received for tanks and pumping machinery required to supply water for the use of locomotives, but none of the tenders were accepted.

**Wire Fencing—  
Contract No. 77.**

17892. What is the next matter before the middle of June last?—Nos. 75 and 76 are contracts entered into after the month of June. No. 77 is a contract for fencing. An advertisement was published, dated the 26th of April, 1880, calling for tenders for wire fencing. In the advertisement it was stated that the parties tendering should furnish specifications, drawings and samples of the fence, or different kinds of fence, they proposed to erect. Tenders were received on this advertisement, and a comparison of tenders involved a comparison of the plans proposed.

Wire Fencing—  
Contract No. 77.

17893. Have you a report upon the subject?—Yes; I produce it. (Exhibit No. 266.)

17894. By whom were the tenders opened?—They were opened on the 1st of June, 1880, by Mr. Smellie, Mr. Braun and myself. I produce a certificate of the opening. (Exhibit No. 267.)

17895. Was there any decision arrived at as to awarding the contract before the middle of June?—No.

17896. Were any of the tenders rejected on account of any irregularity so as to exclude them from the competition?—No.

17897. What is the next matter before the middle of June?—In the order of dates this is the last.

17898. Is there any other matter which we have not touched upon that you think requires explanation as to these which were not completed before the middle of June?—No.

17899. Could you say whether there had been any expenditure on account of any of them—I mean those which were not carried so far as contract before the middle of June?—No; there was no expenditure.

17900. Are there any of the former matters which you can speak of now?—Contract 16 with Canada Central Railway for a subsidy.

Subsidy to  
Canada  
Central—  
Contract No. 16.

17901. Upon the last occasion on which you were examined about this matter you were asked to produce the correspondence which led up to the transaction: have you that correspondence at present?—I now produce a letter from the President of the Canada Central Railway Co. dated 22nd August, 1874. It is addressed to His Excellency the Governor-General, and prays that a subsidy of \$12,000 per mile be granted on the line to be built up to the village of Renfrew to the eastern terminus of the Canada Central Railway, subject to the provisions prescribed by the 14th section of the Canadian Pacific Railway Act of 1874. (Exhibit No. 268.)

President of  
Canada Central  
asks for a subsidy  
of \$12,000 per mile.

17902. What is the next step after the receipt of this letter?—The matter was referred to the Chief Engineer who sent an assistant over the line to examine the country.

17903. Is the result of that examination reported by the Engineer?—Mr. Fleming reported on the 6th of October. I produce the report.

17904. This is the one attached to the letter which you have already produced, is it not?—Yes.

17905. And the next step?—The next step was the passing of an Order-in-Council on the 4th of November, 1874, granting a subsidy of \$12,000 subject to certain conditions, and to the ratification of the Order-in-Council by resolution of the House of Commons, a copy of which Order I produce. (Exhibit No. 269.)

Order-in-Council  
4th November,  
1874, granting  
subsidy of \$12,000

17906. This Order was ratified, I believe, by a resolution of the House of Commons?—Yes; on the 13th March, 1875.

17907. What was the next step?—On the 24th of March, 1875, the Secretary of the Canada Central Railway Co. informed the Department that the company had entered into a contract with the Hon. Mr. Foster for the construction of the line, and enclosed a copy of the contract. A copy of the contract is included in the paper already filed as

24th March, 1875,  
letter received  
saying company  
had entered into  
contract with  
Foster.

**Subsidy to  
Canada  
Central—  
Contract No. 16.**

Exhibit No. 269. The receipt of this communication was acknowledged by Mr. Braun on the 27th of March, 1875.

17908. This contract of which you have spoken is only between the railway company and Mr. Foster: was there any contract between the railway company and the Government?—There is nothing beyond the Order-in-Council granting the subsidy on the conditions named in the Order-in-Council.

One condition of granting subsidy that within one month, company shall enter into *bona fide* contract for building the railway, &c.

17909. One of the conditions in this Order-in-Council is, apparently, that the company shall, within one month of the ratification of the Order-in-Council, satisfy the Minister of Works that they have entered into a *bona fide* contract, or contracts, for the building of the railway, and have provided sufficient means for the completion of the line within the time named: do you know whether they satisfied the Government upon the other subject, that is, they had provided sufficient means, as well as that they had entered into the contract with Mr. Foster?—At that time it was thought they had.

17910. Thought by whom?—By the Minister of Public Works.

17911. Was the matter considered and decided in any formal way: is there any correspondence or any documents on the matter?—There is no correspondence on the subject.

17912. Is there any record of the fact that the company did within the time named satisfy the Minister of Public Works on the subject?—There is no written record.

Foster thought a rich man.

17913. Is there one in some other shape?—Nothing, beyond my recollection that Mr. Foster was thought to be a very rich man at that time.

17914. Do you mean that this circumstance was taken into account, and upon that reputation of Mr. Foster it was decided that the company had sufficient means?—My impression is that the Minister was satisfied that the company had sufficient means.

17915. Was it so stated to you by the Minister formally, or were you present when it was decided, or do you mean that it was only the rumour of Mr. Forster's standing which leads you to think that it must have happened?—I cannot recollect that.

26th October, 1875, Foster sent in a report pointing out difficulties in the way of constructing line.

17916. What is the next step?—The next important step was that Mr. Forster sent into the Department a report by Mr. Walter Shanly, dated October 26th, 1875. The subject of the report are the difficulties to be encountered in the construction of the line. I produce the report. (Exhibit No. 270.)

Fleming reported in favour of further examination.

17917. In this report Mr. Shanly suggests that permission be asked to change the location of the line: was that done, and if so what was the result?—Mr. Shanly's report was referred to Mr. Fleming. Mr. Fleming reported on the 17th of November, and again on the 22nd of November, 1875. The principal recommendation in Mr. Fleming's report was that further examination should be made. I file the two reports. (Exhibit Nos. 271 and 272.)

17918. At the time that Mr. Shanly's report was submitted for the consideration of the Government, was any application made by the contractors of the Canada Central Railway Co.?—There was no formal letter accompanying Mr. Shanly's report, nor was any written about that time.

Subsidy to  
Canada  
Central—  
Contract No. 16.

17919. Was an application made to be allowed to change the line, or make any material change in the contract?—A formal proposition was made by Mr. Foster on the 20th of December, 1875, which I now produce. (Exhibit No. 273.)

17920. What was done by the Government on the subject of this application as far as the Canada Central Railway Co. was concerned?—The matter was referred to Mr. Fleming, and on the 23rd of December, 1875, Mr. Fleming sent in a report which I now produce. (Exhibit No. 274.)

17921. Was any action taken by the Government upon Mr. Fleming's report?—In a report to Council, dated the 26th of February, 1876, the Minister states that he will report on the application of the Canada Central Railway Co. at some future time. On the 23rd of March, 1876, Mr. Foster, in a letter to the Department, proposed to explore the country between Pembroke and Lake Nipissing, which letter I produce. (Exhibit No. 275.)

17922. This letter refers to a report from Mr. Shanly, apparently a report later than the one you formerly produced: have you that report?—It is a report addressed to Mr. Foster which I have not got.

17923. Do you mean that it was not on record in the Department? It appears to have been enclosed in this application from Mr. Foster, and expresses a doubt of the possibility of obtaining a practicable line on the route originally contemplated. That is, of course, somewhat the tenor of his report of October. I only wish to know whether he made a subsequent report to the same effect or whether this alludes to the former report of October?—The date of Mr. Shanly's report not being given and there being no report enclosed in the letter, I cannot say.

17924. What is the next step?—A letter dated February 10th, 1877, signed by the Vice-President of the Canada Central Railway Co. was received proposing that the company should extend the line at their own cost up to Pembroke and that the subsidized line instead of commencing at Douglas and going up the Bonnechere, should commence at Pembroke and go up the Ottawa Valley, the number of miles in each case to be subsidized being the same. Mr. Fleming on the 16th of February, 1877, reported on this matter, and recommended that the proposal be favourably entertained. I file the two letters as Exhibit No. 276.

February 10th, 1877, letter from Vice-President of Canada Central Railway Co. proposing further to extend line to Pembroke, and suggesting that subsidized line should go from Pembroke up the Ottawa Valley.

17925. This proposition of February, 1877, is, in effect, abandoning the line contracted for, is it not?—Yes; it is a proposal to abandon that line.

17926. This proposition of 1877 comes from the company as a corporation; the last one which you mentioned came from Mr. Foster, the individual—some eleven months between them: had any material change taken place in the position of the parties during that time? I mean was the Government still dealing with Mr. Foster, as in March, or did anything else happen which transferred the whole matter to the company?—I produce a letter written by Mr. Foster in January, 1877, in the same sense as the letter sent in by the Vice-President of the company. (Exhibit No. 277.)

Letter from Foster in same tenor.

17927. The date of January in this letter appears to be a mistake: will you please look at other marks on the letter—endorsements and

**Subsidy to  
Canada  
Central—  
Contract No. 16.**

stamps—and say when it was received?—I find that the Secretary's stamp indicating when the letter was received by him on 19th May, 1877.

17928. And what would the endorsements indicate according to the practice of your Department?—This letter, after the 19th May, was probably folded inside of some other document, and only received a separate cover on the 17th December, 1877.

17929. As the proper date—I mean the date at which it was actually written—do you say you think it was in January, or in May, 1877?—There is no other date on the paper except January and the date of the stamp.

17930. In this letter from Mr. Foster he speaks of a report of Mr. Murdoch's which had been transferred to the Department the month previous; have you that report of Mr. Murdoch's?—I find no record of the report having been received.

**Order-in-Council,  
April, 1878, ap-  
proving of pro-  
position.**

17931. What is the next step in the negotiations?—The next step was the passing of an Order-in-Council, dated the 18th of April, 1878, approving the proposition made by the Canada Central Railway Co. that the subsidized line should begin at Pembroke and extend to a point near the crossing of the Nipissing Road at the south-east corner of Lake Nipissing, and that the total subsidy be \$1,440,000. Other conditions are also named in the Order-in-Council. I produce the Order-in-Council. (Exhibit No. 278).

**Total subsidy to  
be \$1,440,000.**

17932. Have you no record of any steps in this transaction between the report of Mr. Fleming, in February, 1877, and this Order in 1878?—No; I have only before me the papers having reference to the contract.

17933. Do you mean that there are papers in your Department, which you have not now before you, referring to the steps which led to this final contract on the changed line?—No; I do not think there is anything leading to that.

**Therefore appli-  
cation to change  
line granted.**

17934. Then this Order-in-Council of April, 1878, as I understand it, is granting the application of the company to change the line entirely, and to adopt a new course for the subsidized railway?—Yes.

17935. Was there any arrangement made by which the Canada Central Railway Co. were reimbursed in any way for their expenses in their attempt to fulfil the contract upon the first line?—No.

**20th April, 1878,  
contract with  
McIntyre &  
Worthington to  
construct line.**

17936. Was there any formal contract entered into between the railway company and the Government based upon this new arrangement?—Yes; a formal contract was entered into on the 20th of April, 1878, between the Canada Central Railway Co. and Messrs. McIntyre & Worthington for the construction of the line.

**Sixth clause em-  
powers contrac-  
tors to deal direct-  
ly with Govern-  
ment.**

17937. Was there not between the company and the Government? As I understand you now this contract, of which you are speaking, is one in which Mr. McIntyre and Mr. Worthington undertake with the railway company to build this line; but I am asking you for one—if there is any—between the railway company and the Government?—The sixth clause of the contract between the Canada Central Railway Co. and Mr. McIntyre and Mr. Worthington empowers the contractors—McIntyre & Worthington—to deal directly with the Government; and an Order-in-Council was passed on the 17th of June, 1878, approving of the contract on certain conditions. These conditions had

been communicated to the Canada Central Railway Co. and accepted by McIntyre & Worthington in acknowledgment, and a letter sent in to the President of the Canada Central Railway Co.

Subsidy to  
Canada  
Central—  
Contract No. 16.

17938. Well, in any of those papers to which you have alluded, do you find any undertaking with the Government that the Canada Central Railway Co. will have this line built: you say that they may deal with the Government, but have they so dealt? The clause to which you refer seems only to authorize the contractors to receive money from the Government, or something for their benefit; there does not appear to be anything in that clause alluding to an undertaking with the Government?—There was no contract entered into beyond the Order-in-Council.

No contract with  
Government  
beyond Order-in-  
Council.

17939. Have you a copy of that Order-in-Council of the 17th June?  
—Yes; I produce it. (Exhibit No. 279.)

17940. Will you produce the agreement between the company and McIntyre & Worthington?—Yes; I produce it. (Exhibit No. 280.)

17941. Is that arrangement still existing: I mean the one accomplished by the contract between McIntyre & Worthington and the company, and this Order-in-Council?—Yes.

17942. Has the work been progressing under it?—Yes.

17943. Do you know, in round numbers, what sum has been disbursed under the subsidy up to the 30th of June last?—About \$830,000, up to the 30th of June.

\$830,000 paid  
under subsidy up  
to 30th June, 1880.

17944. About what length of the line has been completed according to the terms of the arrangement?—About seventy miles. The payments to the contractor include the advances on rails. The rails for the whole line have been purchased by the contractors and delivered on the ground.

Seventy miles  
completed.  
Payment to con-  
tractors included  
advance on rails.

17945. Can you furnish, under different headings, the amount that has been expended on this contract up to June last?—Not this moment, but I can on some future occasion.

17946. There was an item of \$68,000 which was paid for rails early in the history of this Canada Central Railway transaction, was there not?—Yes.

\$68,000 paid at an  
early period for  
rails part of total  
expenditure.

17947. Is that part of what you now call the total expenditure?—Yes.

17948. Is the work being prosecuted to the satisfaction of the Department under the arrangement?—Yes.

17949. Do you know of anything further about this matter which should be explained?—No.

OTTAWA, Wednesday, 1st December, 1880.

HUGH RYAN, sworn and examined :

HUGH RYAN.

By the Chairman :—

Tendering—  
Contract No. 25.

17950. Where do you live?—In Perth.

17951. What is your occupation?—Contractor.

17½\*

**Tendering—  
Contract No. 25.**  
Contractor for  
twenty-six years.

17952. Have you had much experience in that line?—Well, over thirty years—that is thirty years railroading altogether. I have been contractor for twenty-six or twenty-seven years—twenty-seven years.

17953. Of this has much time been spent on railway works?—All of it—all with the exception of two years.

17954. Have you had any interest in any of the works of the Canadian Pacific Railway?—Yes.

17955. Which was the earliest in which you were interested?—section 25.

17956. This work was offered to public competition, was it not?—Yes.

17957. Were you interested in any of the tenders at the time they were made?—I was.

Interested in  
tender of Brown,  
Brooks & Ryan.

17958. Which?—I was interested in the tender of Brown, Brooks & Ryan, when the tenders were put in first.

17959. That tender was not amongst the low tenders?—It was not accepted.

17960. Did you understand that there were several tenders lower than that?—At the time I did.

17961. Did you become interested in the Purcell tender before the contract was awarded?—No.

17962. Did you take any part in making up that tender, I mean affixing prices for the quantities?—For the Purcell tender?

17963. Yes?—No.

17964. Did you know anything about the figures up to the time the tender was put in?—I knew nothing about the classes of prices. Of course, as a contractor, we were talking a good deal about the character of the work, but it was only general conversation that took place among the contractors.

After work was  
awarded Purcell,  
witness joined  
him by request.

17965. How did you become interested in the work at first?—After the work was awarded to Mr. Purcell he asked me to join him in the contract, and I done so.

Security all  
Purcell's.

17966. Did you take any part in putting up the security which was required to be made before the contract was finally executed?—Mr. Purcell had put up all the security before I joined him, and the security was all his.

17967. Were you a party to the formal document, the contract, when it was executed?—Yes.

17968. Has the work under contract 25 been finished?—It has.

**Railway Con-  
struction.**  
Work completed  
October, 1879.

17969. About what time was it finally completed?—Well, in 1879—the end of October, 1879. With reference to that question I may say that last year the Government intended to put on more ballast (I don't know that it is part of the answer to the question) to make the road more thoroughly complete than it is.

17970. That is, additional work; was it beyond the contract?—It would be. We really put on more ballast than was required by the contract. More would be required to make the road complete than was called for by the contract.

**Railway Construction—  
Contract No. 25.**

17971. Has there been any dispute between the contractors and the Government on the subject of this contract 25?—Well, the contract is not settled up for yet. There is some dispute.

17972. What is the nature of the dispute?—The quantities overran the original estimate of the quantities; and in the winter of 1878, the engineers thought that the quantities—I don't know which of them—overran so much that they sent out another set of engineers to re-measure in 1879. Dispute regarding quantities.

17973. Who made the original estimate of this work which was considered too high?—I could not say. I understand the late Mr. Hazlewood was the district engineer of the work, and I presume had charge of the work, getting up the quantities.

17974. Was he district engineer at the time that the quantities were considered to be excessive?—Mr. Hazlewood was district engineer up to the time of his death, which occurred in January, 1878—yes, January, 1878.

17975. At what time then did the Department inform you that the quantities estimated were, in their opinion, too high, and that they would not make the payments on that basis?—After the work was all done—that is after the grading was all done—in about December, 1878, or January, 1879. December, 1878 or January, 1879, informed that the quantities were estimated too high.

17976. That would be nearly a year after Mr. Hazlewood's death?—Yes.

17977. Were the quantities ascertained by re-measurement?—I presume they were.

17978. Have you been informed what the result of that re-measurement was?—We have not.

17979. By whom have you understood that the new measurement was made?—It was made by Mr. Bell. There are two Mr. Bells—Mr. Leonard G. Bell. Quantities re-measured by L. G. Bell.

17980. Was that after the completion of the work—what is called a final estimate—or was it before the final estimate was made?—It was after all the grading was done, and after all the track was laid over the whole road, and after, I may say, the ballast was all done. It was during the time we were completing the ballast.

17981. Was it, at all events, after the completion of the work upon which the excess of measurement was supposed to be made?—It was after it was all done; a good deal of it three years after it was done—that is, three years after we commenced it. Re-measurement made after work completed.

17982. Do you remember about the time that you were first informed by the Department that they were not satisfied with the previous measurements?—It was the beginning of the year 1879—January or February—along through there.

17983. In which of the items was the excessive measurements supposed to be?—In earth work and rock. Earth work and rock the items in which excess of measurements were alleged to have occurred.

17984. Solid rock?—Solid and loose, I think.

17985. In the earth work, was it the ordinary line excavation, or was it in off-take ditches?—I could not say where the excess occurred, because we were not furnished with the report of it, but it was in both,



**Tendering—  
Contract No. 25.**

I fancy, but mostly in the ditches; I think there was very little in the ordinary line cuttings.

17986. Were these estimates actually made by some person subordinate to the engineer, for instance, the assistant engineer?—You mean the first measurements?

17987. Yes?—Yes.

**McLennan the  
engineer who  
made the first  
measurements.**

17988. Who was that engineer?—There were several. There was the division engineer, Mr. McLennan, had charge of the whole section under the district engineer, and he had assistants, one every ten miles of the road, who made measurements of every portion of the work he had charge of.

17989. Have you ascertained as to whose fault it was said to be, if there was any fault, that these measurements were excessive?—I could not say. I suppose I may say they were not excessive in my opinion.

17990. Was your contention that they were right from the beginning—that there never was such an excess as the Government claimed?—Yes.

17991. Nor any excess?—Nor any excess.

**He measurements  
took place  
from June to  
October, 1879.**

17992. About what time did the re-measurement take place, as you understood? I think they went there either in June or July, and they worked there until October.

17993. Is that 1879?—In 1879; yes.

17994. Not this present year?—No, in 1879.

**Earth and loose  
rock considerably  
in excess of esti-  
mate; the former  
double, the latter  
very much more.**

17995. Were the works, as finally executed upon this contract, much in excess of those estimated at the time of putting in the tenders?—The earth material was considerably increased, and also the loose rock. The solid rock, I think, was underneath the estimate a good deal.

17996. As a whole how would the quantities compare?—I cannot remember to a yard; the earth work, I fancy, pretty nearly double, and the loose rock very much more than that.

17997. Had you been over the country at all before putting in your tender or becoming interested in the Purcell contract?—No.

17998. Had you no special knowledge before entering into the arrangement with Purcell as to the character of the material which required to be moved, or any of the other particulars upon which the tenders were made?—None other than what I got here in the office.

17999. Was that information the same as was furnished to other persons, or had you any particular information yourself beyond what others could get?—What was for the public there. The same information, Sir, that was given to all other parties that was making up their minds to tender.

**Price for solid  
rock and piling  
too low.**

18000. Has it turned out that any of the prices in this work were very much lower than they ought to have been, or considerably higher than was expected to be correct when the tenders were made?—Well, I may say there were two items in the tender for which our prices were not enough and one of them was solid rock. Our prices for solid

Tendering—  
Contract No. 25.

rock was below the character of the work, and also our price for piling.

18001. Upon these items was the executed work less than the estimate of the work?—On the solid rock it was; on the piling it was very much greater, ten times as much. Ten times as much piling as estimated.

18002. Upon those two items as to which you say your prices were too low, the whole effect of the alteration of quantities was to make a greater loss to you than was expected, or than would have happened if the quantities were adhered to?—Let me understand your question. I do not understand it clearly.

18003. Was the effect of these alterations in the quantities of the solid rock and of the piling to make you suffer a greater loss than you would have suffered if the original quantities had been adhered to?—Undoubtedly. I may say, as far as the piling is concerned, the piling was caused by changing the work from Howe truss bridge work, with abutments and piers, to pile trestle work, and while they done away with the work that we had a fair price for, they substituted work for which we had a very bad price—rather, a low price than a bad price is a better word for it. Piling increased by abandoning truss-bridge work.

18004. I suppose this loss has been compensated by the increase of the quantities on which you had a good price, was it not?—Well they could not have built the road without the increased quantities, because the original estimated quantities were nearly done by the time that a little better than half the work was completed.

18005. But the effect of the increase was to make a greater profit upon that particular item than if the original quantities alone had been executed, was it not?—Well, if we made a little profit on some of it we would make more upon the greater quantity, of course.

18006. How do you account for the great increase in the quantity of earth excavation?—On account of the original estimate not having been correct, and another thing a want of knowledge upon the part of the men that made it of the kind of country and work that was there. Discrepancy in quantities arose from want of knowledge of country.

18007. In what respect do you consider that the knowledge of the country was defective?—I understand that the location was made in the winter season, when it was covered with snow, and they could not see what the ground was like; and another thing, to a great many of them, that class of country was a new country for them to build a railway in—that is the nature of the soil. There was no provision whatever made for the muskeg work, for the shrinkage that would naturally take place in it. Location made in winter when not possible to see muskeg character of ground.

18008. Do you think that much of the excess over the estimated quantity is to be attributed to the muskeg country?—I do; nearly the whole of it.

18009. Did it turn out that the filling was deeper than was originally shown by the profiles, or, if not, for what other reason were greater quantities required?—In some cases the whole surface of the ground settled down two, three and four feet, as high as four feet, and all the way down to one foot. The whole surface for a long distance on both sides of the road and where the grades were kept up to the original sub-grade levels as a matter of course that caused a great height of embankment to be made. Where an embankment was

**Tendering—  
Contract No. 25.**

originally intended to be two or three feet high the whole surface of the muskegs settled down three feet below what it was originally, and, of course, it made it that much higher, and the material itself shrinks very greatly indeed.

Increase due to shrinkage and the slides in embankment.

18010. You mean that the quantity excavated when placed in the road-bed shrinks, so that the road-bed requires more yards of material to fill the same space than those which were taken out of the space in the side ditches and other places?—Yes; the material shrinks after it is taken out. It is perfectly saturated with water when lying in its normal state in the ground; then when it is taken out and placed in the embankment, of course it dries up like a sponge, and presses down; and part of the increase is caused by the slides in the embankment.

18011. Do you mean embankments across fills?—Over heavy fills.

Off-take ditches very largely increased.

18012. Was that from the defective foundation, or was it from the nature of the soil in the embankment, which did not keep the shape?—Both. In one or two cases from bad bottom alongside of an old stream, and in two or three cases, from the nature of the material itself; and part of the increased quantities was caused by a change of line after the original estimate was made; and another portion—a large proportion of it—was caused by off-take ditches being very largely increased over the original quantity that was estimated. There were more ditches put in for the drainage of that country.

18013. Did these changes to which you refer affect principally the earth excavation?—You mean the change in the line?

18014. You were speaking of the increased quantities being due, to a considerable extent, to changes in the line: I am asking you whether these changes affected principally the earth excavation, or if they affected also the rock, either solid or loose?—It affected the rock—the change of the line did.

Change of line increased cost but shortened and improved line.

18015. Was the result of that change then to increase the cost as a whole?—I think it slightly increased the cost of the road, but it very materially shortened it and straightened it—made a very much better line of it.

18016. About what spot is that particular change to which you refer, or are there more than one, and if so state the different spots?—Well, the principal change was made at one place, that is about forty miles west of Fort William.

18017. By what name does that place generally go?—We cross a stream there called the Oscondega. We go through a tunnel on the line immediately after we cross the river.

18018. You said that the increased quantities were to be attributed partly to the difference in the character of the country from that which it was supposed to be, and partly from insufficient information or incorrect information, as to the quantities: do you mean that the cross-sectioning had not been sufficient to enable the engineers to say what the quantities were likely to be?—The cross-sections before they made out the original estimates?

Thinks the estimated quantities were taken from the centre level.

18019. That is what I allude to?—I don't think they made any cross-sections. I think they took their quantities from the centre levels.

18020. From the profiles?—From the profiles, yes. I am not aware there was any cross-sections, I was not there.

**Tendering—  
Contract No. 25.**

18021. You were not informed of any quantities being obtained by cross-sectioning before you took the contract?—No; I do not think there were either. There was no time to do it in. The thing was done so very hurriedly, and a great portion of the line was afterwards changed from the original location on which the original estimates were made.

18022. What is the nature of the country: is it rather flat, or is it hilly?—Well, a portion of it. After we pass the height of land it is flat, but until we get to the height of land it is a broken country.

18023. Over the country, which is tolerably level, the centre line would give a pretty fair indication of the proper quantities?—Yes.

18024. So that cross-sectioning would not be very necessary in that kind of country?—To arrive at approximate quantities for the purpose of giving you an idea about quantities to be done the centre line levels in an ordinary country should give it to you near enough for that purpose.

The greater part of the country needed only centre line levels to give approximate quantities.

18025. Was there any part of this country which was of the character which would require a more careful examination in order to ascertain approximate quantities?—Yes, a portion of it.

18026. About what proportion of the whole?—I think about fifteen miles of it—about one-sixth of it.

About one-sixth must have been cross-sectioned for the purpose of calculating quantities.

18027. Then as to five-sixths of the whole work, do you think the country was of that character that a fair estimate of the approximate quantities could be ascertained without cross-sectioning?—I think so, from the centre-line levels, provided the soil and material were the same as we have in this country here.

18028. The quantities could be ascertained even if the character of the material could not be ascertained; for instance, the rock might be, more or less, but the quantities as a whole would be approximately correct?—In an ordinary country they could.

18029. I am speaking of five-sixths of this line?—The five-sixths of this country, on which the centre-line should give the approximate quantity, was that portion of the work over which the greater excess took place afterwards, in the excavation of the quantities.

18030. Then upon the whole question of the excess of quantities over those which were estimated at the beginning, is your explanation that that excess is to be attributed more to the muskegs and the deviations than to the want of sufficient information in the beginning: is that what you mean?—Yes, undoubtedly; but what I mean by want of sufficient information in the beginning, is this: that the engineers at the time of making up these quantities did not fully appreciate the great shrinkage that would occur in this material. Now, I wish to be distinctly understood, and if I don't give my idea I want to be put right on it. I do not wish to say that the engineers erred because they did not try to do what was right, but there was so much muskeg in that country, and they were not aware that the shrinkage would be as great as it was, and they did not allow for it, and therefore it occurred.

Excess of quantities over estimate arose from the engineers being unable to calculate the shrinkage on muskeg.

18031. Do you mean that if the material found there was of the same character as that found in other portions of the country, then

Tendering—  
Contract No. 25.

their approximate quantities would be very nearly right?—Yes, very nearly.

18032. Then the want of information was really as to the character of the material, both that which had to be moved and that which remained there as foundation for the line?—That which remained as foundation—I don't understand the drift of it.

18033. I mean this: you say that when the embankments were put into places where they were directed to be put, that the foundations gave way and shrunk?—Precisely.

Presumes that when location made ground was covered with snow, and the nature of the muskeg country did not appear.

18034. So much so that the material at the bottom turned out to be of a different character from what was expected?—I fancy so. I presume when they made the location the ground was covered with snow and they didn't see the nature of this muskeg country. It looked like a level country which they probably thought was hard material, although there was a great deal of muskeg on that section—miles and miles of it—and the shrinkage took place just in proportion to the quantity of muskeg there was, or rather the increased quantities. I had better put that right. The increased quantities on each ten mile section, as it were, was precisely in proportion as there was muskeg on that ten mile division over the original quantities estimated.

A more careful examination of the country would have given adequate information.

18035. Have you had sufficient experience in railway works to be able to say now whether a more careful examination of that country could have been made so as to ascertain the character of the material and probable quantities better than they were ascertained?—Yes; I done a great deal of that class of work before in other places, and the same shrinkage took place there that we found took place up here.

18036. Where was that?—Well, we did a great deal of it on the European and North American Railway through the State of Maine and a portion of New Brunswick.

18037. Do you know by what means the character of the material was ascertained in those places which you have described?—Do you mean down below?

18038. I mean on the railway you have described: by what means did the engineers or any one else ascertain the character of the material before the work was let?—You cannot help but see it; you walk over the ground and it is bog—muck. If the ground was bare you must see it.

In bad bogs the practice to drive a rod down and see how far to solid bottom.

18039. Do you know of any other mode being adopted, beside walking over these places which you describe, to ascertain the character of the country and the material?—In bad places, in bad bogs, they generally sound them, and put a rod down to see how far it is to solid bottom.

18040. Do you know of it being done in any instance before the works were let?—Up here?

18041. Anywhere?—I think in the last lettings that took place on the Canadian Pacific Railway, I think it was done in some places.

18042. Which do you mean by last lettings?—I mean in sections A and B.

18043. Do you know of it being done in any other of these places where you have seen such work in the United States or New Brun-

**Tendering—  
Contract No. 25.**

wick?—In New Brunswick we built that road by the mile—we took it on the lump sum to build it by the mile. It was not done then, but after we had the contract we had it done ourselves.

18044. Is there a regular method understood to be applicable to this kind of examination: I mean is it done by rods or iron spiked instruments of any sort?—The bog is of such a nature that the most of it you can take a pole or iron rod in your hand and press it down through it until it comes to solid bottom.

In most cases a rod can be pressed down until it touches solid bottom.

18045. Would there be any way of doing that, or examining for the purpose of finding out the depth in winter?—In winter it could be done the same thing. You can drive the rod down in winter by breaking the frost on top and then forcing the rod down the same as in summer.

Rod can be forced down in winter as well as in summer.

18046. Then do you attribute this mistake as to the quantities, to the fact that this kind of examination was not made?—Yes, undoubtedly.

18047. Did you say that could have been made without much difficulty in winter as well as any other time?—It could have been made in winter, but I do not know that they were aware in winter that it was all bog they were going over.

18048. I am asking whether you think it could have been found out whether it was bog or not?—Unquestionably it could; yes.

Could have found out in winter whether it was bog or not.

18049. Such frosts as they have in that country are no obstacles to the sufficient examination of muskogs?—No; not a permanent obstacle, not an obstacle that could not be overcome, but it would take a little more time to do it, that is all. You will allow me to say this: that unless the engineer has had some experience of work of that kind before, he would not be aware that any such shrinkage would take place in it. They know a great deal more about it now than they did then.

18050. Do you know as to the character of the bottoms through the muskeg country, whether, when you reached the first bottom which appeared to be solid, it was actually solid, or whether it was a mere crust, and that there was softer material below it?—In all cases the bog is lying on hard material, either on gravel, or generally a clay bed.

Bog in all cases lying on hard material.

18051. So that when you once strike what appears to be a solid bottom, there is no danger of its further sinking?—No danger then.

18052. Have you any information as to this question: whether the muskogs might have been avoided to a greater extent without injury to the alignment of the road?—I am satisfied that they could not. I am satisfied of one thing, that the alignment is right, and that the road was built as cheaply as it could be, and the engineers were not to blame, and nobody else. This material was there, and no other material could be got or used unless you hauled it miles and miles.

Satisfied that alignment is right.

18053. Do you know whether, over those muskogs which, I understand, formed a considerable portion of the country, the grades might have been lowered beyond what it was originally intended in consequence of this sinking, so that the road, as finally executed, might not be so high as was intended when the foundations were supposed to be firm?—I cannot speak positively as to that. I think, in some cases, they follow the depressions of the ground with the grade. I do not know if it was done in all cases. I will not speak positively of it, but I fancy it was so.

**Tendering—  
Contract No. 25.**

Obliged to lower grades by the nature of country.

18054. Do you know any place where the grade might have followed the depressions without any injury to the efficiency of the road, and where it has not followed the depression?—Well, I cannot say that I do. In fact they were obliged, the depression was so great, they were obliged to lower the grades, very nearly all of them. We had to lower the bridges in those places two or three times, most of them. When the bridges were built— It takes a great deal more to explain this properly than to say yes or no to understand it.

Bridges had to be cut down in consequence of constant shrinkage.

18055. We wish you to give us all the information you think proper on this subject?—A great many of the little bridges crossing streams and swamps were made of pile trestle work. The piles were driven down into the solid, hard bottom, below through the muskeg, and the banks would then be made up to the level of the stringers on which the track was to be placed. After a time these banks would settle down so that we could not get over that bridge without coming up one side and going down on the other side. To save money in putting the bank up again we would cut down the bridge, cut the heads off the piles and lower the whole structure to the level of the bank. The next season we would have to repeat that operation on the same bridge again.

18056. The shrinkage was going on then from time to time?—Constantly going on up to this last summer, and the same thing had to be done last year. The deeper the bog the greater the shrinkage, of course, and depression.

More off-take ditches necessary than originally contemplated.

18057. In the off-take ditches you say there was a considerable excess: did it appear to be necessary to make these off-take ditches to a greater extent than was originally intended?—In all cases it was necessary; yes.

Reason of this.

18058. Why was that?—Well, as I said before, the location was made in the winter when it was impossible to see where the water was, and it was impossible to tell where the off-takes were required. For instance, we made off-takes, one single off-take, in which the quantity was greater than they originally estimated for the whole line.

18059. In your opinion was that off-take necessary to drain the locality through which the road passed?—Yes; it was, undoubtedly. That off-take lowered the water in the stream four feet, and helped to solidify the muskeg or material around it. We could not have got over that portion of the road without that off-take.

Number of off-take ditches required could only be arrived at as work went on.

18060. The necessity for that then was traceable, as I understand you, to the nature of this country which was not understood at the beginning?—The necessity of all the off-takes was so. I wish it to be understood, Judge, that it is impossible for any man, or any set of men, to go over that country in the winter time and tell what number of off-takes would be required. It could only be arrived at as the work was gone on with.

18061. Is cross-logging sometimes resorted to in a country of this character to save sinking?—It is.

No cross-logging on section 25.

18062. Was it resorted to on this occasion for this purpose?—No; there was no cross-logging done on section 25.

18063. Would it have the effect of saving in the amount of excavation or embankment effectually?—Well, I think in some cases, in some-

Tendering—  
Contract No. 25.

of the bogs, that possibly it might to some extent; but the bogs up there are, a great many of them, so bad that the whole thing goes down together—cross-logging, muck, sand and gravel and all.

18064. As to the portions of the line which you say were finished to the level of the bridges in some places, and which shrunk again, were these ballasted before the shrinkage?—A greater portion of the shrinkage took place before the ballasting, but they have been shrinking since also.

Most of the shrinkage took place before ballasting.

18065. Is that one reason why the ballast has been put on to a greater extent than was originally intended, such as you mentioned earlier in your evidence?—To a certain extent it is; but the original quantity of ballast contemplated to be put on was not sufficient; that is, as it was originally intended. It was only what is called the first lift of ballast.

18066. Has the road been made generally up to the width that was mentioned in the specifications?—No; in some cases the embankment made from the muskeg was made purposely narrower and a little low, so that it would be covered with gravel afterwards to prevent it from taking fire, and also to save the quantity there was going in.

Road somewhat narrower than specified—reason of this.

18067. Then in those places is it intended to complete the width as originally estimated, or are they left in that shape to be covered with ballast as a protection against fire?—Well, but the ballast itself has made the width, because when it is shovelled off the cars it goes out over the side, and brings the road up to the width intended to be originally in the same places.

Generally speaking road as wide as contemplated from the first, but more of ballast than originally intended.

18068. Then, generally speaking, is the road constructed as wide as originally intended?—Yes.

18069. But the width is made up of different material?—Precisely.

18070. More of ballast than was at first intended?—Yes.

18071. Is there any other matter connected with section 25 which you think ought to be explained, including, if you like, the effect of building the road in the place it was built, and upon the final cost?—No. I think that, no matter what the examination was before, or what the quantities made out in the original estimate was, it did not affect the quantities finally in the least. These quantities would be there no matter what quantities were set down in the original estimate. The road could not have been built with less quantities than it was finally built with. I think the location is as good as could be got in that country. The alignment is right, and the men in charge of the work took every pains and every trouble to have the road built as well as they could, and keep the quantities down to the lowest possible quantity that they could do the work with.

18072. Is there any further matter connected with section 25 which you wish to state in evidence now?—I don't remember. I may say to you that Mr. McLennan, the division engineer—the engineer who worked under Mr. Hazlewood up to the time of Mr. Hazlewood's death, and who had charge up to the time the work was completed—is in the city here now.

18073. Is there anything further on section 25?—Not that I remember of.



**Tendering—  
Contract No. 25.**

18074. What is the next work of the Canadian Pacific Railway in which you have been interested?—Section 41.

18075. Was that work submitted to public competition?—Yes. Pardon me, before closing what I had to say on section 25, I must say this: it was utterly impossible for any man or set of men to arrive at anything like an approximately correct estimate of the quantities by the re-measurement.

18076. Are you stating this with a view to establishing the correctness of your claim upon the original estimates?—Well, I state it for I know it to be a fact, in answer to the question, as to whether there is anything else about section 25 that I should wish to say.

18077. We do not propose to try the question whether you are entitled to any more money than the Government are willing to allow you, or, if so, how much, so that if this evidence is directed to that question it will not be properly receivable at this stage?—Very well, Sir.

18078. If it is for any other purpose than for supporting your claim for money then we will hear it; if it is to inform us how the work was done for instance?—I gave it, in answer to the question whether there is anything else in connection with section 25.

Reason why re-measurements could not be correct.

18079. Perhaps it would be well to say, now that you have said this, why the re-measurement could not be correct?—Because the side ditches from which the substance was originally taken to make the embankment were, at the time the second measurements were made, in some cases one-half and in other cases two-thirds filled up again.

18080. Would they be filled up with the same kind of material as was there originally?—It would come this way, or because in this way. There were two causes why they were different. In the first place the ditches were originally made, as a rule, about three feet deep. It would depend upon the height of the embankment when the material was put into it; but as a rule they were three feet deep, and when they were dug out and the material put into it the water ran away from the surrounding country, and the surface of the muskeg settled down about a foot or a foot and a-half.

18081. The water would run out of the material, which you say is sponge-like, would it?—When the water ran out of the surrounding country into these ditches then the pressure upon the centre of the road between the two ditches caused the material to settle down in the centre and it pressed up the bottom, forced up the material from the bottoms on both sides so that the ditches would look so much shallower when they were re-measured than when they were taken out. And it was from those two causes, settling down on the top and pressing up from the bottom, that an accurate re-measurement could not take place.

18082. Is there anything further in connection with section 25 that you think of at present?—No; not going into that question I don't think there is.

18083. Do you mean the question as to the validity of your claim on the first measurement?—I do.

18084. We do not propose to try that: now returning to this section 41 which you say was the next in which you were interested, were you one of the original tenderers?—Yes.

**Tendering—  
Contract No. 41.**

18085. Under what name?—We tendered in the name of Purcell, Ginty & Ryan, I think. I am not quite certain, however.

Tendered in name of Purcell, Ginty & Ryan.

18086. Was it not Marks & Conmee first, or did you make a separate tender in the name you have described?—We made a separate tender in the names I have described.

18087. Did you understand that there were several tenders lower than the tender made by that firm?—By Purcell, Ginty & Ryan?

Several tenders lower than that of Purcell, Ginty & Ryan.

18088. Yes?—Yes.

18089. Had you at the time of making that tender any interest in any other tender?—None.

18090. When did you first become interested in the tender of Marks & Conmee: was it before the time was up for receiving the tenders?—No; it was after.

Became interested in tender of Marks & Conmee after time was up for receiving tenders.

18091. Was it before awarding the contract to Marks & Conmee?—It was after—but no, that was not the way it was. I think there was some objections to giving the contract to Marks & Conmee unless they could associate themselves with others in whom the Government had more confidence in completing the work.

18092. Are you aware of any negotiations to that effect before the awarding of the contract to Marks & Conmee?—I am aware there was none.

18093. I mean negotiations to the effect of their associating themselves with some other contractors?—I do not know of any.

18094. Why do you say then that there was some objection to giving it to them in their own name alone?—There was; after the tenders were opened those objections were raised.

18095. Then was there such objection raised before the contract was awarded to them, although their tender was the lowest?—It was before the contract was finally awarded to them that, I think, they were told that it would be necessary for them to associate themselves with others.

Before contract awarded to Marks & Conmee they were told that it would be necessary to associate themselves with others.

18096. Were you aware that any such information was given to them, or of the way any such information was conveyed to them?—I am aware that Marks came to us and asked us to join him, and offered us a certain interest in the contract if we would join him in the contract.

18097. Did he lead you to understand that he was not likely to get it although it was the lowest tender, because he was not associated with some more experienced contractor?—I think so.

18098. From whom did you first learn that there was such an objection to giving it to Marks & Conmee alone?—Well, I could not say from whom I first heard it, but it was publicly stated that that was the case down here.

18099. Was it openly stated that any one connected with the Department of Public Works had notified that to the public?—I never heard any person's name mentioned. I never heard any person's name in connection with the Public Works Department, or any other Department, mentioned in connection with the matter at all.

18100. But you heard this, as I understand you, before Marks came to you?—Well, I am not positive about that, but probably we did however. Marks was in close—well, I won't say in connection with others,

**Tendering—  
Contract No. 41.**

but he belonged to Prince Arthur's Landing, and came down here and was an old acquaintance, and, I think, he told us a great deal more about the thing than he told to any one else.

Reasons why  
Marks approach-  
ed with

18101. Do you know any reason why he approached you on this matter?—Well, yes. The reason is this: that we had been up there, and Marks supplied us with a great deal of goods; he is a merchant in Prince Arthur's Landing, and was before that, and we were intimately acquainted with him and done a great deal of business with him; he asked us, if the contract would be awarded to him, to take the work and give him an interest in it with us.

Witness had done  
work on adjoining  
section.

18102. Had you been doing the work on the adjoining section?—Yes; we had done the work.

18103. Had that anything to do with his approaching you to make this offer?—I suppose it had everything to do with it. We had the plant there necessary for the construction of the work on the next section and the whole organization complete.

No attempt made  
to influence any  
person connected  
with Government  
not to give it to  
Marks & Conmee  
alone in order  
that witness  
might become  
interested with  
them.

18104. Was there any attempt on your part to influence the Department, or any one connected with it, to make this objection to give it to Marks & Conmee alone, in order that you might afterwards become interested?—Not the least, Sir. We never spoke a word to any member of the Government, or any person in the Government, or any one else connected with the Department, about the awarding of the contract whatsoever until we learned from Mr. Marks that the contract was likely to be awarded to him, if he could make satisfactory arrangements to carry on the work and complete it.

18105. And that intimation came to you through Marks without your having made any previous efforts in the same direction; that is about associating with him?—Quite so; we made no efforts whatsoever. We hesitated a good deal about going into it at all, because we considered the prices in his tender were too low, and were it not for the advantages we had by being there at the time, and having all our plant and material there, we would not have gone into the work and undertaken it at the price we had—at the prices rather that were in Marks' tender, the price he had for the contract.

18106. It was the lowest tender, you understood, was it not?—I expect so. I understood so.

18107. In this arrangement were the prices adopted in the contract those of his tender?—Undoubtedly.

No higher prices  
given because of  
witness's associa-  
tion with Marks  
& Conmee.

18108. They were not any higher prices in consequence of your being associated with him?—Not a cent.

18109. So that the Government let the contract on the lowest prices on their tender, as you understood?—Yes; but if you choose to take it down, I will tell you, upon prices that were actually too low.

18110. Yes, we will take it?—That is the case. I am sorry to say so.

Item for hauling  
(10 cts.) too low.

18111. Were you aware, at the time that you joined with Marks & Conmee, that some of his prices were remarkably low—for instance, was not his price for earth borrowed and hauled very low?—There was an item in the schedule where the material had to be hauled from a long distance by trains in which he was too low.

18112. That was 10 cts. only, was it not?—10 cts. only.

Tendering—  
Contract No. 41.

18113. That was in fact, a lower price than he was getting for excavation on the line?—Yes.

18114. Was there not another item that was very low?—In connection with that, Sir, I would like to say that Marks claimed that he understood that this 10 cts. was to be given in addition to the price for ordinary excavation on account of the haul, and the Department claimed—the engineers claimed—that that was to cover the whole thing, and that is the way it was put in the contract.

18115. You understand, I suppose, that he was formally notified that if he took the contract it must be upon that low price and not upon the addition of that to the ordinary price?—Yes.

18116. And he decided deliberately to take that alone and to enter into the contract?—Yes.

18117. Was there not another item, for instance iron tubing, very low in his tender, or did you investigate that before you joined with him?—Well, as to the question of iron tubing, we paid very little attention to it, because we felt perfectly satisfied that we could put no iron tubing there. Prices for iron tubing low.

18118. You were aware that his prices for iron tubing were very low?—Yes, they were.

18119. What was his price for that?—I don't remember exactly his price, but I know it was too low.

18120. Has there been any of them used on the contract?—No.

18121. Are you aware of any negotiations between Marks & Conmee with the Department, or between yourself and the Department, on this question, whether the work should be let so that it should be finished at the short or long period—I mean before the contract was finally executed?—The tenders called for had stated two prices, one to be done on what is called the shorter period, and the other on the longer period, and the contract is based upon both sets of prices. Contract based on prices for short and long period.

18122. So that you get the higher price if you finish it at the shorter period, and the lower price if you finish it at the longer period?—Yes.

18123. Do you know what the expectation was at that time as to the probability of its being finished at the earlier or the later period?—Well, owing to the advantages that we had by having our plant there, and having a great many people there at the time, we felt satisfied we could do it in the shorter period ourselves.

18124. And have you still that expectation?—Yes.

18125. Then, in substance, the expectation was that you would be getting the price for the shorter period?—Yes. Practically got prices for short period.

18126. Because you would be able to complete it in that time?—Yes.

18127. Do you know how your price for the short period compared with any other tenders?—Even then, it was the lowest. Allow me to correct that, please. I never saw any of the other tenders I don't know what any other tender was, with the exception of Marks' tender, and the tender that was put in by Purcell, Ginty & Ryan. I never saw any other tender, either before the tenders were put in or after they were put in, nor since.

**Tendering--  
Contract No. 41.**

Marks & Conmee tender \$2,300,000 for short time.

18128. Do you remember what your tender was for the short time—I mean the Marks & Conmee tender?—\$2,300,000 is the bulk.

18129. You don't happen to know what the tender of Andrews, Jones & Co. was for the short period?—No.

Andrews, Jones & Co. tendered at \$2,250,000.

18130. By the Blue Book return they appear to have been the next lowest tender to Marks & Conmee: they gave no price for the longer period, but for the shorter period they gave a price less than \$2,250,000, so that a trifle over \$50,000 would be the difference between your price for the short period and theirs for the short period, theirs being the lowest?—I knew nothing of that.

18131. That matter you say was not discussed at all before the document was finally signed or closed with the Government?—What matter is that?

18132. This matter about the comparative price under your tender for the shortest period and Andrews, Jones & Co.'s tender for the shortest period?—Not that I know of.

Allignment changed considerably.

18133. Has there been any material change in the work under this contract?—Yes, the allignment has been changed very considerably.

18134. Any other material change, grades, or any other matter?—The grades are carried out according to the specification, but the line itself has been changed, and there has been a great saving made as to quantities and in distance.

Work when finished will cost less than estimated.

18135. Do you mean that there is a probability that the work itself when finished will cost less than what was expected at the time the contract was made?—Yes.

18136. Have these changes been made at the expense of the efficiency of the road, or do you think the road will be still as efficient?—I think it will be better. It will be shorter, with equally good grades and easy curvatures, I fancy.

18137. I am only asking you to give your opinion. I don't expect you to state that it will be positively so: could you form any opinion as to the saving—I mean the amount of it?—Caused by the change itself?

Changes will effect a saving of \$300,000.

18138. Caused by these changes?—Well, I heard them estimated at about \$300,000.

18139. Is that, in your opinion, anything like an approximate estimate of the saving to be effected by these changes?—Well, I am satisfied that the work will be done very nearly that much under the original estimate of the value of it or cost of it.

Spring 1879, Bell ran line over again.

18140. Were these changes made by the district engineer or by the Engineer-in-Chief, or do you know how it is the changes were made?—Yes, I do. Mr. Bell was sent there in the spring upon a portion of that work—in the spring of 1879—and he ran the line over again; that is, he re-located and he made some changes. Mr. Middleton, Mr. Bell's division engineer, has charge of some 40 miles of road. Mr. Middleton, another engineer, was sent up in the fall of 1879, over a portion of that where the greater changes had been made, to lay out the work, as I understood it, and he made very great changes there. Mr. Bell changed the road in several places and shortened the distance. Mr. Middleton went on and changed it again, and shortened

Middleton, engineer in fall of 1879, made great changes.

Bell changed road and shortened distance.

**Tendering—  
Contract No. 41.**  
Mr. Middleton shortened it more and reduced quantities.

the distance still greater, and reduced the quantities still more. Mr. Cuddy was the district engineer. I suppose this work was done under his direction or with his approval.

18141. Is the character of the country through which this section has been built similar to that which you describe on section 25?—A portion of it is.

18142. The rough portion, or the more level portion?—Well, I think the more level portion.

18143. You think that this is about similar to the level portion of 25; is that what you mean?—There is not so much muskeg on section 41, in proportion to the length of the road and the amount of work, that there is on section 25. There is more gravel and earth—that is, clay.

The proportion of muskeg to the rest of the work on section 41 not so great as on section 25.

18144. Do you know whether before this work was let it had been cross-sectioned and quantities taken out correctly, or approximately correct?—No; I think they were taken out the same way they were in 25—from the centre levels.

Quantities taken out from centre levels.

18145. Have you any means of knowing whether the quantities were ascertained by cross-sectioning, or is it a surmise: for instance, did you ask for any such information as would be given by cross-sectioning?—I did not.

18146. Are you able to say whether it could have been furnished at the beginning by the engineers if asked for?—I cannot say.

18147. Is there anything further about this section 41 in evidence?—No.

**Contract No. 61,  
B.C.**  
Interested in section B, British Columbia.

18148. What is the next work in which you were interested?—We were interested in section B of the British Columbia work.

18149. Was that work submitted to public competition?—Yes.

18150. Were you interested in the original tenders?—Yes.

18151. Under which did you make your offer—under the name of what firm?—If I recollect correctly I think it was Ryan, Goodwin & Co. I can tell you the names that were affixed to the tender.

Names affixed to tender: James Goodwin, J.M. Smith, Patrick Purcell and Hugh Ryan

18152. Well, mention them?—There was James Goodwin, J. M. Smith, I think, Patrick Purcell and Hugh Ryan.

18153. Where does Purcell live?—Purcell has been living mostly for the last four years, on the Canadian Pacific Railway at Fort William.

18154. He is described of Williamstown, where is that?—His home is Williamstown, Glengarry.

18155. Before making this tender, had you any understanding with Mr. Onderdonk, who afterwards became interested in it?—Understanding with Mr. Onderdonk about the work?

No understanding with Onderdonk before making tender

18156. About any of this business?—No.

18157. Then do you mean that at the time that Purcell, Ryan, Goodwin & Smith put in this tender, there was no understanding as far as you knew that Onderdonk should subsequently become interested in it?—None whatever.

No understanding with Onderdonk between the putting in of the tender and the awarding of the work.

18158. Was there any understanding with him of any other kind connected with the British Columbia work, before you put in this tender?—There was no understanding or agreement with Mr. Onder-

**Tendering—  
Contract No. 61,  
B.C.**

Prior to contract being awarded witness's firm had no understanding with Onderdonk.

donk, or anybody else whatsoever, in connection with the work before we put in the tender, nor since we put in the tender.

18159. Was there, between the time of your putting in the tender and the time the work was awarded you, any understanding with Mr. Onderdonk?—None whatever.

18160. Do you say that any understanding that was arrived at, was arrived at after the work was awarded to you?—Yes.

18161. It appears from the returns that your firm made the lowest tender for this work?—Yes.

18162. And that the contract was awarded to you : will you state what led to your parting with your interest in it, and Mr. Onderdonk becoming interested in it afterwards?—I don't know that I have any objection to answering the question, but I must say I do object somewhat to having to answer questions that relate only to things that took place between myself and my partners, or matters outside, which the Government was not interested in, and which they could not be interested in.

18163. We think that this question is of public interest: we do not ask to know how you divided amongst yourselves—the partners of your firm—any money which was obtained from Mr. Onderdonk; but it is necessary to know, we think, what negotiations led up to your parting with it, because it may be that in these negotiations some person took part who ought to look after the interests of the country, but looked after private interests instead; therefore we ask for a description of them?—Mr. Onderdonk, before having any conversation with us, had already obtained the other three sections. This section B lay in between them in the middle, and he was anxious to get that section, so as to have complete control of the whole work. That is the reason why he said he wanted to get that section; and another reason for our considering them was, when we tendered, we thought we would get the whole work if any. Our firm was a large one. We thought we could command plenty of means to control the work, and when we were awarded only one section we thought it was too little—too small work for so many partners.

18164. Do you remember whether the negotiations led quickly to the bargain being made, or was the final conclusion delayed a considerable time after the offer was made to get your interest?—It was delayed for a few days.

18165. Was there any influence brought to bear by any Member of the Government, or any Member of Parliament upon you, with a view to inducing you to consummate this agreement with Mr. Onderdonk?—We signed the contract ourselves. The Government refused to allow us to transfer the contract to Mr. Onderdonk, and compelled us to sign the contract ourselves, which we did.

18166. Well, having become interested in the actual contract, was there any pressure, at any time, brought to bear upon you upon the subject which I have mentioned—that is the transfer to Onderdonk?—Pressure from whom?

18167. From any Member of Parliament or any Member of the Government: I am not asking now about any disagreement between yourselves, I mean any person connected with the public interests of

Onderdonk before conversing with witness's firm had obtained the other three sections A, C & D.

Onderdonk wanted to control the whole work.

Witness's firm entertained his propositions because they had hoped to get the whole work.

Government would not allow them to transfer contract to Onderdonk, compelled them to sign it.

No person in any way connected with public interests put pressure on them

the country?—No; we were told we could sign our contract and go on with the work. We did so sign the contract, but we gave Onderdonk power of attorney to carry on the work, which he is doing.

**Tendering—  
Contract No. 61,  
B.C.**

to transfer the contract; told to sign contract and go on with work.

18168. We have understood from Mr. Goodwin and Mr. Smith that your interest in it was actually transferred to Mr. Onderdonk for the consideration of \$100,000, and I am asking now whether that assignment or transfer was brought about, as far as you are concerned, by the pressure of the views of any one connected with the Government?—My reasons for transferring the contract to Mr. Onderdonk were that there were too many of us in the contract for the quantity of work to be done, and it was the view of my partner that was with me, that is Mr. Purcell, as well.

18169. Do you mean that you finally consented to this transfer to Onderdonk without any pressure on the part of any one in the Government?—I mean to say it was the voluntary free act of mine, with the advice of my partner who was then in Fort William. He telegraphed me we had better make arrangements to get rid of the work as there were too many partners in it for one section when we did not get the whole of it.

Transfer to Onderdonk a voluntary, uninfluenced act.

18170. I am asking this question for this reason: it has been suggested that you held out longer than your other partners before you would consent to transfer to Onderdonk, and that finally you were led to consent to it not from the views of your partners, but by pressure from some one on the part of the Government, and I am wishing to put that fairly before you and get your evidence on the subject?—When we met to decide upon what we would ask to transfer the contract to Onderdonk, we decided upon asking to get \$120,000. Onderdonk would only give \$100,000. Mr. Smith, in the meantime, I understood from him, between the time we tendered and this time, had been awarded some work in the United States which he had tendered for, and he wanted to go there and look after that work, and he was pressed upon by his associates to go there, as I saw by the telegrams to him myself. Mr. Goodwin was not anxious to go out so far as British Columbia for his interest in that one section, and they were more desirous probably, than I was to get rid of the work. They offered to take the \$100,000; I said we ought to have the \$120,000. Then Mr. Smith was so desirous to get away to his work in the United States that he said to me, if I would come down to \$58,000 that they would make up the difference, so they paid Purcell & Ryan \$58,000 for their interest in their share of it, and they made it up themselves between them.

How witness's firm came to take \$100,000.

18171. You have described these negotiations between your own partners which I have not intended to ask you about: my question was directed to this: whether any person connected with the Department of Railways, either the Minister or any officer, or any Member of Parliament pressed you to transfer this interest to Onderdonk?—We were not forced to it by any outsider. Those were the motives that led to it, and the cause of it.

18172. Then, do you say that no one connected with the Government caused you to make this transfer?—We made this transfer solely for the causes I have stated to you.



**Tendering—  
Contract No. 61,  
B.C.**

18173. At the time that you made the tender for this work, had you any knowledge; or information, as to the figures adopted by other tenderers?—None whatever.

**Never had any  
special informa-  
tion.**

18174. Had you, at any time, any information from any one connected with the Department on such subjects, so as to enable you to have any advantage in putting in a tender?—Never.

**To witness's  
knowledge no one  
connected with  
any of the De-  
partments ever  
received any  
advantage or pro-  
mise in connec-  
tion with the  
letting of public  
works.**

18175. Are you aware of any one connected with the Departments, either as Minister or as a subordinate, getting any advantage on account of any of these transactions connected with the Pacific Railway?—I never knew of any one connected with the Department to get any advantage whatever, as far as I know.

18176. Are you aware of any promise being made to them that they would get any advantage?—Not that I know of. I never got any information with regard to any work to be let down here, or anything to be done in connection with the works, that we don't get in letting railway contracts, whether it is by a company, or by the Government, or anybody else.

18177. You mean such information as is advertised and the usual information from the engineers and the specifications?—Precisely; I mean that only.

**Work better and  
more economical-  
ly done by one  
contractor than  
by many in such  
cases as this in  
British Columbia.**

18178. Have you given any consideration to the subject of letting such works as the British Columbia works under one whole contract rather than in separate contracts, and can you tell us what your opinion is on that subject?—Well, in some cases the work can be more economically done and better controlled where one party controls the whole work, and that is one of the places, I think. I think it was a decided advantage to Onderdonk to have the whole work when he had a portion of it.

18179. Do you mean that one person is likely to finish the whole of that work in British Columbia at a lower cost than four persons having four separate contracts could do it?—I think if it is really well managed, yes. He has more advantages by having control of the whole work than by having control of one portion and other parties having control of other portions.

**Necessity of cen-  
tralization  
greater in this  
case because the  
work is approach-  
able only in one  
quarter.**

18180. Is there anything which could increase that advantage on account of the peculiar circumstances of the locality over works of a similar character and length of distance in other countries?—Well, yes. It is only approachable from one quarter, and everything for the work and everybody to be employed on the work has got to go in the one way and in the one direction you may say, and any one having control and direction of the work can do the work more economical than if the work was divided into different interests. For instance, he controls wages when men are scarce and labour dear; it does away, of course, with the competition there would be if the work was in the hands of several contractors. I have no doubt but Mr. Onderdonk would have to pay higher wages if there were two or three contractors there instead of the works being controlled by one party.

**Competition for  
labour done away  
with.**

18181. Have you given any consideration to this question: whether it is of more advantage to the public to let works upon a bulk sum or upon a schedule of quantities and prices?—I think it would depend upon the nature of the works. In some cases it is very difficult to

**System of let-  
ting contracts.  
Letting contracts  
by schedule and  
by bulk sum have**

arrive—almost impossible to arrive in the bulk sum way—at what would be a fair price for the work, because a great many contingencies will arise during the construction of the work, that cannot possibly be foreseen at the time of taking or letting the work. In ordinary works perhaps there is some advantage.

18182. You say there is some advantage, in what way: in which method is there an advantage?—Well, if I were taking a certain distance of road to build I would rather take it to build by the mile and give the full control of it than I would any other way.

18183. Then do you mean to say that is the best way for the contractor?—Well, it is from the contractor's point of view we generally look at those things.

18184. I am asking you whether it is an advantage to the contractor to have it at a bulk sum?—Yes, provided he is given control of the work.

18185. Can you tell us which you think would be best for the public interest, whether generally speaking it is better to let railway works by the bulk sum as a price or by a schedule of prices attached to quantities?—Well, I cannot see what injustice could be done to the public by letting work upon a schedule of prices, because contractors are only paid for what they actually do, and it is supposed nothing will be done but what is actually necessary to be done to complete the work.

18186. To return to this transfer from your firm to Onderdonk, was there any consideration promised to you on the part of any one connected with the Government if you would accede to this transfer to Onderdonk?—No, Sir; none whatever.

18187. Was there any promise that in dealing with other works you should receive favour or advantage of any kind?—None.

18188. Is there any other matter connected with the British Columbia work which you wish to state in evidence?—I don't know of any.

18189. Is there any other matter connected with the Canadian Pacific Railway which you can give in evidence?—I may state that with regard to section 25, Purcell's tender, that I joined him in afterwards, and for which we done the work, was more than \$100,000 lower than any other tender that was in for that section.

18190. Is there anything further connected with the Pacific Railway?—And also that with regard to section 41, that we should not have joined Marks & Conmee in their contract as we considered their prices really too low, only we had a large amount of plant, a large amount of material and a number of people we had in our employ for years, and we wanted to continue them in work.

18191. Can you give us any other information connected with the Canadian Pacific Railway?—I don't know of any, Sir.

**System of letting contracts.**  
each their advantages according to the nature of the work.

An advantage to the contractor to have a bulk sum provided he has control of work.

No injustice can be done to the public by letting work on a schedule of prices.

**Alleged improper influence.**

**Contract No. 25.**  
Purcell's tender more than \$100,000 lower than any other tender.

**Contract No. 41.**  
Would not have joined Marks & Conmee only they had a large amount of plant on the spot.

CHARLES HORETZKY, sworn and examined:

*By the Chairman :—*

18192. Where do you live?—In Ottawa.

18193. What is your occupation?—Nothing just now.

18194. Have you a profession?—No; I cannot say that I have.

HORETZKY.

**Exploratory Surveys.**

**Exploratory  
Surveys.  
Between Fort  
Garry and  
Rocky Moun-  
tains.**

From 1871 until spring 1880, exploring engineer Canadian Pacific Railway, with the exception of the season of 1873 and part of 1876.

Witness prepared a statement.

4th August, 1871, with Moberly left Fort Garry to explore a line for Canadian Pacific Railway.

The line to Hay Lakes practically that now laid down.

At Edmonton party broke up,

Moberly and witness went south to Howse Pass.

20th December, took charge of examination from Edmonton to Jasper House.

**Examination  
of Line from  
Lake Superior  
to Pacific by  
Fleming.**

May, 1872, asked to take Fleming over line examined by Moberly.

2nd August, 1872, expedition left Fort Garry.

Took usual cart road and not the line of railway to Edmonton.

From Fort Garry to Edmonton at rate of forty miles a day.

Statement made by Fleming in his Report of 1872, that he had passed over the line from Lake Superior to the Pacific misleading.

18195. What occupation have you been following of late years?—As exploring engineer for the Canadian Pacific Railway.

18196. From what time have you been so engaged?—From 1871.

18197. Until when?—Until 'last spring, with the exception of a season in 1875, and in part of 1876.

18198. We have been led to understand, from a letter from you, that you have prepared a statement which you wish to give by way of evidence?—Yes.

18199. You may give that now if you wish: of course, you understand that it is given as part of the sworn testimony?—Undoubtedly. I have made a statement of it and made it very brief, so that you may amplify it yourself—so that you may cross-question me on the statement. On the 4th of August, 1871, being attached to Mr. Moberly's exploration party, I left Fort Garry to explore a line for the Canadian Pacific Railway. Our course lay along the River Assiniboine to Fort Pelly and north of Quill Lake, in a direct line for the South Saskatchewan, which was crossed in latitude 52° 22', thence to the Elbow of the North Saskatchewan, and along the latter to a point some sixty miles above Battle River, and thence on a nearly due west course to the Hay Lakes. The line explored there is, with but a few trifling deviations, that now laid down upon the most recent maps. During this journey, frequent branch or side examinations were made to the north and south by Mr. Moberly, Mr. Nichols, and myself. Upon reaching Edmonton the party was broken up, the major portion returning to Winnipeg, while Mr. Moberly and myself went south to the Howse Pass and the Kootanie Plains. We returned to Edmonton early in December. This mountain journey was accomplished very expeditiously, and the party was composed of five men altogether and ten horses. About the 20th December I took charge of the examination from Edmonton to Jasper House. This was accomplished within a month, the party being composed of three men, three dog teams, and myself. In May, 1872, Mr. Fleming asked me if I could take him over the line examined by Mr. Moberly's party during the previous season. I replied that I could, and it was forthwith arranged that Mr. Fleming should make a personal examination of the line from Winnipeg, westward to Jasper House. All the arrangements were entrusted to me, and upon the 2nd August, 1872, the expedition left Fort Garry. Previous to our departure, Mr. Fleming decided not to follow the line proposed for the railway, but to take the shortest or most convenient route to Edmonton. We accordingly followed a cart trail, *via* Rat Creek, Shoal Lake, Fort Ellice, the Touchwood Hills, and Carleton, thence to the north of the North Saskatchewan by the usual cart road, and from fifty to seventy miles from the line of the Canadian Pacific. Neither the Saskatchewan nor any other stream crossed by the line was seen, excepting at the cart crossing of the south branch of the Saskatchewan, and at Carleton. The journey from Fort Garry to Edmonton was made with exceptional speed, and at the average rate of forty miles per day. A pressing engagement of one of the members of the party to be at Halifax by the 15th November following was urged as an excuse for not carrying out the ostensible object of the journey. At page 3 of the last railway report Mr. Fleming has made the statement: "The first examination under my direction was made in 1872, when I passed over the line from Lake Superior to the Pacific."

**Exploratory  
Surveys, E.C.—  
Examination  
of Line from  
Lake Superior  
to Pacific by  
Fleming.**

Fleming's course.

**Peace River  
Pass.**

Before reaching  
Edmonton, Flem-  
ing asked witness  
to perform a  
journey of recon-  
naissance to the  
Pacific Coast via  
the Peace River  
Valley Pass, John  
Macoun to ac-  
company him as  
botanist.

Witness in his  
report pointed  
out the advan-  
tages of a line  
through the more  
southern pass of  
the **Pine River.**

Fleming adhered  
to his views re-  
garding the Peace  
River.

**Peace River Pass  
impracticable.**

Report of Mac  
Leod and Cambie  
confirmed the  
views of witness.

Passage in wit-  
ness's report  
alluding to the  
above expunged.

That statement is entirely a misleading one, as, firstly, Mr. F. Moberly, Mr. Nichols and I, made the first examination in 1871, between Winnipeg and Edmonton, and, in justice to Mr. Moberly, it may be remarked that subsequent examinations by other engineers have failed to show any better line, excepting, perhaps, in a few local deviations; and, secondly, Mr. Fleming, in his journey of 1872, followed the usual canoe route between Thunder Bay and Winnipeg, and thence across the prairies to Edmonton, only crossed the proposed line in one place, viz.: in about latitude  $52^{\circ} 12'$  west longitude  $105^{\circ} 12'$ , as I have already shown. Before reaching Edmonton Mr. Fleming asked me to perform a journey of reconnaissance thence to the Pacific Coast, via the Peace River Valley Pass; he also prevailed upon Mr. John Macoun to accompany me as botanist to the expedition. I undertook charge of the Peace River expedition, and, after speeding the Chief Engineer and his attendants towards Jasper House, left Edmonton on the 4th September for Lesser Slave Lake. At page 46 of the Pacific Railway report for 1874, a brief report of the Peace River journey will be found. Therein, without actually reporting against the route through the Peace River Valley, I hazarded some statements as to the advantages of a line through the more southern pass of the Pine River. This proposition was, however, regarded as visionary, and my advice to have the Pine Pass systematically examined was completely ignored by the Chief Engineer, and, until the latest examination of the Peace and Pine Rivers by Messrs. Cambie and MacLeod, the former route, the Peace River route, has been doggedly adhered to from sheer obstinacy, and disinclination to admit the soundness of my judgment [*Vide* page 10, Rep. 1878] in which Mr. Fleming still adheres to his idea regarding the Peace River. At pages 72 and 97 of the report for 1874, Mr. John Macoun took upon himself to report upon the engineering features of the Peace River, and in this has apparently misled the Chief Engineer by certain statements antagonistic to mine, touching the feasibility of a road in the low level of the Peace River Valley east of the Rocky Mountain Range, where no sane person would have dreamed of locating either a waggon road or a railway. The last examination by Messrs. MacLeod and Cambie has, as already remarked, completely corroborated my views; but, when I desired to point out this fact, in my recent report for 1879, the Chief Engineer forbade any reference to it, and caused a passage in my report alluding to this circumstance to be expunged.—

18200. Is that passage now extant?—No; it was expunged. It was not allowed to be placed in the report at all.

18201. Have you a copy of that passage?—I cannot say that I have; but I can give it to you almost verbally.

18202. Please do so?—It affords me pleasure to see that the explorations of Messrs. Cambie and MacLeod have fully corroborated my views regarding the railway route from the Peace River region by the Pine Pass. It was to that effect—I cannot say those were the exact words.

Gives from mem-  
ory the passage  
which witness  
alleges Fleming  
suppressed.

18203. Is not your original report on file in the Department?—Which report do you refer to?

18204. The one out of which that passage has been expunged?—On file: the manuscript?

**Exploratory  
Surveys, B.C.—  
Peace River  
Pass.**

18205. Yes?—Oh, no; the manuscript was never on file. The manuscript was returned to me.

18206. Is not a copy of it kept in the Department?—I fancy not. There may be; some one may have copied it, but if so it is without my knowledge. The manuscript was returned to my hands, and when the proofs were shown to me I asked Mr. Smellie why that passage was expunged? And he said Mr. Fleming did not judge it necessary Mr. Smellie informed me that Mr. Fleming had taken that passage out—it was at his instigation. Seeing that there had been so much antagonism to the Pine Pass, even by Mr. Marcus Smith, until of late years, I thought it was but right to myself to make the remark that the examinations made by Mr. Fleming's own chosen engineers—Cambie and MacLeod—corroborated my experience. It was a perfect matter of justice to me, but it was not allowed. Mr. Fleming would not allow it to appear in the report.

Smellie said Fleming would not allow the passage to remain.

18207. Do you know whether the copy set up in print was from your manuscript?—I think it was. It must have been from my manuscript. Mr. Smellie will give you all the information regarding that, because it was from himself that I had the intimation.

18208. I understand you to say that you looked at the proof of this print before it was finally adopted, and that you called Mr. Smellie's attention to the omission of this passage?—Yes; I looked at the print. I had the proof sheets handed to me, and the passage was in the proof sheets then, but when the corrected proofs—whether they were corrected proofs, or the actual proofs in book form, I forget which—it was omitted in this, and I asked Mr. Smellie why it was omitted. It was too late to alter it then.

18-09. Did you find any other material difference between the report as printed and the report as contained in your manuscript?—Nothing, except as contained in that instance— that single sentence.

The rest of report not tampered with.

18210. And the rest of it you corroborate now?—Oh, the rest of it is exactly as I gave it—that is 1879, the last.

18211. And do you now corroborate that report, except with the omission of this passage?—Certainly; that has been printed exactly as my manuscript.

Of the same opinion as when he wrote his report.

18212. But have you changed your opinions, or is that report substantially your view?—It is quite correct; yes.

18213. Proceed.—The passage of the Peace River was made at a season so late that certain officials of the Hudson Bay Co., bound for the same destination as myself, turned back. I pushed on, however, and reached Stewart's Lake about the middle of November, and there detached the botanist from the expedition. This is in 1872 I am speaking of. An irksome and hazardous journey upon snow-shoes enabled me to reach Port Simpson, on the coast of the Pacific, in January, 1873. I returned to Ottawa two months later, and, I must suppose, in consideration of my discoveries, was forthwith discharged from the Government service. I should have made no allusion to the Pine River route, and should have known that opposition to the Chief Engineer's pet theory, regarding the Peace River Pass, was the signal for my dismissal. Thenceforth, any allusion to the Pine River route was systematically denounced, not only by Mr. Fleming's engineers, but by others; and I have reason to believe that a series of denun-

November, 1872, reached Stewart's Lake.

Returned to Ottawa early in 1873, and left Government service.

All allusion to Pine River route denounced by Fleming's engineers.

ciatory letters, published in the *Montreal Gazette* by Mr. MacLeod, of Aylmer, were inspired by Mr. Fleming. In May, 1874, after the change of Administration, Mr. Alexander Mackenzie caused me to be re-engaged, and I was sent out to examine the British Columbia coast from the fifty-third parallel of latitude upward, the main object being to determine the altitude of the various passes in the Cascade Mountains, and the nature of their approaches from sea level. A garbled report of that work will be found at page 137 of the Chief Engineer's Report for 1877. In this regard I am obliged to complain of the unjust suppression of important passages in my report, relating to the Northern coast of British Columbia, and particularly to the Kitimat Inlet, and to the Kitlope. In fact, the last seven pages of my report were completely suppressed, and to this most extraordinary circumstance, Mr. Gamsby's trying, expensive, and abortive expedition of February, 1876, up the River Kitlope, in search of a route to Lake Tochuonyala, is, doubtless in great part due. For had the officer responsible for that expedition been in possession of the facts detailed in the suppressed portions of my report, it would have been seen that the search in question was a needless one, its utter uselessness being plainly pointed out at page 30 of my original manuscript.—

18214. Who was in charge of that expedition by Mr. Gamsby?— Mr. Gamsby himself.

18215. Who was the Engineer-in-Chief?—On the British Columbia side Mr. Marcus Smith.

18216. Then you mean Mr. Smith had not the advantage of the report which you had previously sent in on this subject to Mr. Fleming?—That is my meaning, Sir.

18217. As to that report, do you know whether any copy of it was retained in the Department?—I cannot really say, there may be a copy and there may not.

18218. Was the original report returned to you?—I think the original here, that is to say this report, was written by myself at Bella-Bella, north-west coast, on the 15th November, 1874, and a clean copy of this was also written there and sent by mail to Victoria to Mr. Smith.

18219. To Mr. Marcus Smith?—To Mr. Marcus Smith here. He was the person in charge of the surveys you understand. Mr. Fleming was here. It would be to one or the other. It is addressed to Marcus Smith, but in the printed report it is addressed to Mr. Fleming.

18220. That has been altered: do I understand you to say that your first report was sent to Mr. Fleming, and that Mr. Marcus Smith had not the advantage of that afterwards, and therefore made the mistake of sending the Gamsby expedition?—This report was sent to Marcus Smith.

18221. The original?—Yes; and a clean copy too.

18222. Then why do you say he had not the advantage of that report?—Because two years elapsed. This report was not printed until two years afterwards. It was in 1876 Mr. Gamsby went in. Mr. Smith was back in British Columbia, and he had probably forgotten then all about my report. I do not say that they do not know the contents of my whole report, but it seems they did not, because they sent an

**Exploratory  
Surveys, B.C.—  
Altitude of  
Passes in Cas-  
cade Range.**

In May, 1874, re-  
engaged and went  
to examine  
British Columbia  
coast, from  
53rd parallel  
of latitude  
upwards.

Passages of his  
report suppress-  
ed.

**Gamsby's Ex-  
ploration up  
River Kitlope.**

Suppression of  
passages he  
thinks may ex-  
plain abortive-  
ness of Gamsby's  
expedition.

Marcus Smith,  
Engineer-in-Chief  
on British Colum-  
bia side.

Gamsby's expedi-  
tion in 1876.

**Exploratory  
Surveys, B.C.—  
Gamsby's Ex-  
ploration up  
River Kitlope.**

expedition into the place that I had distinctly reported as being impracticable.

18223. Then you do not mean to say that Mr. Marcus Smith, in deciding to send out the Gamsby expedition, had always been in ignorance of your reports sent in?—I do not mean to say that.

18224. But if he had read it he had forgotten it?—He had forgotten it.

18225. And that because it was not in print before him?—I infer that, as the last seven pages of my report were not put in print, they considered them immaterial, or for some other reason. I inferred Mr. Marcus Smith had lost sight of my statements.

Thinks Marcus Smith must at one time been acquainted with his full report.

18226. Do you mean to convey this idea: that he had, at one time, knowledge of your full report?—Certainly he must have.

18227. But afterwards acted as if he had forgotten it?—He or Mr. Fleming. Mr. Fleming was always the chief, and it was he, I presume, gave Mr. Smith instructions what to do. Of course, I cannot say anything about that. I know this, and may as well mention it now: in the spring of 1877, it must be remembered, my report was manipulated and corrected by a person called Dixon, of the Public Works here, and this Dixon may have taken upon himself to make this suppression, to cut these pieces out. I don't know who did so, but it has been done. I complained to Mr. Smith in 1877 of the suppression of my report, and Mr. Smith said to me: "They have no right to do that, you should complain to Mr. Fleming." Well, I did complain to Mr. Fleming, and Mr. Fleming said it was of no consequence.

Complained to Fleming of the suppression, who said it was of no consequence.

18228. Could you file the original report as you have it now, which you had sent in on a previous occasion?—No; I have not got that. This is the only thing I have—my original manuscript. The clean report from which they printed, I do not know what has become of it.

18229. That was not returned to you?—No; that was not returned to me, and, moreover, when I arrived in Ottawa in March, 1875, I made some addenda to my report—some interpolations which I handed in to Mr. Marcus Smith. Those interpolations do not appear in the printed book; but I by no means blame Mr. Smith for the suppression of the report because he told me they had no business to suppress anything. I cannot say who is to blame—it may have been Mr. Dixon and it may have been Mr. Fleming.

Gamsby's expedition went astray from outset.

**Kitimat Inlet  
Valley.**

Nothing said of Kitimat Inlet in official reports although witness drew attention to it in his Report of 1874.

18230. Proceed.—As a matter of fact, the expedition went astray from the outset, and, instead of ascending the north-east fork of the Kitlope, took a branch—the westerly one—which led to the very core of the outer range of the Cascade Mountains, a result which might have been known by reference to my report. As regards the Kitimat Inlet, the valley of which leads to the Skeena River through a remarkably easy pass in the coast range, nothing has been made public in the official reports, although I drew particular attention to it in my report of 1874. Upon the 9th March last I addressed Mr. Fleming in this connection [Vide page 46 of my pamphlet "Startling Facts"], and reminded him of my report upon the Kitimat; but he had evidently forgotten the matter entirely, and requested me not to allude to it again. Strange to say, however, notwithstanding Mr. Fleming's injunction to say nothing about the Kitimat; Mr. George Keefer who was then in the next room correcting the proofs of his report upon the Skeena, alludes twice to the Kitimat at page 74 of the report of 1880, and the next day Mr.

Fleming addressed me the letter quoted at page 47 "Startling Facts." What I wish to point out is, that I handed that letter to Mr. Fleming himself; he read it, and appeared to be very much struck with the information; went to the map, and after I explained the circumstance, said to me: "Say nothing at all about this, it will embarrass the Government." "Well," I said, "all right." As I say, Mr. Keefer was in the next office correcting his proofs. Mr. Keefer never saw the valley of the Kitimat, but yet he alludes to it in his report, and says he saw it there. My impression is that Mr. Keefer never saw the valley of the Kitimat, but Mr. Fleming primed him to allude to it (that is my impression) just to show that the thing had not been overlooked. The Kitimat Valley is the finest valley from British Columbia to the sea-board, and until that letter of March addressed by Mr. Fleming no official recognition of the existence of that valley has been made; it is like the passage of the Rocky Mountains—

**Exploratory Surveys, B.C.—Kitimat Inlet Valley.**

Witness's theory as to the origin of the first official recognition of the Kitimat Valley.

18231. Is the Kitimat Valley that valley through which the Kitimat River descends to the sea?—Yes.

Kitimat River descends through Kitimat Valley to the sea.

18232. It empties into the Douglas Channel?—Yes, the Douglas Channel—otherwise called the Kitimat Inlet; and, to show that Mr. Keefer was writing about what he knew nothing of, if you have the Report of 1880, I will point that out. Mr. Keefer made a mistake on page 73. Mr. Keefer says:

Alleged mistake of Keefer's.

"My intention was to continue my examination some miles further east, or as far as Kitsalas; but on learning that an ice jam, immediately above the mouth of the Zymoets, some two miles ahead, was moving, made further delay a risk I did not care to incur, as the jam, once below me, and a change in the weather—of which there was every indication—our exit would have been rendered a matter of some difficulty, if not impossible, in canoes. This state of affairs entirely prevented the possibility of an examination of the valley of the Lakelse to the head of the Kitimat."

That is the Kitimat Valley he is referring to.

"But from all the information I could gather from the Indians, and from my own observation, I infer there is no difficulty, should it ever be desirable, of carrying a line through this valley to the head of Gardner Inlet."

Now, Sir, it is a physical impossibility to carry a railroad from the head of Gardner Inlet. Gardner Inlet is away from it altogether, as you will see by the map. That shows he did not know what he was writing about. He repeats it at the second last paragraph of his report, recommending,

Keefer's idea impossible.

"Should any further necessity occur for reaching Gardner Inlet as a terminal point, the valley of the Lakelse offers easy access to that point, from the valley of the Skeena."

I have a little map which shows it.

HUGH RYAN's examination continued:

HUGH RYAN.

*By the Chairman:—*

18233. I understand you wish to add something to the evidence given by you this morning?—What I wish to say, Sir, is this: that as far as I know, and I think it is correct, that when the quantities were estimated for Section 25, that is before the work was let, there was no allowance made for shrinkage over muskeg and any other material, while the estimates that were made for Section 41, or the adjoining section afterwards, there was a very liberal allowance made for shrinkage, from what was known of section 25, which would go to

**Railway Construction—Contracts Nos. 25 and 41.**

No allowance in estimates for shrinkage, while this allowance was made in regard to 41.



**Railway Con-  
struction—  
Contracts Nos.  
25 and 41.**

show to a great extent the reason why the work on Section 41 should run under while the work on section 25 should be over.

18234. Is there anything further?—No; that is the point I wish to establish.

18235. You spoke this morning of some papers which you wished to produce?—Those papers would be in connection with what you asked me about, whether there was a dispute between the Government and us about section 25.

18236. If they only relate to the validity of your claim for money, then we do not propose to investigate them?—That is all they do.

**ST. JEAN.**

St. JEAN, sworn and examined :

**Telegraph—  
Tendering.  
Contract No. 4.**

Remembers having been with Waddle, and saw either Mr. Mackenzie or Mr. Trudeau.

Waddle could not give security in time

The Government not prepared to go on with section 4

How witness came to go to Department with Waddle.

*By the Chairman :—*

18237. Mr. Waddle, who gave evidence before us, mentioned your name as a person who had accompanied him in some of his interviews with either the Minister or Deputy Minister of Public Works regarding his tender for one of the telegraph works on the line: do you remember anything about such a matter?—I remember, your Honour, that I have been with him. I could not exactly say whether it was to Mr. Mackenzie or the Deputy; I think it was rather the Deputy, but I could not say exactly what was said because I thought it was of very little importance. What I remember is so vague I am not positive what it was; however, I can tell you, if I remember well, he could not give the necessary security in time, and he was with a Mr. Smith, if I remember well, and there was some misunderstanding between him and Mr. Smith. He came here several times to see the Minister to that effect, to try and get the contract, but if I had time to reflect on the question I might have been able to say a little more although nothing of importance could be made of it, because I am under the impression he did not get the contract, for two reasons—one the Government were not, I believe, prepared to go on with that section, and he had not the necessary security. I am not positive, your Honour, in what I say, because I just went there to accompany him. He thought I could be—I suppose being deputy of the city and a friend of the Government—he thought my presence might help him. He was taken to my place by a friend of his—I am not quite sure, but I think it was Mr. Coffey—Mr. Thomas Coffey—I am not sure, but it was some person that brought him to my place. I used to go very often with people I had never seen. I had the reputation of being very kind to go with people, and he thought I could help him to get the contract. That is all I can remember. It is about six years ago, I think.

18238. Why do you think one of the reasons was that the Government were not prepared to go on with the contract?—I could not say, I never took any interest in the question, and never asked Mr. Mackenzie about it, neither did I care whether it did go on or not. I devoted all my time during the time I was in Parliament to trying to get work for the poor people, so I did not examine, nor search, nor reflect on the question at all.

18239. Do you remember now what was said by the Minister or Deputy Minister to Mr. Waddle on the subject of any extension of time,

Telegraph—  
Tendering.  
Contract No. 4.

so that he could put in his security later than was at first intended?—Well, your Honour, it is so vague in my mind what reason Mr. Trudeau gave to Mr. Waddle. I know at the time I was satisfied Mr. Trudeau gave him a satisfactory answer. This is all I can remember; but Mr. Trudeau could explain before this Commission better than me, because he is the party charged with these things. It is so vague in my mind, it is just like a dream.

18240. Then, do you mean you have no recollection of the circumstances sufficiently to be able to state them by way of evidence?—No, your Honour. I do not remember sufficient to say why the work was not gone on with, nor why Mr. Waddle did not get the contract. It is just as vague as the fact of Mr. Smith and him having the tender, and that there was some misunderstanding between the two, but I could not say what the misunderstanding was, or what the reason was. Last summer I met him on the street, he came and shook hands with me and spoke about that contract, and he said: "It is a pity I didn't get the contract that time." I said: "It would have suited you; I don't know anything about it." So I know so little about it that I do not know what to say.

No sufficient recollection of the interview between Waddle and the Minister or Deputy Minister.

18241. Mr. Waddle said that at one time you were present when he was informed that if some other person to whom the contract had been offered failed to put up security he should have a further opportunity to put up security on his tenders: do you remember anything about that sufficiently to be able to give it in evidence?—I think Mr. Trudeau told him something to that effect—that if they did not come up to time he would get it. To the best of my knowledge and belief that was the answer, but anything further I do not remember, unless it is brought to my mind.

Trudeau told Waddle that if one of the tenders did not come up to time with security he would get contract.

18242. Do you know anything else about the Canadian Pacific Railway which you can give by way of evidence?—Nothing at all your Honour—nothing at all.

CHARLES HORETZKY's evidence continued:

*By the Chairman:—*

18243. As to this report which you think was partially suppressed, I understand that it was made by you in the fall of 1874?—Yes.

18244. Do you remember whether it was addressed to Mr. Marcus Smith or to Mr. Fleming?—It was addressed to Mr. Smith, but in the printed copy the address was changed to that of Mr. Fleming, as you will see by the heading.

18245. Clearly the beginning of your letter is to Mr. Marcus Smith, because you make use of these words: "having in view the verbal instructions of Mr. Fleming and written suggestions made by yourself," meaning, I suppose, Mr. Smith?—Yes; that shows it.

18246. Do you remember to whom you gave that report?—That report was mailed by me from Victoria, in February, 1875, and when I reached home I found Mr. Smith had already received it a few days previously.

18247. Where was Mr. Smith then?—He had already returned from British Columbia. He had returned before I had.

HORETZKY.

Exploratory  
Surveys, B.C.—  
Kitlope Valley,  
Kitimat Inlet.

Report of witness which was partially suppressed and which was addressed by him to Marcus Smith, appeared in the printed report as addressed to Fleming.

Report mailed February, 1875, to Mr. Smith.

**Exploratory  
Surveys, B. C.—  
Kitlope Valley,  
Kitimat Inlet.**

18248. So you found, on arriving at Ottawa, that Mr. Marcus Smith had possession of your report?—Yes; excepting those addenda.

18249. Those were made here at that time?—Yes; they were made here—one addendum was made.

The Gamsby expedition probably a result of partially suppressing his report.

18250. Do I understand you to say that the consequence of this report having been partially suppressed, or ignored, was that it possibly led to the starting of the expedition of Mr. Gamsby?—That was my meaning.

18251. And that the expense of that expedition would have been avoided if your report had not been suppressed?—Might have been avoided if he had taken notice of it.

18252. When did you say that your report was partially suppressed?—Not until 1877.

18253. How do you think that could affect the operation of 1876?—Because the report was in possession of the authorities of that period.

But the partial suppression having taken place in 1877 could not affect what took place in 1876, the year of Gamsby's expedition.

18254. But as they had the report in 1876 it was perfect, was it not?—It was perfect.

18255. Then the leaving out of portions in 1877 could not have affected their minds in 1876?—It might not.

18256. Do you think it was possible?—Not at all—no; but I draw the inference that as the last seven pages of my report were omitted in 1877 they were not taken notice of or attended to in 1876. Of course, I do not know who did it. I lay the blame to nobody, but Mr. Marcus Smith told me they had no right to suppress any portion of it; and when I spoke to Mr. Fleming about it, he pooh-poohed it. I want you to understand, also, that the report, at the time it was being printed, was in the hands of Mr. Dixon, who could have no local knowledge of the place, so I do not know why he should have omitted it. With reference to the question you have asked me, I stated: "In fact the last seven pages of my report were completely suppressed, and to this most extraordinary circumstance Mr. Gamsby's trying, expensive and abortive expedition of February, 1876, up to the River Kitlope, in search of a route to Lake Tochquonyala, is doubtless in great part due." You observe, I do not make a downright assertion.

18257. I understand. I am only investigating the reasons for your opinions; I am not taking them as statements of fact, but as probabilities: at the time that this expedition of Gamsby's was started, you had no reason to think that any one in the Department had intentionally suppressed any portion of your report?—No; I knew nothing at all of it.

Not until he saw printed report of 1877 did he know his own had been mutilated.

18258. It was only from the incomplete shape of the printed report of 1877 that you supposed they had not paid proper attention to that portion which does not appear in the report?—That is all. In fact, in 1877 I had quite forgotten all about the report—the details of it.

18259. Does the suppressed portion refer principally to the Kitimat locality, as far as you recollect?—The addendum is certainly not included in the printed report. I am not aware whether this paragraph is in the report: "It is needless to lengthen this report by more than a passing allusion to the Kitimat Inlet—a huge water-filled indentation like the others of the coast." Does that passage appear in the printed report?

**Exploratory  
Surveys, B.C.—  
Kitimat Valley.**

18260. I am not aware at this moment?—After that the suppressed addendum follows. I shall read it :

“ At the north-east corner of this arm of the sea, there is, however, a long and narrow bay, which, were it dredged, would afford an excellent harbour. There is ample room for wharfage, but to deepen this the Kitimat River would require to be diverted to the west side of the inlet. A micrometrical survey has been made of this place by Mr. Richardson, during my absence in the interior, while in search of passes to the eastern plateau. Had I been successful in this respect, soundings up the upper end of the inlet would have been taken, and, in fact, a minute hydrographic examination would have been made. As an outlet from the Upper Skeena, the opportunity afforded by the magnificent valley of the Kitimat, of connection with the interior from that quarter, is unparalleled on the coasts.”

Suppressed addendum in which witness states that as an outlet from the Upper Skeena the valley of the Kitimat without parallel.

That is the addendum, the interpolation, which I handed in, I think, to Mr. Smith's office after my arrival in Ottawa.

18261. Was that somewhere about January, 1875?—Somewhere about February or March; I forget the day I arrived here. It was probably March. That is the addendum that was omitted. There are other parts and paragraphs and passages all through the report omitted, and the last seven pages entirely.

Other passages and the last seven pages of report omitted which witness contends contained valuable information.

18262. As to those omissions, I understand you to say, in effect, they gave substantial information to the Department which would have saved some expense and surveys which afterwards took place?—That is my supposition.

18263. That is your view of the matter?—Yes; that is my opinion.

18264. And for that reason you think this allusion to the omission is material?—Yes

18265. Do I understand you, that those omissions bear particularly upon the Kitimat region, the valley of the Kitimat River, and on the probability of that course proving a good one for a railway?—The addendum refers to that.

18266. To the portions that had been omitted; are there any other portions?—The portions which refer to the Kitlope.

18267. Is there any portion which refers to the Kitimat, so far as you know?—No.

18268. Where is it that Mr. Gamsby made this exploration, and which was unnecessary in your opinion?—Up the Kitlope, in search of a pass to Lake Tochquonyala.

**Gamsby's Ex-  
ploration up  
Kitlope.**  
In search of  
a pass to Lake  
Tochquonyala.

18269. You have, as I understand, the original of this report which you have retained possession of from the beginning?—Yes; it is here.

18270. Would you refer to that portion of your report which you think has been omitted?—With reference to the Kitlope?

18271. With reference to that?—With reference to the Kitlope River no actual exhaustive exploration of this stream was made.

18272. You are speaking of the examination which was made under your supervision?—Yes; these are my own remarks :

“ No actual exhaustive exploration by me was made of the stream for the reason that it was proposed to examine it from the source downwards, and that towards the end of the season, the knowledge of the country acquired by a visit to the region where two of its three origins lie made a journey down the stream a matter of supererogation. At its mouth the Kitlope enters the sea through a flat, swampy bottom, encompassed by huge glacier-capped mountains. A few miles higher up, report says [Indian report] that the valley improves, and that the mountains recede and are less abrupt. I can readily believe this, and know that adding a distance of six or seven

Concludes for reasons stated that there is no practicable route for a railway along the Kitlope.

**Exploratory  
Surveys, B.C.—  
Gamsby's Ex-  
ploration up  
Kitlope.**

Valley of Kitlope  
1,100 feet above  
the sea.

miles from the actual water-shed of the Cascade Range, the north-west branch of the Kitlope River does really flow through a valley of moderate extent, but, unfortunately, at an elevation above the sea of less than 1,100 feet; and that, moreover, in the direction of its source, that is to say, to the north-west, there is nothing visible but a perfect sea of glacier-capped mountains. It is possible, but very far from probable, that the branch in question may lead to a pass. Such a pass, if there be one, cannot be much less than 3,000 feet above the sea, and considering the close proximity of the water-shed, or summit [at Lake Tochquonyala] to the low valley which I saw, I think the inference may be safely drawn, that, in this quarter, no practicable route is to be looked for."

That is the paragraph to which I refer, Sir.

18273. Are you still of the same opinion as expressed in that paragraph?—Decidedly of the same opinion. I consider there is no way of going up there to the Kitlope from the head of Gardner Canal.

18274. Then the final decision not to adopt that locality as one to be crossed by the railway was a good decision in your opinion?—Certainly. It was never followed out by Mr. Gamsby.

Result (in witness's opinion) of partial suppression of his report the cause of an unnecessary expedition.

18275. Then what was the result, as regards the public interest, of this omission of part of your report, which part you think has been suppressed: is it the expense of this survey?—Certainly. If Mr. Smith or Mr. Fleming read this carefully, I think probably they would not have sent that expedition.

18276. Is there any other result which you think is to be attributed to not reading that report?—Nothing else.

18277. Is that the portion which you have read which you say points out the sudden rise to this lake, and which would have satisfied any person that there was no pass open there?—Yes; what I have read.

18278. I understood it was the omitted portion?—This is the omitted portion.

18279. But is that the portion which you say or think would have informed him it was useless and hopeless to send out that expedition?—Yes; that is the portion. I may not have made it perhaps sufficiently plain, but it was my intention that was to be understood from it.

18280. But it would have been useless unless it was plain for the purpose for which you say it was intended?—Certainly.

18281. Do you think, having read that now, that it would point out to Mr. Smith or any person reading it the hopelessness of such an exploration as Mr. Gamsby made?—I think so.

**Kitimat Valley.**  
Considers there was no official recognition of Kitimat Valley his report respecting it having been suppressed.

18282. As to this Kitimat Valley, do you complain that any portion of your report was omitted which would have shown that to be a more favourable route than it has been held to be in the opinion of the Department?—Yes; I say that no official recognition has been taken of the Kitimat Valley whatever by any one.

18283. Do you mean in no document?—No; it has not been referred to in any printed reports I have seen, and my report of it has been suppressed.

18284. Does not the report of 1877 at page 139 refer to that?—There are a few opening remarks on it.

18285. Is not most of the page taken up on the subject?—That has no reference to the valley of the Kitimat leading to the Skeena. A reference to the map would enable you to understand it.

**Exploratory  
Surveys, U.C.—  
Kitimat Valley.**

1886. Is there any other portion of your report referring to the Kitimat locality or valley which has been omitted, and which would affect the question beyond that addendum which you have read?—No, Sir; no other.

18287. Proceed with the statement.—Besides the examination of the Kitimat and its branches, the work of 1874 comprised an exploration of the head waters of the River Kitlope, a survey of the Dean Canal and its affluents, the Rivers Tsatsquot and Kemsquit, of the River Kimano, and of the entire water-shed of the Cascades from Dean Canal to the head of Douglas Arm—an accurate description of all this work was given in my suppressed report.—

**Kitlope, Dean  
Canal, Tsats-  
quot, Kems-  
quit, Douglas  
Arm.**

What was con-  
tained in those  
portions of wit-  
ness's report  
which were sup-  
pressed.

18288. When you speak of the suppressed report, do you mean that a whole report has been suppressed?—No; I mean a suppressed portion of that report. At the conclusion of the season's operations, I was compelled to find my way back to Victoria, by making a most hazardous canoe voyage of eleven days duration down the Pacific Coast in the middle of winter. In 1875, I was again sent out to British Columbia, for the purpose of exploring the unknown region near François Lake.—

In 1875, sent to  
explore region  
near François  
Lake.

18289. To go back to that last sentence, you say you were compelled to make a hazardous voyage down the coast?—Yes; from the force of circumstances. There were no steamers.

18290. You do not complain of that?—No; not at all.

18291. You mean that it became necessary?—Yes; it became necessary. I do not blame the Department for that.

18292. Proceed.—In 1875, I was again sent out to British Columbia for the purpose of exploring the unknown region near François Lake, and also to perform other work. In 1876 and 1877, I was employed in the examination of the country to the north of Lake Huron. In 1879, I was sent out to British Columbia to survey the unknown region lying between the River Skeena and the Peace River; an account of this work will be found in the general report of 1880. In this connection the Chief Engineer's memorandum of instructions for Mr. A. J. Cambie, regarding the explorations in Northern British Columbia, dated 12th May, 1879, particularly paragraphs nine and ten, are worthy of notice.—

Explores Fran-  
çois Lake, the  
country north of  
Lake Huron,  
and in 1879, region  
between the  
river Skeena  
and Peace  
River.

In 1879 sent to  
survey between  
Skeena and the  
Peace River.

18293. You are speaking of the report of 1880?—Yes; the report of 1880:

(9) "It is the desire of the Government that the country should, with as little delay as possible, be thoroughly explored, so that the shortest eligible route between the River Skeena and the River Peace, or its tributary, Pine River, may be fully determined.

(10) "Instructions have been sent to Messrs. MacLeod and Gordon to accompany Mr. Cambie and to co-operate with him in this examination."

**Exploration be-  
tween Skeena,  
Peace and  
Pine Rivers.**

From the above it will be seen that Mr. Cambie's duty was to thoroughly explore the region referred to in paragraph nine, with the view of finding the shortest eligible route for a railway between the Skeena and Peace Rivers. I shall now show the farcical manner in which that exploration was carried out. About the 24th June, 1879, Mr. Cambie and his staff left the Forks of Skeena for Lake Babine via the valley of the Susquah. In my report of 15th March, 1873, I gave a crude account of the Susquah Valley, and pointed out the heavy nature of the work, and grades to be encountered in using it as a communication between Lake Babine and the Skeena River. Messrs. Cambie and

Witness's views  
respecting Cam-  
bie's exploration  
between the  
Skeena and Peace  
Rivers.

**Exploration between Skeena, Peace and Pule Rivers.**

MacLeod entertain similar views of the difficulties of that route. Mr. Cambie reached Lake Babine and thence, with the exception of two short walks of about a dozen miles in the aggregate, over excellent trails, performed the entire distance to Fort St. James, at the lower end of Stewart Lake, by canoe and boat. From Fort St. James he travelled over another excellent trail to Fort MacLeod, with ninety-five animals and twenty-one hired servants, besides his secretary and other members of his staff. An inspection of the map of British Columbia will show what a perfect farce this journey was, as an exploration, for upon his arrival at Fort MacLeod, Mr. Cambie knew as much about the country which he had been instructed to explore as he did when leaving the Skeena. He looked, and in imagination saw "practicable lines;" he heard descriptions of several routes by parties who knew the country well; and as Mr. Horetzky had been specially detailed to make a thorough examination of that region, an undertaking, by the way, utterly impossible of fulfilment by one man during the short northern season, he was content to record a fanciful examination on paper. I may also remark here, that in order to obtain even rough estimates of the elevation of mountain passes, it is *not* simply sufficient to send an untutored Indian to the point of observation with an aneroid, and to trust to his index finger to show the reading of the instrument. A conscientious engineer would go in person, no matter what obstacles lay in the way.—

**Cambie's exploration perfunctory.**

18294. Of whom are you speaking?—Of Mr. Cambie. Mr. Cambie's party did that.

18295. Did he state anything whatever of those things in his history of the subject?—No; but the memorandum of instructions tells him to make a thorough examination from the Skeena to the Peace River.

18296. Do you think his report on the subject shows he did not obey his instructions?—Oh, no. In that portion of his report it entirely agrees with me, but Mr. MacLeod, who accompanied him, tells me that he did not go himself to the summit, but sent an Indian there. I say if he had been a conscientious engineer he would have gone himself.

18297. What summit?—On the summit of the Babine Pass.

**Contents that Cambie intended to deceive the Department.**

18298. Do you mean that you gather from his report that he intended to deceive the Department as to the progress he made, or the steps he took to make this exploration?—I do. I endeavour to show that the exploration he did was a perfect farce.

18299. Besides that, does his report mis-state facts, as you understand it?—No; it does not mis-state facts, but it allows people to take it for granted that he did make an examination.

18300. And you have learned from some one who accompanied him that he did not make the exploration, though his report says he did?—That is it. He sent an Indian to the summit of the Pass to find it out with an aneroid.

18301. How do you state that he sent an Indian: what is your authority?—Mr. MacLeod's statement to me, who accompanied him.

18302. Does Mr. MacLeod himself make a report on the subject?—Yes.

18303. Does he mis-state the facts?—He does not, of course. But he does not make that statement that they sent an Indian to the summit.

18304. Does he suggest facts, or does he state them positively, which facts you take to be untrue?—No; I cannot say that he does.

**Exploration between Skeena, Peace and Pine Rivers.**

18305. Proceed.—I have referred very briefly to this matter and merely desire to point out that the slovenly, expensive, but remarkably easy mode of exploring a rough country just described, is possibly not the only instance which might be recorded. Reference to paragraphs five, six, seven and eight of Mr. Fleming's instructions will show what the Chief Engineer expected me to do. To perform all the examinations entrusted to me would have been impossible; but, in self-justification, I will say that what I did was of an exceptionally difficult and arduous character. It involved a survey and the determination of a chain of levels across three mountain ranges, over a perfectly untravelled and unknown country, where horses could not be used, and where everything required for the service had to be carried upon men's backs or by canoes upon streams never before navigated even by the Indians of the country; and, although the work was performed in the best and most economical method possible, the Chief Engineer, while perfectly cognizant of the reasonableness of a claim I have put in for a salary equal to that paid to Mr. Henry MacLeod, and notwithstanding his promise to recommend to the Minister of the Railway Department that it should be favourably considered, now refuses to give his assent, which, the Minister has stated is all that is necessary to enable him to make a settlement. In self justification, I would therefore most respectfully suggest that the salaries paid to Mr. H. J. Cambie and his secretary, to Mr. H. MacLeod, and to the Rev. D. M. Gordon and myself, be made public, also the cost of the various expeditions of 1879. Mr. Cambie's exploration of 1879 was outfitted in the most extravagant manner. In conclusion, I wish to point out in the most unmistakable manner that, from the very initiation of the surveys, Mr. Fleming has designedly burked enquiry into the character of the Peace River line, and that, until the results of the journey of Messrs. Cambie and MacLeod in 1879 were made known to him by telegraph, he doggedly refused to accept reliable testimony in favour of that route. [Vide page 9, Rep. 1878]. That my opinion expressed in 1873 and subsequently, in favour of the Pine River route, and adverse to that of the Peace River, has been fully endorsed by Mr. Hunter, and by Messrs. Cambie and MacLeod; and I again have no hesitation in saying that the Pine Pass is the key to all possible termini from Bute Inlet northward. I also make the statement that the examinations of 1879 could have been more satisfactorily performed at half the cost; that the expedition under Mr. Tupper was unnecessary; and that, apart from the valuable work done by Messrs. H. MacLeod and Dr. Dawson of the Geological Survey, the knowledge obtained was but an unnecessary repetition of that contained in Mr. Hunter's report of 1878, and in mine of 1873. Mr. Hunter performed the examination of the Pine River in 1878, with a pack train of twenty animals, under peculiar difficulties. I made the first examination of all, under still more disadvantageous circumstances, and at a very trifling cost, and found ten horses, while in the Peace River region, amply sufficient for any work, protracted or otherwise. Why the enormous train of men and horses already referred to should have been necessary to Mr. Cambie under the most advantageous of circumstances (that is to say the summer season) can only be explained by himself. Mr. Fleming having, during the long series of years from 1873 to 1879, refused to entertain suggestions proffered in good

Chief Engineer refuses to assent to pay witness a certain salary.

Contents that the character of the Peace River line was ignored from the commencement by Fleming.

**Pine River Route.**

Witness's opinion of Pine River route endorsed by Hunter, Cambie and MacLeod.

Hunter's examination of Pine River in 1878.



**Pine River  
Route.**

faith upon such an important subject as that of the passage of the Rocky Mountains, and regarding the country to the north of the Yellow Head, it can no longer be a matter for surprise that, at the last moment, he should have addressed the Minister of Railways, and have strongly urged delay in construction upon either the Burrard Inlet or Bute Inlet routes. In my letter of 29th October last, addressed to the Secretary of the Royal Commission upon the Pacific Railway, I drew attention to Mr. Fleming's report of 1877, in which a classification of the North West lands, by Mr. John Macoun, botanist, will be found, at page 336. I stated that Mr. Macoun's estimates were purely conjectural, and, consequently, unreliable. I now repeat that statement, and call Mr. Fleming to witness that he entertains precisely similar views regarding those estimates as myself. I here produce a press copy of a memorandum, addressed by me to the Minister of Railways in the early part of 1879, in which, after discussing Mr. Macoun's Peace River in 1875, the remark occurs:

**Macoun's classification of North-West lands in Fleming's Report of 1877 conjectural.**

"We have, however, at present no authority to make pseudo-statistical assertions regarding the extent and value of the Dominion lands in the North-West, and Mr. Macoun's classification at page 336 of the report for 1879, must, for lack of sufficient evidence, be regarded as purely imaginative and unreliable."

**Fleming of the same opinion as witness respecting North-West lands.**

After carefully perusing this memorandum (Mr. Fleming was particularly careful to see everything I wrote for the Minister), the Chief Engineer remarked to me: "I quite concur in all you have stated." The press copy I refer to is here.—

**Witness advocates Pine River Pass in preference to Peace River Pass.**

18306. Do we understand that you advocate the practicability of the Pine River Pass in preference to the Peace River Pass?—Yes; that is my idea.

18307. Is that the main view you are supporting now in this pamphlet of yours and in this statement?—It is not the main view, it is one of the views.

18308. Do you understand that to be now a material question for consideration in the Department?—No; I presume the question is past and gone; it is a dead issue now, I presume.

18309. Do you know if it was at any time a serious question for consideration which of these two passes should be adopted?—I think that, as far as the interests of the country is concerned—as far as the opening out of the best lands in the North-West is concerned—that a route *via* Pine Pass would lead the way through them.

**Peace and Pine River Passes.**

18310. At present I am asking whether you have ever understood that the choice of one or other of these passes was a material matter for the consideration of the Department?—I think it would have been a material matter.

18311. But was it: I mean did such events happen as made it a material matter for their consideration?—Not that I am aware of.

18312. Then which of these two passes would be the best is not of much importance, according to your idea at present?—No; not at present. It is not a material matter, of course.

18313. Was it at any time of importance, so far as the affairs of the Department were concerned, to know which of these two passes would be the best?—I think it was, seeing that the engineer in charge of the western section, Mr. Marcus Smith, advocated it himself.

18314. Advocated which?—The Pine Pass.

18315. Do you mean as against the Yellow Head Pass?—Yes.

18316. Do you understand that at any time it had been decided to adopt a more northerly terminus than the one which has been since adopted?—Bute Inlet was at one time in question as a terminus.

18317. And was it in reference to that terminus that you considered that the question between Pine River Pass and Peace River Pass became material for consideration?—Yes; I always considered it. In fact, when I first pointed out the Pine Pass I pointed it out as the key to the through route to Bute Inlet.

18318. But if the selection of Burrard Inlet in preference to Bute Inlet was the correct decision, then this question between the Pine River Pass and Peace River Pass was one of no importance?—No.

18319. So that it resolves itself into the main question: whether it should be Bute Inlet, or some other northern port, as against Burrard Inlet?—Yes; as against Burrard Inlet.

18320. Do you say you think that this question was of consequence because the railway could have been better constructed through the Pine River Pass, to a more northerly terminus than the one which has been adopted?—I have always thought that the Pine Pass afforded the best route; that in the event of Bute Inlet, for instance, being adopted, the Pine Pass offered the best and cheapest route, and also that it would open up the finest and most available lands in the North West.

18321. Do you mean that this question of the availability of the Pine River Pass was always subordinate in its importance to the main question, whether Burrard Inlet should be adopted in preference to Bute Inlet or some more northerly one?—Of course the adoption of the Pine Pass rested entirely upon the question of the western terminus.

18322. You mean the northerly terminus?—Of westerly termini. It was none of my business to say that the Burrard Inlet, or the Bute Inlet, or any other northern port should be adopted; but I maintain that if the Bute Inlet or any other northern terminus were adopted, that the Pine River Pass is common to any of them and to all of them.

18323. Well, for present purposes I am not suggesting any argument as to the correctness of your views; it is not with that intention that I am asking you these questions. I am asking you your opinion on this question now: assuming that it is quite right for you to have formed these opinions, I want to ascertain what route you mean to suggest. Do you mean that the route through the Yellow Head Pass to Burrard Inlet, is not, in the interests of the public, such a good one as a more northerly one through the Pine River Pass?—As far as I am concerned I do not think the Bute Inlet is the proper place for the terminus.

18324. Well, does that not dispose of the question of the importance of the Pine River Pass and the Peace River Pass?—There are other northerly termini.

18325. Please state which of them you think would be better than the one adopted?—In the interests of the country, as far as economy

**Peace and Pine River Passes.**

Marcus Smith advocated **Pine River Pass** as against the **Yellow Head Pass**.

**Bute Inlet** at one time a possible terminus.

**Pine Pass** the key to the through route to **Bute Inlet**.

**Burrard Inlet** once adopted the relative merits of **Peace and Pine River Pass** of no importance.

The adoption of **Pine Pass** depended on the western terminus selected.

**Pine River Pass.**

Best Imperial and Canadian route through Pine River Pass to the Kitimat or Port Simpson.

Describes course from Pine Pass to sea-board.

of construction, and as far as the settlement of the country is concerned, I think that the best route, the best Imperial route and Canadian route, would be by the Pine River Pass to the Kitimat, or possibly to Port Simpson.

18326. Will you describe the course of that route from Pine Pass to the sea-board?—From the Pine Pass that route would follow down the tributary of the Parsnip River, would, crossing the Parsnip River, pass somewhere near Lake MacLeod, running in a southerly direction to a crossing point upon the Stewart River, some few miles below Fort St. James; thence up the Fraser River to Lake Fraser; then to the summit between the Wastonquah River and the river flowing into the Fraser Lake; then following down the Wastonquah into the Skeena Valley, and down the Skeena Valley to a point opposite Kitsumgallum River; thence southerly up to the divide between Lakelse Lake and Kitimat Valley, and thence down the Kitimat Valley to Douglas Channel—or to Port Simpson, if it happened that the cost of constructing harbour accommodation at Kitimat happened to be too great, though my opinion is that an excellent harbour may be made at the head of Douglas Arm.

18327. What are the considerations, the main ones, which lead you to think that this route which you describe would be better for the public interest than the route which has been adopted?—Well, Sir, for one reason that from the Kitimat to the Pine Pass, accepting the estimates of Messrs. MacLeod and Cambie, the cost would be very much less than on the Burrard Inlet route.

Thinks the cost by Pine River Pass would have been less than by Yellow Head to Burrard Inlet.

18328. You mean for the corresponding distance?—The cost of construction from salt water to the summit of the Rocky Mountains on the northern route would be very much less than between Burrard Inlet and the Yellow Head Pass—that is, accepting Mr. Cambie's estimates.

18329. What do you consider the summit upon this route which you prefer?—The summit is the Pine Pass.

18330. Do you know how much less that would cost?—Well, roughly estimating it, \$10,000,000, according to the estimates of Messrs. Cambie and MacLeod. That is to say, taking the heavy work—putting the heavy work all at the same price; that is the only way you can get at it.

No means from his own knowledge of forming an estimate of cost.

18331. Have you any means of forming an estimate upon this subject from your own knowledge?—No; I have taken their estimates entirely. I have made no assertions upon my own estimates. My assertions are entirely based upon the estimates of Mr. MacLeod and Mr. Cambie.

18332. From the east to the summit, either at this pass or at the Yellow Head Pass, can you state the difference in construction?—I could not state that, because no systematic surveys have been made; but I know that the topography of the country points, no doubt, to the fact that a much less costly line can be made north than south. The rivers are fewer and less difficult to be crossed, the country is more level and it is easier in that respect.

Northern line longer by 100 miles than that by southern.

18333. As to the length of the line, irrespective of the mileage cost, have you formed any opinion?—Yes; the northern line is 100 miles or thereabouts.

**Pine River  
Pass.**

18334. Then, in regard to the construction and working of the line, you think you are justified in saying that the northern line would be less expensive?—Much less expensive. I would also remark something more about that. May I ask you if you have a copy of my pamphlet here? (Chairman hands witness a copy of the pamphlet "Startling Facts.") You ask me what I think of the country on the northern line east from the Pine Pass, as to the expense. I shall here quote from the telegraphic report on explorations from Port Simpson, on the Pacific coast, to Edmonton *via* the Peace River Valley and Peace River Pass, by Messrs. Cambie, Macleod, Dawson and Gordon:

Witness's reasons for believing northern line less expensive than southern line.

"Red line letter A, to Slave Lake, direct and generally easy, Pine River 500 feet wide; height of bridge, seventy feet; gradients leaving the river, one foot per 100. Summit eastward, 900 feet lower than Hunter's, and fifteen miles further north. Mud River, 400 feet wide; height of bridge, sixty feet; gradients on west side, very easy; on east side, one foot per 100. D'Echafand River, 300 feet wide; bridge, sixty feet high; gradients moderate; work occasionally heavy three miles on each side of bridge. River Brulé, fifty feet wide; bridge, seventy feet high; valley, narrow; gradients, easy. Smoky River, 750 feet wide; bridge, 100 feet high; valley, almost 500 feet deep at crossing; gradients, slightly exceeding one foot per 100; works, very heavy for three miles on each side. Goose River, 400 feet wide; valley, 100 feet deep; bridge, fifty feet high; gradients on each side easy. Whole country from Pine River to Slave Lake, with these exceptions, favourable."

These exceptions are twelve miles of heavy work, altogether from Pine River Summit to Slave Lake, by the estimates of Messrs. Cambie and MacLeod, whereas, on the corresponding portion from Yellow Head Pass to MacLeod River—I cannot speak authoritatively, but I can refer you to the writings of Messrs. Marcus Smith and others—upon that portion of it the work is very much more difficult.

On country from Yellow Head Pass to MacLeod River cannot speak authoritatively.

18335. More difficult on the southerly line?—On the southerly line, and passes throughout an utterly worthless country, whereas on the northern line the good country is entered some forty or fifty miles east of Pine River summit and eastward from Lesser Slave Lake. The southern shore of Lesser Slave Lake is a dead level for railway construction, and the country thence to the Athabaska Pass is level, low and flat; thence to Lake Babine the country is level. Taking the estimates of Mr. Gordon, who I think is the only one who has passed through there, he tells us that the country is slightly hilly close to the Athabaska, but afterwards walked into a gently undulating country; then eastward we have the reports of Mr. Marcus Smith of 1878.

Country on north line very good.

18336. Have you passed over this country yourself east of Pine River Pass?—East of the Pine River Pass I have passed over the Pine River country right along, I may say a great portion of that route to near the eastern end of Slave Lake.

18337. And then south-easterly?—Not on the line. I struck Lesser Slave Lake from Fort Assineboine, struck due north to Lesser Slave Lake about the 115th meridian.

18338. What sort of country is it between Fort Assineboine and Lesser Slave Lake?—It is very rough and rocky. It appears to be a large tract of rough mountainous country situated between south of Lesser Slave Lake and west of Lesser Slave River and north of the Athabaska; but I believe a little to the west of Fort Assineboine there is a low depression running into the Peace River country.

Country between Fort Assineboine and Lesser Slave Lake.

Very rough and rocky.

A little west of Fort Assineboine becomes low.

18339. You have not been over these two tracts of country which have been traversed by these rival lines, so as to form your own opinion as to the relative value of the country for settlement or its

Railway Location, B.O.

**Railway Location, B.C.**

bearing on cost of railway construction?—I have been over the southern line as far as Jasper House; I mean the first expedition to Jasper House in 1871. I followed that line, or very nearly that line, all the way from Edmonton. I reported upon that line to Mr. Fleming, and upon that report Mr. Fleming caused surveys to be made. The line located here (pointing to the map) deviates a few miles north or south of the line I reported.

No knowledge of country west from Jasper House save in vicinity of Cornwall's.

18340. What about west from Jasper House?—I have no personal knowledge west from Jasper House, except from—if you will observe on the Thompson River—a place called Cornwall's. I have a knowledge of the Lower Fraser River. I have walked right down those canyons on foot, and I have a knowledge of that place from the vicinity of Cornwall's. I have a knowledge of the part of the route that includes.

18341. That is the portion of the line now under construction?—Yes; a portion of the Onderdonk contract.

Believes northern coast more accessible than southern.

18342. Besides this question of routes, cost of construction, and of operating, are there any other matters for consideration affecting the comparative expediency of the two lines?—Well, as regards the coast of British Columbia, my opinion is that the northern coast is more easily accessible than the southern coast, that is to say, I believe that the Burrard Inlet is much more difficult of access than Port Simpson; or Kitimat and Capt. Brundrage, who was sent out there last summer—he was sent out there in 1879—reported upon the coast. Capt. Brundrage says so. He corroborates what I say, and he says the northern part of the coast is much more accessible for sailing vessels and ships than the southern. He says that Port Simpson is the most accessible place on the whole coast line, and by similar reasoning—Kitimat—the passages are the same.

18343. In addition to the accessibility of the harbours and the cost of the line, are there other matters which you think should weigh in considering the subject?—No; there are no other matters that I am aware of.

18344. Do you think that these two matters should decide the question as to which line ought to be adopted: the cost of construction and working, and the accessibility of the harbours?—It is not for me to say that.

Witness's reasons for preferring north line further stated.

18345. I am asking your opinion. I understand your theory to be that upon the whole the northern route would be preferable, and I am asking you if this opinion is formed solely on the advantages you mention?—There is one consideration which I had forgotten. One consideration in favour of the northern line is that I believe, first of all, that this Fraser River line, when carried down to the valley below Yale to a point near the Sumas, will be tapped by an American line from Holmes Harbour; and I believe that eventually the port of the Canadian Pacific Railway will be at Holmes Harbour practically speaking, because from Sumas to Burrard Inlet on the Canadian line upon the north side of the Fraser River, presents works of a formidable character. The works are heavy, and Burrard Inlet is not very readily accessible from the sea as the intricacies of the navigation are many. Besides there is the San Juan passage. That is immaterial; but I think I am corroborated by able authorities that the navigation of the Georgian Strait and these passages are extremely difficult and hazardous for sail-

ing ships, and steamers also. That is the reason why I think, eventually, if the Canadian Pacific is carried to Sumas, a branch line will be carried over the country between Sumas and Holmes Harbour on United States territory. The line would be almost sixty or seventy miles in length, and Holmes Harbour is acknowledged by many authorities to be easily transformed into a magnificent harbour. It only requires a short canal of about two miles in length to connect its waters with the waters of Admiralty Inlet, and in that case our Canadian Pacific Railway and the Northern Pacific Railway of the United States would have, practically speaking, the same terminus, because Holmes Harbour will eventually become the terminus of the Northern Pacific Railway. The present terminus of the Northern Pacific Railway is at a place called Tacoma at the head of Puget Sound, but it would not be difficult to carry a line down from Tacoma to Holmes Harbour if found desirable. At any rate these are my views regarding the two lines. The Canadian road and the American road would have the same western terminus to all intents and purposes.

18346. Do you think that would be worse for the American road or the Canadian road?—Really I do not know, I cannot say. It would be worse for the Canadian road I should imagine, because freight or passengers bound from China landing at Holmes Harbour, would naturally choose, I should think, the American line to the east instead of making a long way round to the north. Then when the Sault Branch is completed and connection made with St. Paul, there will be a perfect air line from the Rocky Mountains, by the Northern Pacific and St. Paul by the Sault, to Montreal.

18347. Do you think that these advantages to the American line would be counteracted in the attempt to gain the through trade from China by having a more northerly terminus?—I think that if any counteraction could be formed at all the northern terminus would have been advantageous for this reason: that the northern terminus is 300 miles nearer to Japan than Holmes Harbour is. The ocean passage is a day and a-half shorter as matters are now. Admitting that my estimates of the difference in distance between the northern line and the Burrard Inlet line—admitting that the difference is only 100 miles in favour of the Burrard Inlet line—there still is now an outside difference of 300 miles in favour of the northern line in consequence of the shortness of the ocean passage. So between Yokohama and Livingstone—Livingstone is the common point between these two rival lines—this northern line is 300 miles shorter.

18348. Would the northern port be open as long during the year as the southern one?—Port Simpson is open all the year round. As to the Upper Kitimat I am in doubt. As I have already remarked in my pamphlet, a little ice does form in the sheltered harbour of the Kitimat, but I believe that does not amount to anything. The head of the Kitimat Inlet is never frozen—never; and Port Simpson is always open. Port Simpson is the finest harbour of the British Columbia coast without any exception.

18349. And you think there would be no disadvantage in selecting that on account of the climate?—No; not at all. I think not, as far as the harbour is concerned. Probably the climate, say from the Isthmus of the Simpson Peninsula along here (pointing to the map) might be a trifle worse than on the Kamloops line owing to its altitude; but

**Railway Location, U.C.**

Reasons for preferring a more northerly line.

Thinks northern line would compete better than southern line against United States advantages.

North terminus 300 miles nearer to Japan than Holmes Harbour.

Port Simpson open the year round. Doubts about Upper Kitimat.

Climate on the north line might be a little worse than on the Kamloops.

**Railway Location, B.C.**

after all, I think there is very little difference. It is an extremely rainy, humid climate on both of these lines through the Cascade Mountains.

18350. Is there any other reason that you think of, which should lead to the selection of the northern route and outlet rather than the southern one?—The question of a country fit for settlement on the east of the Rocky Mountains by the northern line.

Character of country on northern line.

18351. Upon that, what is your opinion as to the comparative expediency?—I think upon the northern line the country from, say the meridian of 121½ would be a great deal lower than the southern line. The country is lower all through; it is a partially wooded country. The soil is infinitely better along the northern line as far as Le-ser Slave Lake than on the other line; and from Slave Lake eastward to Babin Lake to Fort La Corne, the line would be through a wooded country and would not lie exposed to the terrific winter blast of the plains. I maintain that upon the southern line, between the meridian of 112 and the Saskatchewan, I believe that settlers will find it very hard to live, owing to the want of wood, and the exposed nature of the country. I have been over it and I know what it is. It is an exposed country, with hardly a particle of wood to be found on it, whereas on the corresponding portion of the northern line the line would run partly through woods and at a lower level, and through a lake country where there are fine fresh water lakes. I think that in this north-west country there has been a great deal too much enthusiasm about the amount of available lands, and about the glorious prospects for settlers upon those plains. I know, for one, I should not like to settle there, and I doubt if Mr. Macoun would like to take a gift of 500 acres of land and settle there, or any one else.

Country in part wooded, with low levels and fine lakes.

18352. You think that new countries are generally settled by persons in the circumstances of yourself and Mr. Macoun, to whom 500 acres of land would be no inducement?—I do not think that new countries are generally settled by people who would disdain a gift of 500 acres of land, but it is the case to-day that many settlers of the yeoman class have already gone away from Manitoba in disgust, if I am well informed.

18353. Do you mean by that opinion that it would be better not to build any railway at all through that country?—No; but I think the northern route is preferable, from the fact of there being more wood.

Thinks the northern line would attract more settlers.

18354. You think it would attract more settlers?—I think so.

18355. And it would open up a country more likely to be settled?—That is my idea. I think the settlers would naturally prefer a country partially wooded and partially prairie, to one that is quite open without wood. That is the idea I mean to convey. I have travelled over this country a good deal, and I know what the hardships of winter are, and I have no doubt I can stand them as well as the average of those people, but I should not like to do it. I see every day that settlers who go into that country always choose the parts that are wooded in preference to the unwooded parts.

OTTAWA, Thursday, 2nd December, 1880.

**Railway Construction—  
Policy of Government.**

SIR CHARLES TUPPER, sworn and examined :

*By the Chairman :—*

18356. About what time did you first administer the affairs of the Pacific Railway?—As Minister of Public Works?

18357. Yes?—I think I entered the office about the 17th of October formally, then went down to Nova Scotia to my re-election, and returned about the 7th November, 1878.

Minister of Public Works, 17th October, 1878. Returned from re-election 7th November, 1878.

18358. Can you describe the first action taken under the policy which had been adopted by you in reference to the construction of the works?—Well, the first matter that was taken up by the Government was the importance of completing, at the earliest possible date consistently with reasonable expenditure, the line from Thunder Bay to Red River. There were about 185 miles of a gap between the portions under construction at the two ends; the one running from Red River eastward, and the other running from Fort William westward; and the Government decided that it was of the greatest possible importance to put in this intervening section at the earliest possible date. That was the first leading matter of policy that engaged my attention in connection with the work.

First work taken up by Government completing line from Thunder Bay to Red River at the earliest possible time.

18359. Had not that already been advertized and tenders invited by the previous Government?—Yes; in August, if I remember—in the previous August—tenders had been invited to come in on the 1st day of January. I think.

Tenders invited by previous Government in August, 1878; tenders to come in on 1st January, 1879.

18360. Were tenders received as early as the 1st?—No. Consistently with the policy which I have just mentioned, I drew the attention of Mr. Marcus Smith, who had been acting as Engineer-in-Chief, and immediately afterwards of Mr. Fleming, who, I think, was not here for a few days, to the importance that we attached to getting this work under contract at the earliest possible moment, and directed that every possible exertion should be made to get the plans and specifications in such a position as to enable parties to make an intelligent tender. When Mr. Fleming informed me that it would not be possible to do that, so as to have the tenders in by the 1st of January, the time was extended for the shortest period that we considered it possible to do it in; and, subsequently, when he stated that it could not be done, they were again extended. I think they were twice extended for the reason I have mentioned.

Urged speedy completion of plans and specifications so as to secure intelligent tenders.

Time twice extended in order to have full information.

18361. I suppose, as a fact, no tenders were put into the Department at either of the two first-named dates?—No person had the means of putting in the tenders, because it was the absence of data and specifications, on which tenders alone could be offered, that caused the delay.

18362. The first tenders actually received were about the 30th January?—The 30th January. No tenders were received previous to the 30th January, nor any information of any kind given by the Department to the contractors.

Tendering—Contracts Nos. 41 and 42.

18363. In asking for these tenders was there any change in the system upon which they were invited—I mean were they invited for the whole distance, in the first instance, by the former Government, or was that a new feature?—I do not quite remember at this moment



**Tendering—  
Contracts Nos.  
41 and 42.**

what the first advertisement was—in what form they called for the tenders; but, if I recollect rightly, my impression is that they divided it into three sections. My impression is that the first advertisement divided it into three sections; but I know that the subject—how the tenders should be dealt with in such a way as would be best calculated to carry out our design of the earliest possible completion of the work—received the very earnest consideration of the Government; and having discussed that very fully with Mr. Fleming, upon his advice I recommended to my colleagues, and we decided, to ask for it in not more than two tenders, and to intimate at the same time that a favourable consideration would be given to a tender for the work as a whole. The reason for this, as I have stated, was that Mr. Fleming was under the impression that if a sufficiently strong organization, possessing resources, means and skill sufficient to grapple with the work as a whole, had it in hand, they would be able to secure its construction at an earlier period than if it was divided into two tenders. But, for fear the work as a whole should be too great to invite sufficient competition, we decided to ask for tenders for it as a whole, and also in two parts, which would divide it into two sections, 118 miles on this side where the work was easy, and sixty-seven miles on the other where the work was harder.

Government decided to call for tenders for two sections and also for work as a whole.

It was considered that Government would be warranted in paying more for the advantage of getting work done by one contractor.

18364. Was it considered that anything in the shape of additional price might be paid by the country to gain a compensating advantage in building it by one contractor?—It was discussed fully, and it was considered that we should be quite warranted—and I may say here, at the outset, while I am quite willing to be held personally responsible for everything which has been done in my department in connection with the Canadian Pacific Railway, that I considered the matter of letting such an important section of work so grave as to warrant my taking no step in connection with it, except after the fullest consultation with my colleagues. All the information from the beginning to the end relating to it was submitted to my colleagues for discussion in Council, and the course taken was not the result of any action of mine, but of the united opinion and decision of the Council. I may mention here that I could not say this, but that I have received permission from His Excellency the Governor-General to state fully everything in connection with this work. We were of the opinion—because I will use the proper terms, including my colleagues and myself—after full and careful discussion, that the importance of getting this work immediately constructed at as early a period as possible, would warrant us in the expenditure of a larger sum of money than it might be accomplished for in another way.

Witness took no step without consultation with his colleagues.

Tender for constructing work as a whole a little over the aggregate of the lowest tenders.

18365. Upon the opening of the tenders it seems, according to the Reports, that the offer for the whole section was at a price considerably higher than one for building the two separate sections: do you remember the amount?—Not very much, I think; not very much. I think the tender for the construction of it as a whole, was a little over the two lowest tenders to which the contracts were awarded.

18366. Was it not above \$150,000, or something like that?—Well, it was something, I think, in that neighbourhood. I do not remember the figures at this moment.

**Tendering—  
Contracts Nos.  
41 and 42.**

Had this tender come from a firm of sufficient strength it would have been favourably considered.

18367. Was that considered too large an extra price to pay for the advantage of having the work done under one contract?—No, it was not; and had that tender emanated from contractors of sufficient strength and resources to secure the construction of the work within the time named, I think it would have been favourably considered. But you will see by a reference to Mr. Fleming's report on the tenders, that he stated that the advantage of letting the work as a whole depended entirely upon the resources and means and prospects of the parties to whom it was let; and upon a careful examination of the whole question, and after the best enquiry he could make, he was not able to recommend placing it in the hands of one contractor—a contractor who had made the lowest bid for the work—as likely to secure that result; and my colleagues and myself, after careful examination and discussion, decided that that opinion was correct, and therefore we would not let the contract as a whole to the lowest tenderer.

Lowest tender for whole from the firm of Morse, Nicholson & Marpole.

18368. The lowest tender for the whole distance was from the firm of Morse, Nicholson & Marpole, was it not?—Yes.

18369. Then they were not known to be contractors of standing and strength?—Well, I may say that the usual course was pursued—what I understand to be the usual course in the Department. Immediately upon the tenders being received, and opened, and extended, and their relative amounts stated, the practice has been then that if the parties offering and the persons whose tenders were the lowest were not well known to the Department, the practice has been for the Minister to instruct the Deputy Minister of Public Works (who was then Mr. Trudeau, and of Railways and Canals now) and the Chief Engineer, to obtain in the best way that they could, sometimes by sending for the parties, but at all events to obtain all the information that would be necessary to guide the Government in the awarding of tenders. That is the course which was pursued. Morse, Nicholson & Marpole, I may say, were not known at all to the Department as contractors, and under these circumstances—feeling the very large amount involved and the great importance of the early construction of the work—a very considerable time was spent, and every means possible was exhausted in getting the fullest information with reference to the parties who had sent in the lowest tender; and you will see all this detailed in the report of Mr. Fleming, who had, under instructions from myself, taken that course, and the result of enquiry and investigation was that the Chief Engineer was not able to recommend the Government to place the whole contract in the hands of that firm as a course likely to secure the objects we had in view.

On enquiring as to capacity of Morse, Nicholson & Marpole the usual practice of Department followed.

The Chief Engineer did not feel himself able to recommend placing contract for the whole work in the hands of Morse & Co.

18370. Do I understand that for these reasons you resorted to the separate contracts?—We laid aside the combined tender on the ground that it was not calculated to secure the object: the earliest and most vigorous prosecution and completion of the work. I may say that this was the subject of very considerable discussion with my colleagues and myself. We felt, on the one side, the great importance of having the contract placed in the most vigorous and efficient hands, and, on the other, of securing the construction of the work at the smallest amount of money that it could possibly be done for; and though there was a recommendation of the Chief Engineer to pass over several of the lowest tenders, and award it to the first parties that he should, after enquiry, recommend as having the skill and resources necessary to secure the prompt construction of the work, we felt embarrassed in

**Tendering--  
Contracts Nos.  
41 and 42.**

Government after much consideration having decided to take the tenders in order, notified the two lowest tenderers that their tenders were accepted.

Marks & Conmee told that the Department was disappointed to find they had not sufficient standing as contractors.

Doubtless intimated to them that they might strengthen themselves by associating themselves with some contractor of standing.  
Reasons for such intimation.

taking that course, by the fact that the Government had in the specifications apparently fixed a test of qualification for the work, and that was, requiring the parties, in the first instance, to deposit a security of \$5,000 for the *bona fides* of their tender, and in the second place to show their ability to deal with the work by depositing 5 per cent. of the bulk sum of their contract. We felt, under those circumstances, that although we were even risking the execution of the work as profitably as the interest of the country demanded, we were obliged to decide that the best course that we could pursue was to adopt the principle of taking the lowest tender, provided the party could comply with the terms of the specification and put up the 5 per cent deposit promptly. The moment that decision was arrived at—and it was not arrived at, as I say, until after considerable time, because we were, in the first place, investigating the resources and qualifications, as far as we could, of the parties who made the lowest tenders, and, in the next place, deciding the very important question whether we should pass over the lower tenders on the report of the engineer or take them up consecutively as they were presented—we notified the two lowest tenderers that their tenders were accepted.

18371. As to section A, Marks & Conmee appear to have made the lowest tender, but there has been an intimation by Mr. Ryan, who joined them afterwards, that although the contract was awarded to them there was some hesitation before finally deciding to place it in their hands, because they were not known to be a firm of sufficient strength, which ultimately led to their negotiating with him, a more experienced contractor: this does not appear in the Blue Book. Do you remember how it took place?—I can readily understand how it took place. Of course Marks & Conmee learned from us that we were very much disappointed to find that they had not sufficient standing as contractors to warrant them in taking such a work, and they learned this from Mr. Fleming and Mr. Trudeau by whom they were called upon to state the means and resources they had, while the Government were dealing with the question as to whether we would take up the lowest tenders, or whether they should be passed over until we came to persons possessing skill and means and resources. No doubt it was intimated to them, as it is intimated constantly by the Department to persons so situated, that they would strengthen their hands very much if they could get some contractor of standing and means associated with them. In the first place, it would be a guarantee to the Government that the work would be accomplished, and, in the second place, it would be evidence that their prices were not so inadequate as to make it improbable that the work could be done, and I have no doubt that under the circumstances they learned it. We had no negotiations with the individuals further than stating that it would strengthen their hands in getting the contract awarded to them, if they got some contractor of standing with them. Morse, Nicholson & Marpole had a similar intimation. I was aware that they were making efforts—both the parties—from rumour and from communications with themselves to secure the co-operation of other contractors.

18372. Do you remember whether there was any understanding between you and this firm who were afterwards associated with the successful tenderers, that efforts should be made to induce Marks & Conmee to join with them?—No; no intimation was made to induce

Tendering—  
Contracts Nos.  
41 and 42.

Marks & Conmee to do so, but the intimation to Marks & Conmee was that they would better their condition as tenderers if they could get some strong contractor to join with them in their tender.

18373. Was the result accomplished by the pressure of the Department on Marks & Conmee in favour of Ryan?—Not the slightest. No intimation was given to Marks & Conmee, or any other tenderer, of the desire of the Department that they should associate with any contractor. I may say this at once, because we should have considered that entirely beyond the legitimate influence of the Department.

No pressure put on or suggestion made to Marks & Conmee to unite with any contractor.

18374. After having committed the Government to the tender of Marks & Conmee, upon the day upon which these tenderers were notified—that is the 20th of February—could you say how long it was before you became aware that the tenderers for section B, who in the ordinary course would be awarded the contract, declined to accept it?—I have no knowledge whatever of any intimation from the tenderers for section B until the receipt of the letter from them declining to take the contract.

No knowledge of any intimation from the tenderers for section B until their letter of withdrawal.

18375. That is probably the letter which is published in the Blue Book?—Yes; that is the letter which is published. It was on the 25th if I remember rightly; I am not certain. It was on the 25th or 26th?

18376. It appears to be dated on the 25th, but the person who wrote it, Mr. Nicholson, or Mr. Marpole, stated in evidence that according to his recollection it was not handed into the Department until the next day, the 26th?—I am not certain about that. To the best of my recollection that was the earliest intimation we had that they did not intend to take the contract.

18377. Then if the 26th was the day on which it was received, that was the day on which it was awarded to the next lowest tenderer, Andrews, Jones & Co.?—Yes. You will observe that the Chief Engineer, in his report on these tenders, expresses the great urgency of having them disposed of, for the reason that the season broke up very early in that country, and that to secure the progress of the work, or any hope of accomplishing it before the time stated, it was indispensable to get supplies in during the frost. And I may say, that in addition to what you find in the report there, when I informed him, as I did, that Morse, Nicholson & Marpole had declined to take the tender, he said to me: "This is a very serious matter, because if you lose another week you may lose another year. There is not an hour to be lost in bringing the matter to a conclusion, with any hope of the parties getting in the supplies to enable them to carry on the work this year." So that in my mind not a moment was to be lost in dealing with it. The Government having decided to take up the tenders in order, the moment that was received the decision was of course settled—it was to go to the next lowest tender, and they were at once notified.

The disposal of the tenders urgent as the season in that country broke up early.

Fleming said when Morse & Co. declined that if another week was lost it might result in the loss of another year.

Next lowest tenderer therefore at once notified.

18378. Before notifying the next tenderers, Andrews, Jones & Co., on the 26th February, it appears by the Blue Book that you received two letters from them speaking of their readiness to comply with the conditions. Only one of these is published in full—that of the 24th of February—the other, I believe, is the 6th of February; have you that letter?—That letter exists, of course, or it would not be referred to there, and I am surprised to find, on looking over the Blue Book,

**Tendering—  
Contracts Nos.  
41 and 42.**

Three days given to Andrews, Jones & Co. to put up security because of Fleming's statement as to the great urgency of getting in provisions before season broke up.

All efforts to get information of Andrews, Jones & Co. abortive.

Andrews, Jones & Co.'s statement that they were prepared to put up capital "immediately," gave ground for believing they had capacity to go on with work.

If, however, they could not put up the capital in three days there would be no prospect of their accomplishing the work.

Three days fixed on because of Jones & Co.'s declaration that they could put up the security immediately, because of the urgency of the work, and because some time before witness had caused a letter to be written to them saying their tender would receive due consideration.

Andrews, Jones & Co.'s letter to Sir Charles Tupper.

that it is not there, because I see by the report to Council which I prepared that I gave an extract from it. This, of course, I could not have done unless the letter had been before me.

1837<sup>a</sup>. The time named within which Andrews, Jones & Co. were permitted to put up security appears to be about three days: please state why you name that period?—I have already stated the reasons—that when I communicated to Mr. Fleming the fact of parties to whom the contract would have been assigned abandoning it, he informed me, that the loss of a week would probably entail the loss of a year; that this was not unlikely; and that if we were going to let the contract with any hope of carrying out the work, no time must be lost. The three days were held to be sufficient. I submitted this statement of Mr. Fleming's to my colleagues, as to the amount of time we should give Andrews, Jones & Co., and we decided that if their position—I may say all our efforts to get information as to Jones & Co. had been very abortive. In Mr. Fleming's report to me on the subject you will find it stated that, although he had made enquiries at St. Catharines, from which source one of the letters appears to be dated, and other sources, he had been unable to get any satisfactory information respecting them. I am not aware, up to this moment, of ever having seen either of the members of the firm. I will not say that I did not, because I was constantly seeing so many persons, but I do not remember having seen them, and the efforts we made to get information were very unsuccessful. The statements, however, that I had before me in writing, twice from them, that they were prepared at once to put up the deposit—I think they use the word "immediately"—and go on with the contract, satisfied me that if that was the case, if they had command of resources that would enable them promptly to put it up, there was a fair prospect of the work being accomplished; but if, on the other hand, they were not able to make the deposit with the aid the telegraph furnishes—because it is all that is really necessary—in that time, there would be no prospect of their accomplishing the work; so that after full consideration of the subject, it was decided to limit the time to three days.

1838<sup>o</sup>. Then do I understand you to say that these two letters before the awarding of the contract and in which they state their complete readiness to fulfil the conditions, were partly the reason for deciding the time?—Certainly. There was the declaration that they were prepared to do it immediately; there was the urgent necessity of not losing an hour in getting the contract made; and there was the fact that they had received notice from me, some time before, that their tender would receive due consideration, which you will find in the papers I have just handed to you. It was an answer which had been sent some time before in reply to their first letter.

The Chairman handed the letter to the Secretary who read it aloud:

"St. CATHARINES, February 6th, 1879.

"SIR,—It having been rumoured that the tenders in the neighbourhood of \$6,000,000 for that portion of the Pacific Railway between English River and Rat Portage—185 miles—will not be considered by the Department, we desire to state that we have every confidence in the figures that we have submitted, and that if the contract is awarded to us we are prepared to furnish the 5 per cent. required by the Government for its fulfilment, and to proceed with the work immediately on being ordered

Tendering—  
Contracts Nos.  
41 and 42.

to do so. We can also satisfy you as to our ability to carry out the works to a successful completion. All we ask is that our tender may be considered on its merits, and if it is lowest that it will receive at your hands favourable consideration.

"We have the honour to be, Sir,

"Your obedient servants,

"ANDREWS, JONES & CO.

"Hon. Dr. Tupper,  
"Minister of Public Works, Ottawa."

(Exhibit No. 282.)

The Secretary also read the answer :

"OTTAWA, February 12th, 1879.

"GENTLEMEN,—I am directed to acknowledge the receipt of yours of the 6th instant, with respect to your tender for the construction of that portion of the Canadian Pacific Railway between English River and Rat Portage, and to state that your tender will receive all due consideration.

"I am, gentlemen,

"Your obedient servant,

(Signed) "F. BRAUN.

"Andrews, Jones & Co.,  
"St. Catharines, Ont."

(Exhibit No. 283.)

Letter from  
Braun to An-  
drews, Jones & Co.

18381. Do you know whether, at the time of awarding the contract to Andrews, Jones & Co., and naming the limits of the time within which they could put up security, there was any reason on the part of the Government to believe that they were aware that theirs was the next lowest tender after Morse, Nicholson & Co.?—I have no doubt of that whatever. The fact is that, by some means, the public know almost as early as the Department the relative state of the tenders. My solution of this is, that the moment the hour for receiving tenders has expired, every contractor knows that he has nothing to lose, but perhaps something to gain, by discussing his relative position with other tenderers, and that they discuss the matter, and make comparisons between themselves. I know that every possible care I could take was taken, yet the relative positions of the tenders was known outside. Andrews, Jones & Co.—if I am not mistaken, it was a matter of public notoriety what their position was; and I have no doubt the persons representing them were watching, from day to day, the efforts that parties who were before them were making to put up the deposit required, and perhaps they knew before I did the probability of the tender below being withdrawn. We have now, of course, positive evidence—it has been taken by yourself—to show that they did know long before I did, because they were in negotiation with the parties below them. Mr. Smith was the only person here—the only person I saw, or whom the Department saw, in relation to Andrews, Jones & Co.—and I think he had stated that if the tender was awarded to them, the necessary means would be promptly forthcoming. Feeling the great urgency of the case, and not knowing any other person here with whom to communicate in relation to their tender, I sent a notification of its acceptance promptly to him, immediately on the Council deciding that course should be adopted, and informing them of the three days given them for the deposit to be made.

No doubt that  
Andrews, Jones &  
Co. knew that  
they were the  
next lowest ten-  
derers after  
Morse, Nicholson  
& Co.

Reason for this  
opinion.

Position of  
Andrews, Jones &  
Co. a matter of  
public notoriety.

Col. Smith having  
stated that if the  
tender was  
awarded to them,  
the necessary  
security would be  
promptly put up,  
notice was sent to  
him of the three  
days given his  
firm.

18382. You are correct in saying that we have had evidence on the subject. It has appeared by the testimony of one of the witnesses that the day before the information was given to the Department that Morse, Nicholson & Co. would not accept the contract, they had coalesced with Andrews, Jones & Co., the next lowest tenderers. I

In evidence that  
the day before  
Morse & Co. noti-  
fied Department  
that they would  
not take the con-  
tract, they had

**Tendering—  
Contracts Nos.  
41 and 42.**

coalesced with  
Andrews, Jones  
& Co.

Col. Smith's  
knowledge of the  
likelihood that  
Morse & Co. could  
not get the security,  
kept his firm in  
expectancy to be  
called on to put  
up their security.

am alluding now to the letter of the Secretary of your Department to Andrews, Jones & Co., refusing to extend the time: you say that for some days previous, they were aware that they were likely to be called upon?—Yes.

18383. I am asking whether they were aware of it from some information that had come to them from you?—The ground on which I said that is the fact that Mr. Smith who represented them being on the spot, and being aware of the efforts that Morse, Nicholson & Co. were making, and the inability, I may say, of Morse, Nicholson & Marpole to secure the assistance and co-operation of other contractors to go into the work with them, this would no doubt leave them in a position to prepare for the emergency whenever it occurred.

18384. Do you mean by this intimation to them that they understood pretty well the probabilities?—Yes, I regarded it so.

18385. It was not then only the ordinary knowledge that every tenderer would get from the beginning, that he might possibly be called upon?—No; it was the fact of daily discussion among the contractors, and intercourse with myself in relation to what would take place in certain events, because from the first a number of those tenderers were making enquiries as to the probability or possibility of their being called upon and the character of the security, and everything of that kind, so as to make due preparation.

No knowledge of  
Morse & Co.  
giving either  
Shields or Close  
or any one else  
compensation for  
influence.

18386. As to the tender of the first firm to whom the contract had been offered, I mean Morse, Nicholson & Co., were you aware at any time during the negotiations that they had promised to Mr. Shields, or to Mr. Close, or to any one, compensation for influence to be used by them in acquiring the contract for Morse & Co.?—No; I do not remember having seen them or having had any intercourse with Mr. Close at all. It is possible among the number of persons who came to see me he may have visited me, but I do not remember it. Mr. Shields I remember seeing several times, but I had no intimation whatever of anything further than the interest he professed to take in having a Toronto firm secure a contract.

18387. I understand you to say you were not made aware that Close and Shields were interested pecuniarily in any one acquiring the contract?—No; I have no recollection of any information of that kind having reached me.

Some time earlier  
than the letter of  
Fraser, Grant &  
Co. of the 29th of  
February, saying  
that the contract  
falling to them  
they would associate  
with them  
Shields, Manning  
& McDonald witness  
knew that  
the result of Fraser,  
Grant & Co.  
getting contract  
would be to give  
Manning & Mc-  
Donald an interest.

18388. On the 27th of February, according to a letter published, it was decided not to extend the time as asked for by Andrews, Jones & Co.; there is a letter of the 29th of February, from Fraser, Grant & Pitblado, notifying you that if the contract for section B should be awarded to them that they would be prepared to associate with them Shields, Manning & McDonald: were you aware before that letter of the 29th of February, and as early as the 27th of February, that the result of that refusal would be to give Shields and Manning an interest in it?—I have no doubt. I am now speaking from recollection, because I have no data to go upon. But my impression is that Mr. Fleming's report, in which he spoke very highly of Fraser, Grant & Pitblado as experienced contractors—but raised a doubt as to their resources to carry through such a large work—led to an intimation to them when the matter came up, whether it would not be desirable that they should strengthen themselves. I am now speaking entirely

Tendering—  
Contracts Nos.  
41 and 42.

from recollection, and from the general scope of the question. The peculiar circumstances which Mr. Fleming had again and again forced upon my notice, that the parties not only required resources sufficient to enable them to put up the deposit necessary to secure the contract, but the command of a very large sum of money immediately to be expended for supplies to be put in without loss of time—this I have no doubt led to an intimation from Mr. Fleming, Mr. Trudeau or myself, that, in the event of their taking the contract, they should be prepared to meet that emergency with ample resources; and my impression is that it formed a subject of conversation—not their associating with Mr. Shields (because I never heard him mentioned in connection with it) but with Manning & Co.—Manning & McDonald—who were known to be men of high standing as contractors and men of resources. Certainly the suggestion was not new of the combination with Manning. I think that letter of the 29th was the first intimation that Shields was in the firm of Manning & McDonald; but rumours had reached my ears of negotiations between Fraser, Grant & Pitblado and Manning & Co.—in case the contract should go to Fraser.

The letter of the 29th February, was the first intimation that Shields was in the firm of Manning & McDonald.

18389. Then do we correctly understand that at the time of refusing this extension to Andrew, Jones & Co., you had reason to think that not only Fraser, Grant & Pitblado would be interested in the contract, but also Manning & McDonald?—I think so. As I say, I have no data to go on, but my recollection is—although I have no positive information—it would be intimated that those parties would be likely to combine.

18390. But the first intimation of Shields being in it, was the 29th?—Until the letter of the 29th, I had no intimation of his going into the contract at all.

18391. The letter is dated on 29th of February; in that year there was no 29th?—I have no recollection. It did not even attract my attention that there were not twenty-nine days in February. I should think that most likely it would be the 1st of March; but there is nothing to show, except that. I think it most likely to be the 1st of March. I may mention here, if you will allow me, that although we refused the extension of the time in my letter, practically they had eight days in which to put up the deposit. The time expired, if I remember right, at four o'clock on Saturday: the 1st of March was, I think, on Saturday; yes, four o'clock on the 1st of March. No action was taken. No communication was had with my colleagues on the subject; but between that time and the assembling of Council on Monday, Mr. Macdougall—the Hon. William Macdougall—called upon me, in company with Mr. Goodwin, and asked me if Mr. Goodwin should join Andrews, Jones & Co. in the contract, whether we would not give them a day or two longer to make the necessary arrangements. I told Mr. Macdougall, representing, as I considered he did, Andrews, Jones & Co.—for it was in that capacity I received his visit, as he did not ask anything for Mr. Goodwin, but asked what would be the result if they could obtain the co-operation of Mr. Goodwin—I told Mr. Macdougall I had no hesitation in saying I would advise my colleagues, I had no power to do so myself, but if Andrews, Jones & Co. could obtain the co-operation of any contractor of standing and resources, or gave the Government reason to believe that such would be the case, they would receive a day or two longer, because

29th of February, really the 1st of March.

Practically Andrews, Jones & Co. had eight days to put up the deposit.

Before meeting of Council, Monday 3rd March, Hon. Wm. Macdougall representing Andrews, Jones & Co. called with Goodwin and asked for time.

Told him if Andrews, Jones & Co. could obtain co-operation of a contractor of standing, he would advise his colleagues to give a day or two longer.



**Tendering—  
Contracts Nos.  
41 and 42.**

When in Council received a note from Goodwin declining to go in, whereupon reported to his colleagues the unlikelihood of Andrews, Jones & Co. being able satisfactorily to take up the work.

then we should be satisfied we had an adequate guarantee of the sufficiency of their resources and the prospect of the work being accomplished. I reported to my colleagues in Council what had been done; the communication I had received, as I held it to be from Andrews, Jones & Co. that there was a prospect of Mr. Goodwin being induced to go in; and that I had said, if they could get any contractor of standing to go in with them I would ask my colleagues to agree to extend the time for a day or two for the purpose of enabling the arrangements to be made. They at once concurred, and I think it was on Tuesday, when I was in Council, Mr. Goodwin wrote a slip of paper in pencil that he had declined to go into the contract—that the figures were too low. I communicated it to my colleagues, and that there was no prospect of their being able to take up the contract satisfactorily.

No action taken until the 5th March.

Considered time had been extended by notification to their representative.

18392. That, as I understand you, is not a part of your formal report to Council, but a verbal statement?—A verbal statement. We were discussing it from day to day, and every particle of information I could obtain upon the question was submitted to my colleagues and discussed, and the course decided upon was acted upon. As you will see from my report, no action was taken until the 5th, although the time which had been given to them in the first instance was up at four o'clock on Saturday; but I considered it had been extended, and extended by notification to them, when I informed somebody on their behalf that additional time would be given.

18393. Do you remember what led you to believe that Mr. Macdougall was representing the firm of Andrews, Jones & Co.?—His coming to ask me the question if they could induce— I knew that Mr. Macdougall, I think he was representing Mr. Smith, who had been acting for Andrews, Jones & Co. in some other matters, if I remember right—and then when he came to me he came to me ostensibly on the part of Andrews, Jones & Co., because he asked me if I would extend the time to them if they could induce Mr. Goodwin to go into the contract with them.

18394. Do you remember whether he said that he had lately received any communication from them on the subject?—I am inclined to think he said he had received a telegram from Mr. Smith, but I am not certain, there are so many things occurring in connection with it; but I received his visit and his communication as the representative of Andrews, Jones & Co., because it was on their behalf he applied to me, and not on behalf of any other person, and I took it for granted he was making an effort on their behalf to get such assistance as would enable them to put up the deposit, and had applied to Mr. Goodwin for the purpose and Mr. Goodwin had said: "If I have time I will see what I can do;" and he had come to me to get the time to secure that object. I recommended to my colleagues that Andrews, Jones & Co. should have that time, and, as I have said, we waited.

Received a telegram from Yarker saying that Thompson (of Morse & Co.) had deposited \$48,950 to the credit of section B.

18395. Between the time named at first in the notification to Andrews, Jones & Co., namely Saturday the 1st, about four o'clock, and this meeting of the Council on the Tuesday following, had you not been notified of some deposit?—Yes; I had received notice, I think, from Mr. Yarker, that Mr. Thompson, one of the firm of Morse, Nicholson & Co., had deposited some \$48,950 to the credit of section B, but he did not state it was for Andrews, Jones & Co. I had no doubt it was intended for Andrews, Jones & Co., or on account of their tender,

but his communication—neither telegraphic nor written—would have enabled me to hold that money on account of Andrews, Jones & Co., because there was no such authority given. It was simply on account of section B. I received, however, a communication from Mr. G. D. Morse, stating that he had deposited \$48,950 on account of Andrews, Jones & Co.'s section B, and that is all the deposit—that \$48,950 is all the money that I am aware that was ever deposited to the credit of Andrews, Jones & Co. The other I had no doubt was intended for that purpose, but owing to oversight it was not stated so.

18396. Do you mean that when you received the communication that Morse & Co. had deposited \$48,950, or a similar amount, that you were not informed then whether it was the same deposit or was an additional one?—I have no doubt it was an additional one, but what I say is, that the communication from Mr. Yarker of Mr. Thompson's deposit, did not state it was for Andrews, Jones & Co., and, therefore, I was not able to hold it for Andrews, Jones & Co., because it said it was for section B, but did not say it was for Andrews, Jones & Co. Morse & Co.'s I took to be a different one altogether of \$48,950. It did state distinctly it was for Andrews, Jones & Co., and, therefore, I say it was the only deposit I could hold to the credit of Andrews, Jones & Co. There were two deposits undoubtedly made, and I have no doubt they were intended for Andrews, Jones & Co. It was probably an oversight that only one was deposited in such a way as to hold it for Andrews, Jones & Co., the other was on account of section B, and Mr. Thompson could have said, if he so desired, it should not be for Andrews, Jones & Co.

18397. The second deposit was from Morse, Nicholson & Marpole?—Yes.

18398. Were you aware of that at the time?—Yes; I took it that G. D. Morse was Morse, Nicholson & Marpole.

18399. Do you mean that this absence of notification as to the account on which the other deposit was made had anything to do with the final decision awarding the contract?—No, I assume it was probably an oversight; but I merely state the fact that up to the eighth day from the time they received their notification all the money I was in a position to hold as for Andrews, Jones & Co., was \$48,950. That there was another \$48,950 which had been deposited to the credit of section B which I assume was for them, but which I was not in a position to hold as against the depositor, and I, therefore, detailed all the facts seriatim in my report to Council in order that my colleagues might have before them the facts of the case as they existed.

18400. The result of this final decision being to give the contract to Fraser, Grant & Pitblado, and, as you understood it, to Manning, Shields & McDonald associated with them, will you say if you are aware whether any Member of Parliament has been benefitted directly or indirectly through any of these people in consequence of their getting the contract?—I have not the slightest knowledge of anything of the kind, and I have no reason to suppose that any Member of Parliament had any interest in the disposal of the contract or tender.

18401. Have you any reason to think that any of the officials in the Department have been benefitted in consequence of this contract having been allotted as it was?—I have not the slightest suspicion of any official connected with the Department ever having been benefitted in the least

Tendering—  
Contracts Nos.  
41 and 42.

Neither telegram nor letter would have enabled witness to hold the money on account of Andrews, Jones & Co. Morse wrote saying \$48,950 had been deposited to account of Andrews, Jones & Co. and this all the money, so far as witness is aware, ever deposited to the credit of Andrews, Jones & Co.

Absence of notification as to account to which first deposit was to be credited nothing to do with final decision.

Alleged improper influence.

No reason to believe that any Member of Parliament benefitted by Fraser, Grant & Co. and Manning & Co. getting the contract.

Nor any officer of the Department.

**Contracts Nos.  
41 and 42.****Influencing  
Clerks.**

No suspicion of Chapleau's relations to contractors until it came out in evidence.

**Railway Con-  
struction.**

Informed by engineers prior to letting the contracts, that in the case of sections A and B the information more full and accurate than in the case of previous contracts and that he need not fear that quantities would be exceeded.

As a fact the work is and will be considerably less than the amount estimated.

A very great reduction effected by re-location, &c.

Character of work not deteriorated.

Distance lessened.

degree, or having the least interest in these contracts except what has transpired in reference to Mr. Chapleau, and of which I had not the slightest knowledge or suspicion until it was made public in the investigation.

18402. At the time of receiving tenders for this work not only on section B but section A, could you state the conditions of the plans and profiles and the information to be offered to the public generally?—No; I can state nothing more than that I had requested the engineers and Mr. Fleming, the Chief Engineer— The two postponements took place in order to have sufficient data to put before the contractors so as to enable them to make a thoroughly intelligent tender, and to enable the Department to make what they could assure me was an approximate estimate, one that, at all events, would fully cover all the expenditure connected with the contracts.

18403. Do you remember whether the quantities were ascertained by what is known as cross-sectioning?—Well, I am not able to say that exactly; but I am able to say that the information given to me was that much more information had been accurately detailed than in previous contracts, and the Chief Engineer and acting Chief Engineer, Mr. Marcus Smith, both assured me that I need not be afraid of the quantities being exceeded, as had been the case in previous contracts.

18404. Have you been informed as to the work executed, whether up to this time it has exceeded the estimate?—It has been largely lessened. The work, as provided for by the specifications and as estimated upon when the tenders were let, will be very greatly decreased. The Chief Engineer is in a position to assure me—and the Division engineers, the persons immediately in charge of the work, all join in assuring me—that a very great reduction in the work will be made, both in contract A and contract B.

18405. Have you discussed this matter?—I have discussed this matter exhaustively with Mr. Jennings on the spot, who is in charge of section B, and with Mr. Schreiber and Mr. Fleming, and have gone fully into the reports of Mr. Caldby, who is in charge of section A, and who gives data for the very large reductions that have been made.

18406. I understand that the result, so far—that is, so far as the work has been executed—has been to diminish the work that was expected to be required on those sections?—Very greatly. By a careful re-location of a certain section of the line, a reduction of work in others, a very great reduction will be effected on both these, below what was anticipated when the contracts were let.

18407. Has this been accomplished as you understand by making a less efficient railway?—No; it has been accomplished without at all deteriorating the character of the railway work, in some instances by lessening the distance by several miles. The line at present being constructed is shorter by some four miles I think than at the time the work was let.

18408. Is there anything further in connection with Section A or Section B—that is to say contracts 41 and 42—which occurs to you as necessary to be explained in evidence?—I don't know. Nothing occurs to me that I think has not been very fully investigated as far as I have had any opportunity of judging. If there is any point that

Tendering—  
Contracts Nos.  
41 and 42.

occurs to you that is not fully dealt with I shall be very glad to answer any question and give any explanation in my power.

18409. At the time you received these notices of deposits made in Toronto had you become aware that Andrews, Jones & Co., the principals in the transaction, had retired?—Not at all. I never suspected such a thing. What I did suspect was that they were obtaining the assistance connected with the firm of Morse, Nicholson & Marpole to put up the deposit. I had reason to suspect that only from the fact of the deposit being notified from members of that firm. Of course that was simply a suspicion. I had no knowledge or intimation from any source whatever of the combination between the parties.

At time of notice of deposit to credit of Andrews, Jones & Co. never suspected that Andrews, Jones & Co. had retired.

18410. The evidence shows that as early as the 25th of February the New York branch of the firm which had been formed here had decided not to have anything further to do with Morse, Nicholson & Co. and the telegram to that effect from N. F. Jones to Mr. Macdougall is already in evidence: do I understand you that this was not at all in your mind at the time?—I had not the slightest knowledge of such a thing. I had no knowledge of any such thing having occurred until I read it in the evidence taken before this Commission, nor did I ever suspect it.

18411. One of the witnesses has mentioned that he brought a verbal message from Nicholson, one of the firm of Morse, Nicholson & Co., to you to the effect that they did not intend to take section B if it was offered to them, but if the whole distance was to be divided they would take section A at the price arrived at by taking off section B from the whole tender for section C: do you remember anything of the kind?—I have no recollection of anything of the kind. I saw it stated that Mr. McCormick, who says he is acquainted with me, states it, but I do not recollect who he is, nor do I remember any such communication having been made to me. The intimation I had of their refusal to take section B is contained in their written communication to me, so far as my recollection goes.

Recollects receiving no verbal message from Morse, Nicholson & Co. that they did not intend to take section B, but would take section A.

18412. Was there any understanding or promise, before the final awarding of this contract, between yourself and any person who afterwards became interested in these contracts, A or B?—Not the slightest promise, or anything approaching it, or any such intimation to any person living.

No promise or understanding or anything that could be thought such between witness and any one who afterwards became interested in sections A and B.

18413. I think it appears from the figures that Marks & Conmee offered to do the work on section A upon rates applying both to the short period and to the long period, while Andrews, Jones & Co. proposed to do it only at one of these periods. The effect of Marks & Conmee doing it at the shorter period would be to pay them a higher price than Andrews, Jones & Co. offered to do it for at the same period: do you remember whether that was discussed or had any bearing on the decision?—That was the subject of careful consideration, and you will find that the grounds of the action taken are stated very fully in Mr. Fleming's report. Mr. Fleming reported that he had about come to the conclusion that it was impossible to secure the construction of the work at anything like the figures named by the short period; that all that could be hoped for, therefore, would be to accomplish it by the long period, and the effect of making the contract for the short period would be to pay high prices without accomplishing the object; that,

Whether short or long period should be adopted carefully considered. Fleming concluded it was impossible to construct work at figures named in short period, and recommended the lower price and longer period, and to offer the higher price in the shape of a bonus contingent on early completion of work.

**Tendering—  
Contracts Nos.  
41 and 42.**

as the work proceeded, we would have to pay the higher price, and that it would be better to take the low tender, and put in the form of a bonus that in case the road was constructed in the shorter period that then they should be paid at the high rate. I may say that the great object the Government had in making that arrangement for section A was in consequence of the greater difficulty in section B and the access that would be secured to it from this end of section B, so that we could be able to get the road opened by the time provided in the contract.

Assuming that Andrews, Jones & Co. had put up \$100,000 as part of their deposit, two days elapsed without any more being put, though their representative had been told that if they could get a strong contractor in with them witness would ask Council to wait.

18414. If you understood that the deposits which were made in Toronto had been made by Morse & Co. or on behalf of their firm, with the idea they would be associated with Andrews, Jones & Co., how was it, assuming that \$100,000 had been put up as part of the deposit, that no further negotiations took place with them?—Two days had elapsed after the last deposit had been made, without any additional deposit before the Government took action. Both the deposits, assuming them both to be credited to Andrews, Jones & Co., were on the 3rd of March, on Monday; and the intimation having been given to a person acting on behalf, I suppose, of Andrews, Jones & Co., that, with the hope that they might obtain the co-operation of some strong contractor, I would ask the Council to delay a little longer, we waited until the 5th—that is Wednesday—and between Monday and Wednesday you will observe that no additional deposit was made. There could, therefore, be but one conclusion arrived at, and that was that Andrews, Jones & Co. were not able to obtain from any source the means of putting up the deposit, and if with a week more time than they had even asked themselves they could not put up the deposit, how could they possibly proceed with the work with any chance of accomplishing it when it would have required a large additional capital at once at their command; so that the evidence to my mind and to the minds of my colleagues was conclusive that there was no object in waiting longer than we had waited with the hope that it would be accomplished by Andrews, Jones & Co. Of course, we were not in communication with Morse & Co. at all. They had gone out. All that we did was to receive the money from whatever source it was offered on behalf of Andrews, Jones & Co.

If with a week more time than they had asked they could not put up deposit, how could they go on successfully with a work which would have required large additional capital at once?

18415. It appears that Mr. Shanly telegraphed to say that arrangements were made but he would not be able to forward certificates until that evening's mail: do you remember whether his telegram was considered before the final conclusion on the 5th?—That telegram was not received until the action of Council directing me to notify Fraser, Grant & Pitblado that the contract was awarded to them, and as Mr. Shanly asked me to reply to G. D. Morse, I immediately replied to him on the receipt of the telegram that the contract had already been awarded. We had no intimation whatever that Mr. Shanly had been asked to identify himself with Andrews, Jones & Co. until the whole thing was concluded.

A year's delay in executing work would have been of the most serious damage to development of North-West.

18416. Would the delay of a year, which you say might have been the result of not completing this contract as early as possible in the spring, have been considered a great loss to the country?—We, as I stated at the outset, arrived at the conclusion that it was of the most vital importance to the development of the North-West that we should get this link put in and the road opened between Lake Superior and Red River at the earliest possible hour consistent with anything like a

reasonable expenditure, and that it was a matter of the very gravest moment to the country. The difficulty we experienced in getting immigration into the North-West through the United States was such as to lead us to believe that it was of the greatest consequence to the whole country that we should get this road opened, and that a year was of the most serious importance in the interests of the country.

18417. I suppose it would be difficult to name any amount by which the country would suffer in consequence of such a delay?—I should be afraid to venture upon any amount, but I would name a very large sum if I named any amount at all.

18418. As to section A, which was awarded to Marks & Conmee, there is a letter from a Mr. Wardrop stating that the tender was informal: was your attention directed to that?—That question of informality was decided by Mr. Trudeau, Mr. Smith and Mr. Braun when the tenders were opened, and they only furnished me with the list of tenders that were held to come within the terms of the specification that they regarded as formal. There were manifest errors in the tender, but that would not amount to anything like informality. That was a matter for the contractor, but not for the Government. The attention of the Government was drawn to anything which would lessen the amount which they were likely to receive. Our attention having been drawn to it by the Chief Engineer, they were informed, on the acceptance of their tender, that the contract must be made strictly in conformity with their tender.

18419. They did actually take the contract, I believe, at the lowest price named?—At the lowest price named, but subject to errors which they had made as against themselves.

18420. They bore the brunt of that mistake?—Yes.

18421. Could you state any reason for abandoning the Georgian Bay Branch, which was under contract with Heney, Charlebois & Co.?—Well, generally the policy of the Government. The Government arrived at the conclusion that the public interest would not be promoted by that expenditure; that it was not desirable to go on with it; that there would be a large expenditure of public money without commensurate return if that contract were carried on. Very little progress had been made up to the period that the contract was cancelled, and the assignment, if I remember right, of the contract had been made contrary to its terms, without the consent of the Government. I think I was not here when the contract was absolutely cancelled; I think I was in England; but my recollection is that the papers show that a question was raised as to the forfeiture of the contract on the ground of assignment, without the consent of the Government, as the contract required. I am speaking, however, from memory of circumstances which occurred a good while ago.

18422. In the summer of 1879, some contracts appear to have been brought about through Mr. Reynolds, in England: did you take any part, personally, in the arrangements, or was that matter left to him alone?—You are speaking of contracts for 50,000 tons of steel rails?

18423. No; I am speaking of the first smaller lot?—In the first small lot the course pursued was this: I think they were required for Prince Edward Island, were they not? I am not quite certain, but at all events some 5,000 tons were required—no, it was for another pur-

**Tendering—  
Contracts Nos.  
41 and 42.**

Difficulty of getting immigration into North-West through United States.

Whether Marks & Conmee's tender was informal decided by Trudeau, Smith and Braun.

Marks & Conmee took contract at lowest prices named and bearing the loss of any of their own errors.

**Georgian Bay  
Branch—  
Contract No. 37.**

Contract cancelled because Government decided that going forward with this contract on which little progress had been made would entail large expenditure without commensurate advantage.

**Purchase of  
Rails—  
Contracts Nos.  
53-55.**

Course pursued in purchasing steel rails in summer of 1879.

**Purchase of  
Rails—  
Contracts Nos.  
53-55.**

50,000 tons.

Directed to advertise for 5,000 tons so as not to stiffen the market.

Tenders opened in England during witness's absence by Sir Leonard Tilley and Mr. Fleming.

On witness's return he carried on communications with the tenderers through Fleming and Reynolds.

Accepted lowest tenders and then asked them to double the amounts.

Order-in-Council (13th June, 1879) authorized purchase of 30,000 tons; the reason more bought the lowness of price.

Purchase of Rivière du Loup line necessitated getting steel rails to relay the track.

pose; and Mr. Reynolds was instructed to send out circulars to makers for the purpose of receiving tenders, and communicate the result to the Department, and having done so, and the Department being satisfied—having obtained a number of tenders—reported the result. He was instructed to accept the lowest. He acted under the directions of the Department.

18424. There was another large quantity obtained upon which matters were closed while you were in England?—Yes. 50,000 tons.

18425. Do you remember what part you took individually in the arrangements?—I, before leaving here, directed advertisements to be published calling for tenders for 5,000 tons. The reason of asking for the small amount, of course, was obvious, as an advertisement asking for tenders for a very large amount would be calculated to put up the price. I went over to England in company with Sir John Macdonald and Sir Leonard Tilley, and at the time when these tenders were received I was absent in Italy. The tenders were opened by Sir Leonard Tilley and, I think, Mr. Fleming, and perhaps Sir John Macdonald. I do not remember about that, but they were opened and simply laid aside until my arrival in London. When I returned I carried on all the communication, with the parties tendering, through Mr. Fleming and Mr. Reynolds; and having examined the tenders, and having arrived at the conclusion that it would be in the public interest to secure at least 50,000 tons of rails upon the terms on which we had the opportunity of purchasing them, I accepted the lowest tenders. I then asked the tenderers if they would double the amounts, or increase the amounts, without, of course, communicating to them there were other tenders; and I was thus in a position to get them to increase the amounts in such a way as to enable me to obtain the 50,000 tons of rails at the amounts I stated. My communications with the tenderers and the parties who became the contractors were through Mr. Fleming, and that mainly by correspondence, and through Mr. Reynolds. Of course when they called to see me personally, or any one connected with them, I saw them in conjunction with Mr. Fleming.

18426. There is an Order-in-Council of the 13th of June, 1879, authorizing the purchase of about 30,000 tons; the quantity was considerably larger than this: can you explain why it was considered necessary to obtain a larger quantity?—The reason for obtaining a larger amount was this: when we received the tenders they were so very low that upon consultation with Sir John Macdonald and the Minister of Finance, Sir Leonard Tilley, we arrived at the conclusion that it would be greatly in the public interest to avail ourselves of the opportunity to secure a larger quantity, and that we should by so doing effect a very considerable saving of public money.

18427. I think one of the witnesses stated that, in addition to those required for the Pacific Railway, a considerable quantity was required for the Intercolonial Railway: do you remember whether this was so or not?—The purchase of the Rivière du Loup line, some 126 miles, involved the necessity of getting steel rails sufficient to relay the track for that distance, and of course made it more desirable for us to secure a larger quantity. But the quantity secured was a larger quantity than even with the rails required for the Rivière du Loup Branch and the road under contract, was needed. It left a margin, but not a very large margin, over what was required for the road under contract and to be placed under contract.

**Purchase of  
Rails—  
Contracts Nos.  
53-55.**

18428. The decision was arrived at, I understand, in consequence of a report of Mr. Fleming on the subject; the quantity recommended by Mr. Fleming in that report, as I understand it, is entirely for the Pacific Railway?—Yes. Well, Mr. Fleming, of course—we telegraphed to Mr. Shreiber to know the quantity that would be required for the Rivière du Loup Branch in addition to these.

18429 We are not enquiring into the necessity of those for the other road?—30,000 tons was the quantity obtained for the Canadian Pacific Railway in round numbers, if I remember rightly—some 29,000 tons.

29,000 tons required for Canadian Pacific Railway.

18430. Do you remember whether there was an Order-in-Council for the quantity over the first amount that was expected to be required?—I do not think there was. I think that was decided when the tenders came in. We found the opportunity was so favourable, and we satisfied ourselves so entirely that the market was likely to become much less favourable, that, I think, on the receipt of the tenders, Sir John Macdonald and Sir Leonard Tilley, and myself, in consultation with the Chief Engineer, Mr. Fleming, who was also present, decided to accept the larger quantity.

The opportunity being so favourable and the market likely to stiffen Sir John Macdonald, Sir L. Tilley, witness and Mr. Fleming decided to accept larger quantity.

18431. It appears that no contract was accomplished with one of the lowest tenderers, Wallace & Co.: do you remember the circumstances connected with that matter?—Yes; I remember the circumstances.

18432. Will you say why there was no contract?—They declined to enter into the contract.

Wallace & Co. declined to enter into contract.

18433. They had an opportunity?—Yes.

18434. There was no default on the part of any one acting on behalf of the Government?—They had the opportunity and refused.

18435. Were the contracts awarded to the lowest available tenderers?—Yes, all. The rails were obtained from the lowest tenderers.

Contracts awarded to lowest tenderers.

18436. Have you any reason to think that any Member of Parliament was benefitted, directly or indirectly, in consequence of any of these contracts for rails obtained by you?—I have not the slightest. In fact I don't know of any Member of Parliament that knew anything about the negotiations except the three Members of Parliament I have named, and I am quite sure that no Member of Parliament nor any individual benefitted in the slightest degree from the contracts that were made.

No Member of Parliament nor any other person directly or indirectly received any benefit in consequence of these contracts.

18437. There was an application made by Mr. Whitehead, who had contract No. 15, to obtain from the Government a payment out of the money which had been retained in the shape of a drawback?—Yes.

Railway Construction—Contract No. 15. Whitehead applied for drawback.

18438. Was the application made to you?—Yes.

18439. Will you describe the negotiations on the subject?—There were no negotiations that I could call such. Very shortly after my entry into the Department, Mr. Whitehead applied to me to pay him an amount of drawback—in fact, the drawback—to pay him the drawback on his estimate, which was then to be paid. I enquired from Mr. Trudeau what the practice was in reference to that. Mr. Whitehead stated that it was of great importance for him to get an additional sum of money over and above his usual estimates, and Mr. Trudeau told me that when the work was considerably advanced it was custom-

Witness asked Trudeau what was the practice of Department.

Trudeau said that when contract was considerably advanced it was customary to yield up drawback as the work progressed.



**Railway Con-  
struction—  
Contract No. 15.**

Whitehead had received from Hon. A. Mackenzie in drawback \$70,000. (See question 18454. Mr. Mackenzie had really advanced \$79,000.)

Only \$9,000 remained which was given.

Whitehead renewed an application for advance on his rolling stock of \$100,000 which had been made to Hon. A. Mackenzie.

Marcus Smith reported strongly in favour of giving Whitehead the \$100,000.

Fleming reporting on Smith's report and recommended advance of \$40,000 on mortgage on rolling stock.

Order-in-Council passed surrendering \$100,000 drawback and covering what had been advanced by Hon. A. Mackenzie.

ary to yield up the drawback as the work went on, if it was going on at all satisfactorily, and that my predecessor, Mr. Mackenzie, had considered Mr. Whitehead's contract in such a position as to quite warrant him in adopting that course. I found that Mr. Whitehead had received the drawback at that date—the date at which I entered the office. It had amounted to about \$79,000, and of that he had received from Mr. Mackenzie, in some ten different payments in the way of advance of drawback, \$70,000, so there was only about \$9,000 remaining. Finding that was the course adopted by my predecessor, I gave instructions he should be treated as my predecessor treated him, and as I had no doubt he was warranted in treating him. I therefore gave him the \$9,000 drawback, as it had been given to him in the other cases.

18440. Do you mean that the amount which you gave up was only about \$9,000?—I mean to say that Mr. Whitehead's first application—you observe the drawback that had accumulated up to the date of the first estimate I was called to pay was about \$79,000. Of that there was only about \$9,000 drawback on hand. And the case being, as Mr. Whitehead represented, urgent, I adopted the course of my predecessor, which had been to give him the drawback on his estimates in some ten different payments, amounting to \$70,000 in all. Mr. Whitehead then made an application for an advance on his rolling stock of \$100,000. I felt that this was a more serious matter, and required a closer investigation, and I referred his application to Mr. Fleming. I may say he had made, I think, the first application for an advance to my predecessor shortly before my entry into office—in fact shortly after the defeat of the late Government, which, I assume, was probably the reason for its not being dealt with. The application, however, was renewed to me, and Mr. Whitehead stated to me the fact of the position in which his principal backer, Senator McDonald, was—I think he was then at the point of death—and circumstances rendered it highly important that he should have that advance, and he furnished as a reason why that advance should be given, the enormous amount he had been obliged to invest in rolling stock and plant. I referred the application made by Mr. Whitehead to Mr. Fleming, and as Mr. Smith had been acting as Chief Engineer, and had been out recently over Mr. Whitehead's work, Mr. Fleming referred the application to Mr. Marcus Smith. Mr. Smith reported very strongly indeed in favour of giving the \$100,000 asked by Mr. Whitehead, that his work was going on very favourably, that his arrangements for carrying it through were very good, that he had been obliged to go to an enormous outlay for plant, that it would assist greatly the progress of the work, and that it could be done with safety. Mr. Fleming reported on this report of Mr. Smith's, embodying it in his own, showing the character of the work, and recommended that \$40,000 should be advanced to Mr. Whitehead on a mortgage on the rolling stock, which, under the contract for the construction of section 15, the Government was empowered to take at a valuation on its conclusion. The amount of expenditure for the rolling stock and plant was very large, and on the report of Mr. Fleming and of Mr. Marcus Smith, strongly corroborated by him, who had made an inspection of the road, I recommended to Council that all the drawback then on hand, covering all that Mr. Mackenzie had advanced, so as to embody it in an Order-in-Council, for it was the first one passed, I think, under which the drawback was surrendered, should be given up to the extent of \$100,000.

Railway Construction—  
Contract No. 15.

That involved a drawback of \$11,000, and that Order-in-Council was passed, covering the whole of the drawback that had been given to Mr. Whitehead; and I also recommended, on the report of the engineers, that he should receive an advance of \$40,000 on a mortgage on the rolling stock which was to become the property of the Government on the completion of the work under the contract. That Order-in-Council was passed.

And \$40,000 on a mortgage on the rolling stock.

18441. Do we understand that all the drawback which has been surrendered amounts to \$100,000?—No; I think the drawback surrendered up to the present time is \$148,000; but I am now speaking of the state of the case when Mr. Whitehead made this application.

Drawback surrendered up to present \$148,000.

18442. Then when the Order was passed the whole surrendered drawback amounted to \$100,000?—The passing of the order surrendered in all \$100,000; or it gave \$11,000, which made \$100,000 in all.

18443. It confirmed the previous advances?—Yes, and extended them. Mr. Mackenzie had given Mr. Whitehead about \$70,000, and I covered that by the order which, up to the date of its passage, covered some \$30,000 more.

18444. At that time there was a provision made for an advance in another shape, that is by taking security on his rolling stock?—Yes.

18445. Was that advance made?—Yes; we advanced \$40,000. I think it was some time afterwards, but the authority to make it was given upon the report, as I have stated.

18446. Were there further surrenders of drawbacks after that time? Yes; further surrenders of drawbacks, and further advances made from time to time down to the period that the work was taken out of his hands.

18447. Could you state, in round numbers, about the amount of drawback which was surrendered after you first administered the affairs of the Department?—I think down to the period of the work being taken out of Mr. Whitehead's hands, the drawback in all from the first would be about \$148,000.

18448. Of that you directed or advised about \$78,000?—Yes; there was about \$9,000 drawback on hand when I entered the office, the other \$70,000 having been surrendered by Mr Mackenzie, from time to time, in the usual way.

Witness directed about \$78,000 of drawback out of \$148,000. (See question 18454.)

18449. In the arrangements or negotiations which led up to this arrangement for this advance to surrender the drawback, did Mr. Mackintosh take any part?—Mr. Mackintosh called upon me some short time after I entered upon the duties of the office, and stated that he was the agent of Mr. Whitehead here, and spoke very strongly in his favour as a very honest and capable contractor, and expressed the hope I would do all I could to assist him in his work, which was a very difficult one; and Mr. Whitehead wrote to me subsequently, in making an application, that he was obliged to leave town, and that he would be very glad if I would communicate the decision of the Government when arrived at, to Mr. Mackintosh. Mr. Mackintosh, as the agent of Mr. Whitehead, called, not very frequently—I think three or four times in all—to see me in reference to his applications and his work.

Shortly after witness entered on his duties Mackintosh called on him and told him he was the agent for Whitehead, in whose favour he spoke strongly.

Whitehead wrote to witness asking him to communicate decision of Government to Mackintosh.

**Contract No. 15.****Alleged improper influence.**

Whitehead never received a favour, not a penny, save in the public interest.

Of great importance that progress should be made on this contract.

18450. Did he take an active part in bringing about this favour to a great extent?—Well, I must take exception to the use of the term favour. Mr. Whitehead has never received anything that I would put in that way. It might be a favour to him, but he has never received a dollar of drawback or advance from me, or from the Government, that was not made as I believed, and as the Government believed, in the public interest. He had a very large and important work on hand. It was of the greatest possible consequence that that work should advance as rapidly as possible, because the contractors on section B—his contract was the key to a certain extent to the work on section B—until a track could be laid over section 15, must be at an enormous cost to put in supplies for their work, increasing immensely the difficulty of completing their contract. It was a matter of the greatest importance therefore, not in the interests of Mr. Whitehead, but in the interests of the country, to strengthen Mr. Whitehead's hands, as far as it could safely be done, in order to give him the increased means for prosecuting the work. The course pursued, therefore, with Mr. Whitehead is the usual course pursued with contractors who are making steady progress with their work, and that is to give them every aid that can safely be given, for the purpose of assisting them in the progress of their work, as if the contractor breaks down and the work has to be re-let, it usually involves a large expenditure over and above what otherwise would be the case.

18451. I thought if Mr. Whitehead asked for something which he could not demand as a matter of right it would be a favour?—It might in that sense be termed a favour; but it is not done as a favour, and at all events in no sense of the word at the expense of the public.

Mackintosh took no active part in relation to this advance.

18452. I do not mean that: did Mr. Mackintosh take an active part in regard to this advance?—Mr. Mackintosh took no active part in relation to it at all. He came to me, as I have said, and spoke in friendly terms of Mr. Whitehead, said he was his agent, and would be glad to have us do anything we could for him. I told Mr. Mackintosh that the application would be referred to the engineer; that Mr. Whitehead would be treated in the way the interests of the country demanded; that so long as he was doing his work he would get all the assistance possible, as every contractor would receive, and there was nothing further than that.

Never knew there was any relation between Mackintosh and Whitehead which was not of a strictly business character.

18453. Were you aware, during the time that Mr. Mackintosh acted as agent for Mr. Whitehead, that he was to receive by way of compensation any of these amounts? I never knew there was anything of the kind, nor did I know there was any relation between Mr. Whitehead and Mr. Mackintosh that was not of a strictly business character. He informed me that he was Mr. Whitehead's agent, and when Mr. Whitehead told me to communicate the decision of the Government, in his absence, to Mr. Mackintosh, I assumed he was acting as agent for him. In fact I knew nothing of the relations between them, nor that it was of any interest whatever to Mr. Mackintosh that Mr. Whitehead should receive assistance or favour.

\$40,000 additional advance made to Whitehead while witness was in England, a considerable portion of previous advance having been refunded.

18454. You speak of a further advance, upon security, to Mr. Whitehead on his plant, besides the \$40,000: can you say what that amount was?—That advance was made while I was in England, and in connection with it, the first advance, I think, was cancelled, but I think it brought up the total amount. Mr. Whitehead had reduced it. This

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

first advance was to be refunded in a certain ratio out of the regular estimates; the payments, as they became due, and a considerable portion of the advance, had been thus refunded. An additional advance was made to him, for which a mortgage was taken, which amounted in all, I think, to some \$40,000 of additional advance. But we had, as I have stated, the fact that the progress of the work was such as to warrant it; that no loss would arise under the contract; that the Government held land valued at some \$131,000 which had been given to the late Government in lieu of some \$80,000 deposited for the fulfilment of the contract, and we had the security of the rolling stock and plant which, I think, was valued at \$200,000, so that there was no advance made that was not warranted by the great outlay that he had been obliged to make to prosecute the work and by the condition that the contract was in, nor anything that was not deemed necessary by the Government to advance the work in the interests of the public. I see that I was not quite correct in stating the amount in drawback paid by my predecessor to Mr. Whitehead. The amount, I find, that had then been advanced by Mr. Mackenzie in all, was \$79,800. I think I said \$70,000, and a little over \$9,000 remained on hand.

Government held land valued at \$131,000.

Also the security of the rolling stock and plant valued at \$200,000.

\$9,000 in shape of drawback advanced by Mr. Mackenzie.

18455. Would the effect of this be that the amount surrendered in your time would not be quite as great as you thought?—The amount surrendered in all is about \$148,000, as I stated before; and the custom is as the work proceeds to surrender the drawback as far as can safely be done in the interests of the public.

18456. You remember, probably, the circumstance of a bond being given to the Government by Bowie and Mackintosh at the time that a surrender of some of this drawback took place: do you remember whether at that time it was considered that any substantial security should be given to the Government for the payment of that drawback?—That is quite an erroneous impression. There was no bond given by Bowie and Mackintosh to the Government. Messrs. Bowie and Mackintosh were accepted as sureties for the whole contract. The circumstances were these: when I had the Order-in-Council passed providing for the payment of the additional \$11,000—the advance of \$11,000—to Mr. Whitehead, the endorsement was put on the Order-in-Council authorizing the advance of this additional \$11,000 over and above what he had received up to that time, provided that the assent of his sureties should be obtained. The reason of that is, as you will see, that sureties might raise a question as to their liability if they were not consulted as to the surrender of the security that the Government had. It was consequently endorsed to Mr. Bain that the sureties were to give their assent, Mr. Bain drew Mr. Whitehead's attention to the necessity of getting the assent of his sureties. He then addressed a letter to me, stating that he had no sureties, and to say that an Order-in-Council had been passed on the representation of my predecessor, accepting him and releasing Sutton and Thompson as sureties. Therefore, when I found this to be correct, that Mr. Whitehead was sole contractor, that his partners and their sureties had all been released by the passage of this Order-in-Council, and Mr. Whitehead asked me to accept Bowie and Mackintosh as his sureties, I accepted them, and they became sureties on his contract, to comply with the ordinary routine of the Department, which required the assent of the sureties. They gave no bond for any particular advance. That was done upon the security taken by the Government, and required no other security whatever.

No bond given by Bowie and Mackintosh to the Government, these gentlemen accepted as sureties for the whole contract to comply with the routine of the Department, Mr. Mackenzie having released Sutton & Thompson, the original sureties.

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

Since then an Order-in-Council passed doing away with sureties and providing that the security shall be 5 per cent. of the bulk sum.

The Government had ample security.

The use of sureties was merely complying with requirements of Order-in-Council.

The question of substantial security did not arise.

Two distinct advances of \$40,000, the first partially repaid before the second was made.

They were simply substituted at his request, and I had no hesitation at all in accepting them as his sureties from the simple fact that I regarded it as a matter of form. The practice of the Department is, of course, to look to the contract and other means of security furnished by the contractor, and not to persons whose names are used as sureties; and I may say since that period, and in accordance with that policy of taking substantial security instead of nominal security by the way of sureties, an Order in-Council has been passed doing away with sureties, and providing that the security shall be 5 per cent. of the bulk sum, instead of the old practice of nominal sureties in the names of individuals, and not taking money security.

18457. I did not mean to convey the idea that this bond from Bowie and Mackintosh was to repay in any way the amount of money which was then conceded to Mr. Whitehead: at the time this surrender was acceded to, they gave something in the shape of security, and I wish to know whether, in the opinion of the Government at this time, it was considered necessary to take substantial security?—The Government had ample security. They had substantial security, and the other was never referred to at all. What I mean to say is, that the impression that the bond was given by Bowie and Mackintosh for the repayment of the advance by Bowie and Mackintosh was quite a misapprehension. No security was taken, nor was any additional security required, because he was simply getting an advance; it was complying with the Order-in-Council that required sureties to be obtained, and it was ascertained by me, for the first time, Mr. Whitehead had no sureties—that by the Order-in-Council that had been passed he stood sole contractor, and on being called on to obtain the assent of his sureties, he wrote a letter stating these facts, and offering Bowie and Mackintosh for the persons who had been released by the Order-in-Council. They were not exchanged for any others, they simply filled the void which I found to exist, and which I regarded as only a matter of form, because we had, as I said before, land valued at \$131,000 as security for the contract. And we had the plant which was on the contract valued at (I am speaking from memory) \$200,000, and the advances, of course, were very insignificant as compared with these sums, and the condition of the contract was such as to cause no apprehension as to the amount of money remaining under the contract to complete the work.

18458. Then I understand that the Government did not at that time consider it necessary to obtain substantial security in the shape of a bond, but only such a document as would comply with the literal terms of the Order-in-Council?—Yes. The question of sufficiency of the security offered, therefore, or the sureties that were offered to replace the others, did not arise.

18459. Did we correctly understand, from your evidence this morning, that there were two distinct advances secured by the property of Mr. Whitehead, each of them \$40,000, the first one being partially repaid before the second one was made?—Yes.

18460. About the time of this second advance, do you remember any conversation upon the subject of the partnership?—I was in England when the second advance was made. That is my impression.

18461. Do you remember about the time of the first advance?—No.

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

18462. Was there at any time such a conversation between Mr. Whitehead and yourself?—Yes, the facts were these: As I say, while Mr. Whitehead was, as we considered, carrying his contract on vigorously and successfully, we felt it was in the interest of the public to strengthen his hands as much as possible, and to give him every assistance in surrendering his drawback, as fast as we could with safety and propriety, and to aid him in meeting the liability he had incurred in buying his plant, by making the advance. This policy of strengthening his hands and giving him all possible assistance was carried on down to the time that we regarded his management as not being successful. Strikes occurred, owing to difficulty in paying his labourers. The money we gave him in his estimates we found he was compelled to use to pay off pressing creditors. We found he was heavily involved in debt, that his creditors were pressing him, and that he was, therefore, unable to apply the money received for the work for the purpose of carrying it on. He came to me for a further advance, and I said: "No, Mr. Whitehead, we have given you every possible aid and assistance while we found the work was vigorously proceeding, but it is obvious to me that you have a heavier load on your back than you can conveniently carry, and I do not think it safe to go on asking the Government to make further advances under the circumstances. What I think you will be obliged to do will be to either get some bank to come to your support and strengthen your hands financially, or you will be compelled to get some contractor of ability and resources to come in and share your contract with you. It is impossible for the Government to become your banker. You have got a good contract, and I will give you every assistance in my power. It is financial strength which you require. Get a bank to come to your aid and give you the financial strength, without which, in my judgment, it is impossible for you to carry on the work." Mr. Macdougall came with Mr. Whitehead to see me in relation to the matter—the Hon. William Macdougall. I told him exactly what I had told Mr. Whitehead, that for the purpose of facilitating Mr. Whitehead, to get the assistance of a bank to give him the financial strength he required, I would give him a statement of Mr. Whitehead's position, which I considered a very good one, and one that would warrant a bank in coming to his assistance. Mr. Macdougall subsequently telegraphed to me to say that if I would communicate that the Ontario Bank, with which he was negotiating for Mr. Whitehead, would give him the assistance he required and enable him to go on. I gave him a memorandum showing the amount of the drawback we still held in our hands, showing the amount we had advanced to him which at that time was reduced by his payments (both these advances were reduced to \$15,000) and showing the way the account then stood we had only advanced on his rolling stock and plant \$45,000, all the rest having been repaid, and that there was so much drawback. I don't remember now how much, but it was about \$20,000 of drawback then due him. On the representations I had made, Mr. Macdougall or Mr. Whitehead was able to make an arrangement with the Ontario Bank, which went on for a short time, and then the bank refused to continue to sustain him. They found, I suppose as I did, that his liabilities were too pressing and refused to sustain him, and Mr. Whitehead came to me again. I said: "The only thing you can do is to get a bank to assist you, and if you cannot do that get some able contractor with large resources to aid you in it, and you will be able to make more out of it than in any other

In the interest of the public, Government supported Whitehead as much as possible.

But found that money which should have gone to pay his labourers and carry forward the work went to pressing creditors.

When Whitehead came for further advance told he must get strength either from a bank or some partner.

Government could not continue to be his banker.

Told Hon. W. Macdougall the same thing, and offered to give a statement of Whitehead's position, which would warrant a bank in coming to his assistance.

On memorandum of Whitehead's position, Ontario Bank came to his assistance, but shortly after refused to sustain him.

Thereupon witness again suggested that Whitehead should get in with him some able contractor.

**Ballway Con-  
struction—  
Contract No. 15.**

Told Whitehead that if he could not carry on work with greater vigour Government would have to take it out of his hands.

way, because this work has to be done, and if you are not able to carry it on, it is so important to have it completed in time, being as it were a key to the other works, and I have pledged myself that the rails will be laid by October next, that if you are not able to get assistance to carry on the work with greater vigour we shall have to take it out of your hands." That is the only reference that I made to a partnership, and in that I put it he should get the assistance of a bank first, and that I would give him all the aid I could if he was successful.

Never directly or indirectly indicated any particular person he wished Whitehead to take in.

18463. In any of these conversations did you direct his attention to any particular person or persons as suitable partners?—I never made the most remote allusion to Mr. Whitehead, directly or indirectly, that I wished he should take any one in particular, for I had no one in particular in view. All I wished was that he should get persons of contracting ability and resources. I told him it was impossible for him to carry on his work with the contractor spending his time in Ottawa and Toronto, and endeavouring to finance his operations.

Far from leading Whitehead to believe that Mackintosh's or Tuttle's influence would advance his interest, he told him that if he was paying money to any one under the impression that it would be of use to him in the Department, he was throwing his money away.

18464. Could you say whether you ever led Mr. Whitehead to understand that his interest would be advanced by the influence or assistance of any individual, such as Mr. Mackintosh or Mr. Tuttle?—I not only never did anything of the kind, but I went out of my way when I read in the Toronto *Globe* newspaper that Mr. Mackintosh and Mr. Tuttle were receiving large sums of money from Mr. Whitehead—I went out of my way to say to him that I saw those statements in the papers, and if they were true he was paying away large sums of money under the impression that it would be of assistance to him in the Department, he was throwing it away—that no such expenditure would be of the slightest advantage to him whatever.

How the work came to be taken out of Whitehead's hands.

18465. Could you state about what time the work was taken out of his hands?—I do not remember exactly the time the work was taken out of his hands, but the steps that were taken were these (we were very reluctant to do it): In the first place I may say that subsequent to this Mr. Whitehead, probably influenced by the statements I had made to him and the position in which he found himself, made an arrangement with Fraser & Grant at Winnipeg to become partners in his work. They came down—sent down, I think, in the first instance, and came down for the purpose of getting the Government to assent to the partnership that had thus been made. The first intimation I had of such a thing as that of his forming a partnership with these gentlemen was the communication to me that the thing had been done—that the agreement of partnership had been signed, and they came to the Government to get us to accept them as partners—to consent to the creation of this partnership between Whitehead, Fraser & Grant. We were obliged to refuse, and we did refuse, and we did it because we found it would complicate, as we feared, the security that had been given by the late Senator McDonald or what was now the estate of the late Senator McDonald. It was valued at \$.38,000, it was landed security. If we allowed the formation of a partnership under the circumstances, it might complicate this security, and we were consequently obliged to refuse to ratify the agreement that had been made. However, it fell through, the arrangement between them was broken up. Mr. Schreiber was sent up to report on the condition of the work, and he reported that it was very much embarrassed, that the men were unpaid, that Mr. Whitehead was not putting in the amount of supplies

Refused to assent to partnership between Whitehead, Fraser & Grant fearing it would imperil the security given by Senator Macdonald.

Schreiber reported work embarrassed, men unpaid, not sufficient supplies.

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

that would be necessary to secure the vigorous prosecution of the work during the winter. I think that must have been late last season. Under the circumstances, we authorized Mr. Schreiber to purchase supplies on account of Mr. Whitehead, so that if he was able to carry on the contract they would be simply charged to him, but they would be on the ground, and thus enable us to prosecute the work vigorously if the contractor broke down. The thing went on from bad to worse, the men were unpaid, the amount coming to Mr. Whitehead was not enough to enable him to relieve himself from such debts and obligations as were pressing upon him, and we were forced reluctantly to the conclusion that we were obliged to take the work into our own hands in order to secure what we had undertaken to do, and had announced what we would do—the laying of the track by the 1st of October—and which was necessary to ensure the completion of the other sections under the terms of the contract. Since that time the work has been carried on directly under the Department, Mr. Whitehead being in charge of all the expenditure under the contract. I could ascertain the day that was done by sending to my office for it. It was last season.

Schreiber authorized to purchase supplies on account of Whitehead.

Work had to be taken into Government hands in order to secure the laying of track by 1st October.

Whitehead left in charge of all expenditure under the contract.

18466. The time is not material?—Well, it was last season.

18467. After taking it out of his hands, had you the use of his material and plant?—Everything; we took immediate charge, as we were entitled to under the contract, of everything pertaining to it, rolling stock, horses and everything pertaining to the contract, and the supplies on hand.

18468. Are you still of opinion that this move, the taking the work out of his hands, was an advisable one in the public interest?—There is no doubt whatever that it was absolutely necessary, to secure the objects to which I have attached such great importance, the getting the through line opened at the time stated in the subsequent contracts.

Taking contract out of Whitehead's hands absolutely necessary.

18469. Were these objects secured in the main?—I have no doubt they will be. I have no doubt—it is placed beyond a doubt the securing of the opening of the line at the time we had stated or that it will lead to that.

18470. The line through from <sup>Kegonawic</sup> Thunder Bay to Red River was opened some time in October was it not?—We had this track laid in time by working night and day, and we were able to secure the object we aimed at up there; but, of course, that was only a step to the greater object of getting the whole line opened at the time we proposed, and it was essential to that. There would have been no hope whatever of the completion of the contract for section B even in our own hands, if we had not been able to get the track laid through to that point.

No hope of completing section B if track on section 15 had not been laid.

18471. At the time you took charge of the Department controlling the railways, do you remember whether there was then a doubt as to the change from trestle work to embankments having been finally adopted on this section 15?—No. As far as I was aware, that matter had been disposed of. Upon taking charge of the Department I called for a statement of the works under contract between Fort William and Red River, and I called for a statement of the amounts that they were estimated to cost, and the amount of expenditure upon them. Finding a very large excess in the expenditure over the estimates I asked Mr. Fleming if he

When witness took charge of Department the policy of changing trestle for embankment had been carried out.

Asked Fleming for explanation why there was so great an increase of expenditure.



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

It had been contemplated to use **trestle**; subsequently decided to have **solid embankments**.

Hon. A. Mackenzie had reported to Council respecting change from trestle to embankment, and on the contract the work had been carried out as if it had been duly authorized.

The change duly authorized on report of witness.

**Contracts Nos. 60-63, B. C.**

Policy of the Government to give assurance that the rapid development of the country and the speedy construction of the Canadian Pacific Railway would be carried out with as much despatch as was consistent with the public resources.

could state—if he could give me any reason for this great increase of expenditure. His reply was, that so far as section 15 was concerned he could. He was not able to explain with the data that he then had the great increase of expenditure on the other sections, but so far as section 15 was concerned, he could, because there had been an entire change in the work—that it was contemplated in the first instance to use trestle-work to a very large extent, and that it had subsequently been altered and decided to have solid embankments, and that that would account for it, so that when I entered into the Department all parties concerned, so far as I am aware, were under the impression that change had been made. It subsequently became the subject of investigation, when it turned out that the report which Mr. Fleming had made recommending that change, and which he had discussed with Mr. Mackenzie, and as he supposed with Mr. Mackenzie's approval (of which I believe there is no doubt) previous to his going away to England, had been assumed to be done. A report had been made to Council by Mr. Mackenzie with reference to this proposed change, but no action had been taken thereon; but on the works, so far as I have been able to ascertain, the work had been carried on the same as if it had been duly authorized, and Mr. Fleming was under that impression from the condition in which he found the work, nor was it until this investigation that it was ascertained that that change had never been formally authorized by the action of the Government.

18472. Has there been a formal authority given since you have had charge of the Department?—Yes; since Mr. Fleming renewed his report, setting forth the facts on which he recommended strongly the change should be made, and the additional fact that, owing to the change being supposed to have been made, the contractor had been obliged to obtain a great amount of rolling stock and plant that would not otherwise have been required, and the preparation had not been made for doing the work the other way. The effect of it would be to cause a very considerable delay in the construction of the work if the proposed change was not carried out as recommended, and the Government being of the opinion that Mr. Fleming was, that the change was greatly in the interest of the public, I reported his recommendation to Council, and the change was duly authorized.

18473. Then there is no longer any room for doubt?—No longer any room for doubt. It has been done by Order-in-Council as originally submitted by Mr. Mackenzie to Council, but on which no action was taken.

18474. Would you explain the reason which led to the contracting for work in British Columbia?—I do not know that I quite understand that.

18475. Was there any particular reason which made it necessary that the works should be undertaken there at the time they were undertaken?—Yes. We felt that it was desirable to deal with the whole of the Canadian Pacific Railway in such a way as to give assurance that the policy of the country, of extending it as rapidly as was possible with a due regard to the public resources, from Lake Superior to the Pacific, should be carried out. We found a portion of that road had been located, and the quantities taken out with sufficient accuracy to submit it to competition, and we stated to Parliament what our policy was,

and that so soon as, by a survey through the Pine and Peace River country, we had definitely settled the best route for the Pacific Railway, we pledged ourselves to place a portion of the work under contract, and took authority from Parliament to place 125 miles in British Columbia. We took authority to place as much as 125 miles. We were not pledged to place that quantity under contract, but that we would commence and make substantial progress in British Columbia during the season or during that year. Under these circumstances, so soon as we received the report from the exploration we had sent through the Pine and Peace River Passes and Port Simpson, and decided to adopt the line to Burrard Inlet in accordance with the pledge we had made to Parliament in the previous Session, we let the contracts from Kamloops to Yale.

18476. Are there any reasons for the adoption of the Yellow Head Pass, and the more southerly terminus beyond those which have been mentioned in Parliament?—No; I am not aware of any that have not been mentioned in Parliament. Everything has been exhaustively stated. There were a great many things in favour of going to Port Simpson in our judgment—of going in the northerly direction, but there were other circumstances which induced us to decide, all things considered, the most judicious location was Burrard Inlet, and the principal reason that operated in our minds was the unfavourable character of the climate in the northern portion of the country—the great rainfall at Port Simpson, the proposed terminus—and, the additional fact that the entire population and settlement in British Columbia would have been some 500 miles south of it. The line was longer. There was a greater length of line to build, although it would not have involved probably a greater expense—perhaps not so great.

18477. You mean no greater expense in the original construction?—In the original construction.

18478. It might be more expensive to work it?—Yes; you would have to run over an additional distance of 100 miles, and we were disappointed in the character of the country through which the road would run before it struck the Prairie region.

18479. In deciding to invite tenders for the works on this portion of the country which you describe, was the matter discussed as to the expediency of letting it by one whole contract rather than by separate contracts?—Yes. When we decided to let the 125 miles from Kamloops to Yale, the Chief Engineer was sent for to Council, and in what mode it was best to invite tenders was discussed, and it was, after discussion and the statement of the engineer, decided to divide it into four sections. The work was considered too heavy for one contract. It was considered from the expense involved, and considering the very heavy character of the work, that it would be a contract so large as to limit competition to very few, and that therefore it was scarcely worth while to offer it as a whole, and that one would be likely to get the work performed at a smaller cost by dividing it into four sections, as the competition would thereby be increased.

18480. We have gathered from the evidence and the papers produced, that in each of those cases in British Columbia the contract was actually let to the lowest bidder?—Yes, in every case.

**Railway Construction—  
Contracts Nos.  
60-63, B.C.**

Received authority to place 125 miles in British Columbia under contract.

As soon as Burrard Inlet was decided on contracts from Kamloops to Yale were let.

**Railway Location.**

Many things much in favour of Port Simpson, but the climate, the great rain fall at Port Simpson, the greater length of route and it being 500 miles to the north of the settlement of British Columbia turned the scales in favour of Burrard Inlet.

Original cost of north line would not have been greater, but the working would have been more expensive; 100 miles more to run over.

**Tendering.**

Heavy character of work in British Columbia made it advisable, in order to secure competition, to divide it into four sections.

Contract in each of the four cases given to lowest bidder.

**Tendering—  
Contracts Nos.  
60-63, B. C.**

Never heard any intimation that Onderdonk was to become interested with any of the contractors.

18481. Were you aware of any negotiations at any time between Mr. Onderdonk and any of those persons who obtained the award of the contract, to the effect that he should afterwards become interested?—No. I had not any knowledge whatever, nor had I heard any intimation that any such thing was in contemplation.

18482. Do you remember whether you were in Ottawa at the time these tenders were opened?—I think I was absent. If I remember rightly they were opened by Mr. Langevin, who was acting Minister at the time—I am not certain. No; I do not say they were opened.

18483. Mr. Trudeau says they were opened in the presence of himself, Mr. Fleming and Mr. Braun, and all put away in a package?—Yes. When I spoke just now I was not quite certain they were put away, open or unopened, but I think they were opened and then put away.

18484. Did you take any part in the decision upon which the contracts were awarded, or was that done by Mr. Langevin?—No; all the action that was taken with reference to it was taken by myself.

Two irregular tenders, one not accompanied by a cheque and another mailed in Ottawa and received too late.

18485. It appears by the evidence that among the tenders were some which were not considered regular and which were not allowed to compete: do you remember anything of that circumstance?—Yes, I remember it very well. If I remember right there were two. In one case the tender was not accompanied by a cheque. In that case it has always been considered fatal to the tender. It is an instruction to those who open them that unless the tender is accompanied by a cheque it is not to be considered at all, because, I need scarcely say, to do so would be open to a great many objections. There was another case; it was set aside by the parties who were entrusted to open these tenders as informal, and not entitled to compete—a tender which was mailed at the post office in Ottawa, but was not received until some hours after the time for opening the tenders. I submitted that question, as it was a new one, to my colleagues, and after full discussion we decided that it must be rejected, because we considered it possible that the moment the hour for opening the tenders was concluded—the moment that hour was passed—contractors spoke freely of what their tenders had been, and that would enable a person to correct his figures and post the tender, and thus defeat the whole object of the tendering.

18486. It appears, as a matter of fact, that this tender which was received some three hours or more after the time named for receiving tenders, was altered in its figures, and that would perhaps cast still further suspicion upon it?—I was not aware of that until I read the evidence taken before this Commission. The tender was never examined by me, because upon my reporting the facts to my colleagues, it was decided that the tender could not be regarded as a tender.

18487. Do you mean that the decision to reject these tenders and prevent their competing was made by you after you had returned to Ottawa, or had it been made by the subordinates in the Department?—The subordinates in the Department in giving the list of tenders did not enter this one, but made a note of such a tender being received, and that, of course, brought it under my notice. While it was not put in the list of tenders there was that note, and that was submitted to my colleagues for the decision of the Government.

Tendering—  
Contracts Nos.  
60-63, B.C.

18488. Then the question was not finally decided by the subordinates, but was considered by you?—Not at all. It was treated by them as informal, but treated by them in that way. They had no power to do more than make the report as to what in their judgment was correct.

18489. Did you make the acquaintance of Mr. Onderdonk before or after the awarding of the contracts?—I am not quite certain at what time Mr. Onderdonk brought a letter of introduction to me from Mr. Drummond. I think it was certainly after all the tenders were in, but I am not very certain as to the day. Mr. Onderdonk brought a letter of introduction to me from the Manager of the Bank of Montreal, at Ottawa, enclosing strong recommendations from the Manager, I think, of the Bank of Montreal in some part of the United States, and giving a very high character to Mr. Onderdonk as a contractor, and ample certificates from leading firms and individuals as to his ability to execute works of that kind, and stating that \$500,000 had been deposited in the Bank of Montreal to his credit, to be used as his security for any work he might undertake. That was my introduction and the circumstances under which I came to know Mr. Onderdonk.

Onderdonk introduced to witness by Manager of Bank of Montreal, Ottawa, who enclosed strong testimonials respecting Onderdonk and stated that \$500,000 was to his credit.

18490. The tenders appear to have been opened on the 25th November; the letter from Mr. Drummond in the Blue Book appears to be the same date: as you were away from Ottawa at the opening of the tenders that may refresh your memory?—It must have been after the tenders were received. It is probable I may have seen Mr. Onderdonk before he brought that letter. I could not say positively. I do not at this moment remember.

The letter introducing Onderdonk to witness dated and received after the tenders were opened.

18491. Can you say whether any negotiations between him and the Government were entered into before the contracts were awarded to other parties?—I think not. I think the first interview I had with Mr. Onderdonk was an enquiry on his part as to whether the Government would have any objections to his taking an interest in these contracts. I told him that, so far as I was concerned, the Department was always anxious—and I had no doubt the Government would be, provided the lowest tenders were acted upon—to secure the strongest and ablest contractors and persons of most means they could have for the purpose of carrying them out, and highly recommended as he was to the Government, both as a contractor and as to resources, I should regard his name as increasing the strength of the contractors and satisfying the Government in the carrying out of the contract.

The first interview witness had with Onderdonk was one in which the latter enquired whether the Government would object to his taking an interest in these contracts.

18492. Did you understand that he was supported by large means?—Yes; he gave me the names of the syndicate he represented, and those associated with him.

18493. Are these the same names to whom the contracts were afterwards assigned?—Yes, the same names, and ultimately to D. O. Mills. In fact, I think Mr. Drummond furnished me, if I remember right, with the names of the parties who were associated with Mr. Onderdonk.

18494. Do you understand that up to this time, he is still supported by these parties?—The contract is with D. O. Mills.

Contract now with D. O. Mills representing a syndicate having large means.

18495. Representing the syndicate?—Yes; representing the syndicate of those gentlemen.

**Tendering—  
Contracts Nos.  
60-63, B.C.**

18496. And the strength of that syndicate has not been weakened since?—The syndicate has not been weakened, so far as I know, in the least degree.

18497. I mean by some of the parties dropping out?—No; not in the slightest degree, that I know of.

Witness not aware of any special negotiations with Purcell, Ryan & Goodwin, before they agreed to transfer to Onderdonk.

18498. Could you say whether there were any special negotiations with any of the original contractors—Purcell, Ryan & Goodwin, for instance, before they agreed to transfer it to Mr. Onderdonk?—None on the part of the Government. All that I said to these gentlemen was that the Government did not want any better contractors than they were, and all that we required them to do was to sign the contract that had been awarded to them, and it was ultimately done. When they applied to have their contract transferred, I referred their application to Mr. Fleming for his report. He reported recommending it, and pointing out the advantages that there would be in having the work in the hands of one contractor, provided, as appeared to be the case in this instance, the party had sufficient resources and means, because it disposed of all the difficulties as to access to the works. Mr. Trutch who had been appointed the agent of my Department in British Columbia being here, I sent Mr. Fleming's report, and their application to him for his opinion, and he reported very strongly as to the advantage of having the work in the hands of one contractor with sufficient resources to carry it on, and the difficulties which were likely to arise with reference to access to those works if it were not done. I think you will find Mr. Trutch's report in the Blue Book; I am speaking from memory, but I have given you my recollections of both these reports.

Fleming recommended the transfer, pointing out the advantage of having all the work in the hands of one contractor possessing sufficient means.

No negotiations with A. P. McDonald & Co.

18499. Could you say whether there were any negotiations with A. P. McDonald and others for the purpose of hastening the arrangement with Mr. Onderdonk?—None that I am aware of. They were told what security was necessary to place in the hands of the Government, in order to execute the contract, and of course after that was done the contract would be executed with them.

18500. As to Kavanagh & Co., it appears from the report in the Blue Book they were not able to put up their security at the time named by the Government?—Yes.

Time granted by the Government to Kavanagh with the view of saving \$33,000.

18501. What were the reasons for extending the time?—Mr. Kavanagh came to me and asked if I would extend the time. I said: No; I have no power to extend the time, because it has been fixed by the Government, but I will recommend, under the circumstances you name, a person you may rely on, to assist you to carry it through (and whom he named to me). I will recommend that you have two additional days for the purpose of making your arrangements. I made the recommendation accordingly, and those two days were granted, and he subsequently, if I remember right, asked for two days more. This I again referred to my colleagues, and they said if we were likely to save \$33,000 by waiting two days we had better wait. I think the tender next to Mr. Kavanagh's to which we should have had to pass, if we refused Mr. Kavanagh's, was, if I remember, \$33,000 higher than his; and we granted the two days extension of time with the result of his making the arrangement with Mr. Onderdonk.

18502. Was it understood by the Government during the time of extending the period for putting up the deposit that if the time was

Tendering—  
Contracts Nos.  
50-53, B.C.

extended Mr. Onderdonk would be likely to get the whole of the section?—No; Mr. Kavanagh's was, if I remember correctly, the first disposed of. I am not quite certain, but it appears to me that it was the first one that was transferred to Mr. Onderdonk. I had no knowledge that he intended to—I did not know where he was going to obtain the assistance that was necessary in order to make the deposit, or what steps he was taking until, having received the two days, he asked to have it transferred to Mr. Onderdonk, and Mr. Onderdonk was then willing to enter into the contract; but the Government knew nothing of the intention to make the transfer until we were notified in the terms there stated, nor did I myself.

No understanding when time was extended that Onderdonk would be likely to get the whole of the sections.

18503. In this instance the Government granted two distinct extensions to Kavanagh & Co., while in the Andrews, Jones & Co.'s case they declined to make any positive extension: will you describe the difference in the two cases?—The difference appears to me to be a very obvious one. In the one case there was no urgency as to time. We were anxious to place a certain amount of work under contract, but there was no urgency as to the contract being made or the work being entered upon; and, in the other case, I was notified by the Chief Engineer that the loss of a few days in letting the contract was going to involve the loss of a year in all probability in getting the line open from Fort William to Red River. Had there been no such urgency as that I have no doubt at all that Andrews, Jones & Co. would have received quite as much consideration. They did receive in the end all the consideration that Mr. Kavanagh received because it was practically extended. While they were making efforts to put up their deposit we waited from four o'clock on Saturday until six o'clock on the Wednesday following, and during the last two days of that time, though knowing that everything depended upon promptness, they were apparently unable to add to the deposit that was made on the 3rd.

Distinction between the case of Andrews, Jones & Co., and Kavanagh's case, depends on urgency of time.

18504. It does not appear that in each of these cases the parties received precisely the same opportunity; for instance, in the case of Andrews, Jones & Co., there was no formal notice that the time would be extended to a fixed date, while in the Kavanagh case they were formally notified and were given time to put up security, so that they were not treated exactly alike?—I do not say they were treated exactly alike, but they were treated as nearly alike as the circumstances would warrant. The cases were not, if you will allow me to say so, in the least degree parallel. In the one case the ability of the contractor, not only to put up the deposit, but to supply the large amount of capital to enable him to put in supplies for the great work which was then roundly estimated at \$4,000,000, and for which the time was comparatively short to execute it, was the one case, and the other was a case in which the failure of the contractor to accomplish anything for a year would not have been, in the opinion of the Government, very material. A great deal depended upon securing the prompt completion of the contract in the one case, and the declaration before me of the engineer that the loss of a few days—and I had every reason to suppose if they could not promptly put up the deposit with the notice they had, and the expectation they must have had, of the contract coming to them, or the probability of it—if they did not put up the security, there was no probability of the work being carried out

Case of Andrews, Jones & Co. and that of Kavanagh in no way alike.

**Tendering—  
Contracts Nos.  
60-63, B.C.**

by them so as to get the road opened as the Government desired. In the other case, we were to accept a tender \$33,000 higher, or wait and see whether the tenderer could comply with the demand to put up the deposit, or make arrangements for a section which could be much more easily executed and in a much shorter time than other works required to reach it.

18505. I understand you to say that in the Kavanagh case there was no risk to the public in granting the time asked?—There was none.

**Order-in-Council  
dealing with  
question of ex-  
tending time.**

18506. While in the other it would jeopardize the public interest and probably delay the completion of the work?—That is it exactly. That is the difference, as I take it, between the two cases. I may mention here that, feeling the invidious character of the duty as to deciding the question of time and its extension, the Government have passed an Order-in-Council, which is stated to all these contractors, that if they fail to make their deposit within eight days from receiving notice that the contract has been awarded to them, their deposit, with their tender, is absolutely forfeited; but in all these cases there was no such notification.

18507. There was no such rigid rule?—It was administrative.

18508. It was left to the circumstances of the time?—Yes; it was left to the circumstances of the time, and no time was fixed in the specification at which the deposit with the tender would be forfeited if they did not comply with the specification, and put up the 5 per cent. security on the bulk of the contract.

**Alleged Impro-  
per influence.**

Not aware that any Member of Parliament or public official received any benefit directly or indirectly in connection with British Columbia contracts.

18509. Have you reason to believe that any Member of Parliament, or any official in any of the Departments, got any benefit, directly or indirectly, in consequence of any of these contracts in British Columbia?—No; I have not the slightest knowledge of anything of the kind, nor had I any reason to suppose that any Member of Parliament was in any way interested in the disposal of the contracts to Mr. Onderdonk.

**Railway Con-  
struction.**

The Government in permitting Onderdonk to become sole contractor influenced by the conviction that the work would be done better and cheaper.

18510. Is there anything further about the British Columbia works which you wish to explain?—I would merely say that the Government decided to allow Mr. Onderdonk to become the sole contractor under the impression, that having the command of great resources, and being a skilled contractor, the work would be executed in a more satisfactory manner, and probably at much less cost to the country than it would be done if the original contractors, or several of them—whose means were not very large—had themselves undertaken the execution of the works; that it would be more promptly done and at probably a smaller expense to the country, because if parties undertake those works at such a great distance, and requiring very expensive plant, without very large resources, they very often become involved in difficulty, and that results not only in delay but in the works ultimately costing the country much more. We believe the course we pursued in the matter was eminently in every way in the interest of the public, and, so far as I am aware, that was the sole and only reason for making the present arrangement.

18511. Is there anything further which you think it proper to add to the evidence upon any of the subjects upon which you have been questioned to-day?—I do not know of anything further that requires to be added, but I am prepared to state on my oath, as I am making

## Tendering.

these statements, that I do not believe it would be possible for the transactions to which this investigation has been directed to have been carried on more honestly or with a more sincere desire to look solely to the public interest than they have been done under the Department of which I am the head. So far as I am concerned myself, and I believe so far as all my colleagues are concerned, we have simply desired to accomplish these works at the lowest possible cost, and in the way most advantageous to the public interest, without the slightest favouritism or desire to benefit any individual.

18512. Is there anything further you wish to add?—There is nothing further that occurs to me.

OTTAWA, Tuesday, 7th December, 1880.

HON. JAMES MACDONALD, sworn and examined :

HON. J. MACDONALD

*By the Chairman :—*

18513. You are a Member of the House of Commons and of the Ministry?—I am.

**Alleged improper influence.**

18514. Residing in Ottawa?—Yes.

18515. Have you had any interest in any of the transactions of the Canadian Pacific Railway?—Not the slightest in any form, excepting the interest attaching to my position as a Member of the House of Commons and a Member of the Government.

No personal interest direct or indirect in transactions connected with Canadian Pacific Railway.

18516. Have you derived any personal benefit, directly or indirectly?—Not the slightest; not the most remote.

18517. Are you aware of any Member of Parliament being pecuniarily interested in any of them?—I am not.

Not aware of any Member of Parliament or public official being personally interested in matters connected with Canadian Pacific Railway.

18518. Are you aware of any persons connected with any of the Departments as subordinates being interested in them?—I am not, except with reference to Mr. Chapleau; that appeared in evidence before this Commission.

Nor of any person outside receiving pay for influence.

18519. Are you aware of any persons not connected with the Departments, or with the Government, receiving any pay for influence with any of the members or officials?—I am not.

18520. Do you know whether a Mr. Shields derived advantage from any influence, which he alleged he possessed, beyond what has appeared in evidence here?—Not to my knowledge. If you will permit me: I became acquainted with Mr. Shields for the first time at the time the contracts were being tendered for. He was down here, and introduced to me, I think, at the Club, and I met him occasionally as I meet people going in and out of the Club, but I do not recollect on any occasion having had any conversation whatsoever with Mr. Shields on the subject of the tenders he was making.

**Contract No. 43**  
Had no conversation with Mr. Shields respecting tenders.

18521. Are you aware that any of the transactions of the Canadian Pacific Railway were arranged differently on account of Mr. Shields taking some share in them than they would otherwise have been arranged?—No; I am not aware of any such event whatever, nor do I believe it.

No transaction connected with Canadian Pacific Railway arranged differently because of Shields' action.

18522. Have you at any time had any reason to believe that any private interest was consulted instead of the public interest in any of



**Contract No. 42.**

**Alleged improper influence.**

Not aware that he ever saw Close.

those arrangements?—I have not. On the contrary, I believe on no occasion was any interest consulted but that of the public. If you will just permit me to say one word: There was some gentleman—Mr. Close, was it not—examined before you, who said that Mr. Shields mentioned my name in connection with some influence. I just want to say, though I do not think it of any importance, I don't think I ever saw that gentleman. I am quite sure if I did see him I would not if I met him recollect him to-day. So that personally, so far as I am concerned, he and I could have had no intercourse on this or any other subject.

18523. Is there anything further in connection with the Canadian Pacific Railway that you wish to explain?—Nothing; my knowledge, as a matter of course, came in the regular report of the Commissioner of Railways, and in his reports to the Executive Council.

One or two persons from his own province asked him when tenders would be opened but never sought to obtain information not perfectly legitimate.

18524. I do not wish to ask you for that information which you derived as an Executive Councillor, I do not think we have a right to do so unless you desire it?—I merely say I had no intercourse, and I might almost say no conversation with any person during the period at which these contracts were in abeyance after the tenders, excepting, to be strictly accurate—perhaps I ought to say there were one or two persons from my own province, who were personally comparative strangers to me, and who occasionally asked me when the tenders were to be opened, or anything of that kind; but they never had any conversation whatever with reference to obtaining any information which was not perfectly legitimate.

Never used any influence in their behalf.

18525. Did you use your influence in any way in order to get them some advantage over any other person?—Never; I am very thankful to you for asking that question. I have been particularly careful that no such accusation could be made against me.

**FULLER.**

RICHARD FULLER's examination continued:

**Transportation of Rails—Contract No. 18.**

*By the Chairman:—*

18526. Hearing that you were in town, we thought it advisable to call you again to explain part of your previous evidence. You understand that you are already sworn as a witness?—Yes.

Opposition line of boats enabled him the year in which he tendered to make an offer competing with Kittson's.

18527. How was it that you were able to make a competing offer with that of Kittson's for the transportation of rails in the season which you spoke of when giving evidence on a former occasion?—There was an opposition line of boats that year. The opposition was very keen, there has been none before or since.

18528. Between what points?—The competition was on the Red River with the boats.

Two lines of railway to Red River from Duluth.

18529. In bringing the rails from Duluth westward would you be obliged to use the Northern Pacific Railway?—Not necessarily. There were two ways to get to Red River.

18530. There were two competing lines of railway as well?—Yes, at that time.

Prices low that year.

18531. Were you aware that in any large transactions the prices were very much lower that season than usual, or was there any com-

Transportation  
of Rails—  
Contract No. 18.

bination by which those boats kept up the prices?—No; the prices were down that year. All the prices of carrying were affected by the competition that year.

18532. Could you give any idea of the ordinary rate between these points on the Red River, between which the rails had to be carried?—Well, it would be very hard to say what the rates were, you know, because it was governed altogether by various circumstances, I presume, so that you could not get at it very closely. Goods and passengers were carried very cheaply that year to what they were before.

18533. Then they were lower that year?—Yes.

18534. Materially so?—Yes.

18535. Do you remember about what was the price for carrying rails by rail between Duluth and points on the Red River?—The rails were carried, I understand, for \$50 a car load.

Rails carried  
between Duluth  
and Red River at  
\$50 a car.

18536. And how much in the car?—Ten tons. The railways had very little to do that year.

18537. Was that American currency?—Yes; it is all American currency.

18538. When you were examined before you said you understood your offer to be for the long ton at the rates named in your proposal, and I gathered from what you said that you supposed the usual understanding was that when no mention was made the long ton was understood?—I always looked upon a ton of rails as 2,240 lbs. everywhere, except when specially understood otherwise.

Considers the  
long ton always  
meant, unless  
when short ton  
specially under-  
stood.

18539. Since you have given your evidence, have you made any enquiries, as to how other people consider it?—Oh, I have made enquiries, of course, what other people consider a ton.

18540. What do you find to be the general impression?—2,240 lbs. is the custom, so far as rails are concerned, all over the continent. They are sold by the 2,240 lbs.

18541. Have you made any enquiry as to the understanding for other purposes—I mean transportation or handling?—No; I do not know of any.

18542. It is only buying and selling?—I know they are sold at the mills for 2,240 lbs. Bar iron and such like is sold by the pound; but I never dreamed of 2,000 lbs. for a ton of railway iron.

18543. Are you still of the same opinion as you were when you gave evidence before, that your offer was not discussed in any way with you; that all you received was a bare notification of its having reached the Department?—I have seen the letter since, acknowledging the receipt of our letter, that is all. That is all ever occurred between me and the Department about the matter.

18544. There was no questioning what ton you referred to, whether short or long, or any other particulars?—Oh, no; that was the last we heard of it.

18545. Is there anything further connected with this matter which you wish to explain?—No.

18546. Is there any evidence respecting the Canadian Pacific Railway which you wish to give?—No.

**Railway Con-  
struction—  
Contracts Nos.  
60-63, B.C.**

OTTAWA, Wednesday, 8th December, 1880.

D. O. MILLS, sworn and examined :

*By the Chairman :—*

18547. Where do you live?—New York and San Francisco.

18548. Have you any interest in any of the transactions of the Canadian Pacific Railway?—Yes, Sir.

One of the Syndi-  
cate formed to  
carry out con-  
tracts A, B, C  
and D, British  
Columbia.

18549. What is the interest?—I am one of the syndicate formed to carry out those contracts—to take them—to carry them out—A, B, C and D.

18550. You mean in British Columbia?—In British Columbia, and as a representative of that syndicate, they are all in my name.

18551. We understand that they were assigned to you, as a representative of this syndicate, by Mr. Onderdonk?—Yes.

Work has pro-  
gressed according  
to requirements  
of contract.

18552. Has the work progressed according to the requirements of the contract, as far as you know?—As far as I know.

Condition and  
progress of work  
described.

18553. Would you describe shortly, and as far as you can conveniently, what has been done since the beginning, under the contracts?—Work was commenced immediately after the taking of the contracts, and it has been prosecuted with all the diligence that was practicable in that country. The tunnels have been well attacked, some of them, two of them at least about finished, nearly finished, and the plant is upon the ground for the whole work, that is nearly all of it. It was found necessary to do a great deal more in the commencement of this work probably out there than up here, because the work had to be carried on entirely on its own resources, as it were, in that country for machinery. We required to procure men from a distance, and the plant had to be more complete than any plant of the kind that I have had any knowledge of. For instance, we found it necessary to put in our own powder work, and hire explosives and steam machinery for working the tunnels, and so on. The question of supplies had to be brought then for the entire forces, and the work has been commenced and laid out so far with a view of prosecuting all the sections vigorously—at least to endeavour to have them finished by the end of the time given in the contracts.

Contract will be  
fulfilled in the  
time named.

18554. Have you seen any reason to doubt that you will fulfil the contract as was intended?—I think not. It is only a question of labour.

18555. Do you mean procuring the labour?—Procuring the labour; that is as far as we can see.

18556. Have you had experience in railway works yourself?—I never had much experience in the construction, I have only had experience as a proprietor, and furnishing money for building railroads; but that experience has been more for the construction of roads that I was largely owner in.

18557. Have you had an opportunity of judging whether it is expedient that large works should be carried on by one contractor or by several contractors?—Only, perhaps, as a matter of business judgment, that I could bring to bear on the question.

18558. To what conclusions would that lead you?—To state the question in my own way, perhaps it would be as well that I should give a little statement of how this work was taken up.

**Railway Construction—  
Contracts Nos.  
60-63, B.C.**

How witness and his colleagues became interested in these contracts.

18559. If you please?—Mr. Onderdonk, as an engineer, presented this work to a few of his friends, of which I was one; and having full confidence in Mr. Onderdonk as an engineer, an able worker, and practical man to carry out the works, we consented to go in and form what we called a syndicate to avoid the name of partners. We formed a syndicate, and Mr. Onderdonk came to Canada to procure those contracts—that was, to tender for them, and I facilitated Mr. Onderdonk in the plans he had formed. Mr. Onderdonk came up here with our authority to procure these contracts. At the same time we instructed him that we did not think it was desirable to have one of them; that it was very important all these contracts should go into the hands of one party, and if that should prove impracticable, why we did not think it was so desirable to have anything to do with the work. We conceived this—at least our opinion of this matter was—that those sections being close together, and all of them very heavy work, the competition for labour and in other ways would be very detrimental to any individual interest. They could all be prosecuted under one head with much greater economy and without competing with other people who wanted to do the same thing that you did in a small community, as it were, or in a community where you had to draw labour from outside places, perhaps at great expense to get it. When you once got it there, the other contractors would be competing for that labour. All, as a matter of course, would find difficulty in getting it on the ground. That was one of the points, and the question of working the different sections to advantage was another—that you could not get from one section over to another, the location was so difficult, without having possession of the lower ones. For instance, if you did not have possession of the lower ones to work on, you could not take the upper ones to advantage, or if you had A and C, as was the case in our case in the first instance, B and D would be, if not in harmony with you, very damaging, as we thought. This and other arguments led us to the belief that it was very important, whoever had one or two of those sections should have all of them, and once getting into the project we were very anxious then, of course, to acquire the balance.

All the contracts could be executed under one head with the maximum of economy.

The several contracts could not be worked with advantage unless the contractor had command of the rest.

18560. Are you aware of any negotiations before tenders were finally received, with a view of getting tenders in for any particular object, such as selling out to Mr. Onderdonk, or any other object different from that of each person tendering for his own interest?—No; I have no knowledge of that subject. Whatever was done here Mr. Onderdonk had it in charge, but I do not presume there was. Mr. Onderdonk certainly came up here with independent bids entirely, which were first submitted to us, and we agreed to them as bids to go in on account of the syndicate.

**Tendering**

18561. Were those tenders in the first instance, or were they bids for contracts after somebody else had got the contracts?—As I understand, tenders for the contracts in the first instance.

18562. My question was for the purpose of ascertaining whether you are aware of any offers or arrangements before the tenders were finally received by the Government for the purpose of other parties making tenders apparently on their own behalf, but really on behalf of Mr. Onderdonk or the syndicate?—I am not aware there was any negotiation until after the bids had been put in, or tenders put in.

Aware of no negotiations until after the tenders were in

**Tendering—  
Contracts Nos.  
50-63, B.C.**

18563. Do you intend us to understand that upon the whole subject your opinion is that the work would be more efficiently done by having one contractor, or one firm of contractors, than having separate contractors or separate firms for the different portions of the work?—Most decidedly, that was my opinion in the first instance, and it has been fully confirmed by subsequent works.

**Security larger  
than when con-  
tract passed into  
hands of witness  
and his collea-  
gues.**

18564. Has there been any change in the state of affairs since you first became the assignee of these contracts by which the position of the Government is in any way weakened—I mean, for instance, whether any member of the syndicate has retired, or whether the security is less than it was in the beginning?—The security is certainly very much larger than it was in the beginning, and the Government must have been strengthened, because there has been a large amount of money that has gone into this. There is plant there—a very much larger amount than was anticipated by the syndicate.

**No person or pro-  
perty released.**

18565. Has there been no formal arrangement by which the Government has released any person or any property?—No, Sir.

18566. Is there anything further which you would like to add by way of explanation?—I do not know of anything, with the exception that having taken these contracts the syndicate is fully determined to prosecute them, and we expect rapid progress, provided labour can be procured which we are reaching out for. Certainly there will be no lack of means to push the work to completion.

**NICHOLSON.** F. NICHOLSON's examination continued:

**Tendering—  
Contract No. 42.**

*By the Chairman:—*

18567. You were examined before and you understand that you are still under oath?—Yes.

18568. When you were giving evidence before, you had not all the papers present which you thought were in existence: have you obtained possession of any since?—Yes; I have got some telegrams.

18569. Will you produce them? If you will, let us have them in the order of time. Read them in the rotation or order in which they were sent?—This is dated Brooklyn, March 1st:

**Telegram to  
Morse saying that  
Andrews, Jones &  
Co. would not  
take the work.**

“To GEORGE D. MORSE, Toronto:

“Andrews Jones & Co. have decided they will not take the work, as they think the time given was not enough.

(Signed) “J. N. SMITH.”

(Exhibit No. 286.)

18570. Do you know whether any answer was sent by any of your firm, or on behalf of your firm, to that telegram?—Yes; I think there was an answer, but I have not got the copy.

18571. To what effect?—Urging them to deposit their security.

18572. Notwithstanding this first decision, do you mean that you urged them to go on and make the deposit?—Yes; that it was placing us in an awkward position, that we have already arranged for our security, and then at the last moment, having arranged for the other \$100,000, the time had expired.

**Witness's firm  
notwithstanding  
urged them to  
make their de-  
posit.**

18573. From whom did you learn that an answer had been sent to that last telegram?—I think it is from Mr. Morse.

18574. Was there any reply received by your firm?—Yes; I think I have a reply. It is dated Brooklyn; March 1st, 1879:

"To G. D. MORSE, Toronto :

" Will see the parties Monday, and will telegraph what they will do."

(Signed) " J. N. SMITH."

Smith's reply.

(Exhibit No. 287.)

18575. What is the next communication that you are aware of, either to or from J. N. Smith, or any one on his behalf?—None other from J. N. Smith. I have got another from Mr. Marpole to myself which probably bears on the same subject. It is dated Toronto, March 6th. I have got another to J. N. Smith.

18576. What is the date of the next communication after the first, between your firm and the New York branch?—This is to J. N. Smith from our firm, dated Toronto, March 3rd, 1879 :

"To J. N. SMITH, 23 Nassau Street, New York, or 265 Clinton Avenue, Brooklyn :

" Morse & Co.'s deposit made; urge your friends to put up at once. Meet Nicholson at Ottawa Wednesday."

Telegram from Morse & Co. to J. N. Smith.

(Exhibit No. 288.)

18577. Nicholson means yourself?—That is myself; yes.

18578. Were you at that date, the 3rd of March, in Ottawa or in Toronto?—I was in Ottawa at that date.

18579. Do you know whether any answer came to that from the New York branch of the firm?—Not that I am aware of.

18580. What is the next communication on the subject between either the New York branch and yourself, or between any members of your own firm?—The next is a communication from Toronto to A. J. Thompson, who was one of the firm.

18581. Where was he?—He was at Ottawa. This is dated March 6th, 1879 :

"To A. J. THOMPSON, Windsor Hotel, Ottawa :

" Imperial Bank telegraphed Tupper. Money up in the morning. I telegraphed Macdougall and you same time. Do your best.

Telegram from Morse to Thompson.

" G. D. MORSE.

(Exhibit No. 289.)

18582. Do you know whether any answer went from Ottawa to Mr Morse on the matter?—I think it is altogether likely there was.

18583. Have you found any copy of it?—I have not got any copies of it, but I am pretty well satisfied there was a reply sent.

18584. Could you say to what effect?—Well, to the effect that everything was done that could be done here in the way of getting extension.

18585. That was on the 6th of March, was it?—On the 6th; yes.

18586. Have you any other?—I have got another dated 6th of March, 1879, from Toronto :

"To F. NICHOLSON, Windsor House, Ottawa :

" Any use in putting up money arranged for yesterday. Answer quickly.

" R. MARPOLE."

Marpole to Nicholson, March 6th, 1879, asking if it would be of any use to put up the rest of the money.

(Exhibit No. 290.)

Tendering—  
Contract No. 42.

18587. What money did you understand that to refer to?—The balance of the \$200,000.

18588. Was that the same amount that Mr. Shanly had telegraphed about?—That is the same amount ; yes.

18589. Was not this telegram about the third \$50,000, not the fourth and last?—I think his was the last. If you will look at the Blue Book, I think you will find “balance of security arranged for.”

18590. I don't think that is quite plain, the first two \$50,000 deposits were made at the Bank of Montreal on a Saturday, although not communicated to the Government until Monday, which would be the 3rd ; I have understood, from what has been stated by other witnesses and from the Blue Book, that on the 5th of March, Mr. Shanly telegraphed that Morse & Co., with whom he was associated, “will be ready to complete the required security and deposit to-morrow morning,” of course alluding to the 6th, “arrangements all made, but will not be able to forward the certificate by to-night's mail. Will this be satisfactory. Please reply. G. D. Morse?”—Yes.

Marpole's telegram referred to Shanly's arrangements to put up balance of security.

18591. That may have been the last \$50,000 or the last \$100,000?—I could not say as to that, but I am quite satisfied this telegram referred to that.

18592. To Mr. Shanly's you mean?—Yes.

18593. Whatever amount Mr. Shanly was arranging for you think is the amount covered by that despatch?—I think so ; yes.

18594. So that communication was made to you on the 6th, and he then asks if it will be any use putting it up?—Yes.

Understood from telegram of the 6th, that the money had not been put up but that arrangements had been made to put it up.

18595. Well from that did you understand that it had not yet been put up on the 6th—that an arrangement had been made, but the money had not actually been deposited?—Yes. I received a telegram the night previous, that arrangements had been made, and that they had telegraphed to Sir Charles Tupper to that effect, but I cannot put my hands on that telegram. I think that telegram to Mr. Thompson would show the arrangement had been made the night previous.

18596. Do you mean us to understand that, as far as you know about the transaction, the ability to put up the deposit on the 6th was arranged for but actually no deposit was made?—Well, as far as I can understand, the arrangement was made with the bank.

18597. That they would put it up?—That they would put it up ; but it was too late for that evening's mail, that it would be completed the following morning—the certificate would be forwarded to Ottawa the next morning.

18598. Don't you know now whether, as a matter of fact, the money had actually been deposited at all—I mean the last \$100,000—or whether it had only been arranged for?—I could not swear whether it had or not, because I was at Ottawa.

18599. But would it not be part of the arrangement with your firm to meet any engagements on account of that \$100,000 that had been provided?—I always understood it was provided.

18600. Do you mean actually deposited in the bank in the shape of money?—Ready ; the arrangement was made.

**Tendering—  
Contract No. 42.**  
The second  
\$100,000 was not  
deposited.

18601. Of course you see there is a difference, do you not?—The money was not deposited.

18602. Was any deposit made on the second \$100,000, as far as you know?—No; there was no deposit made.

18603. But arrangements had been made, if the money was wanted, that it would be deposited afterwards—is that what you mean?—That is what I mean.

18604. Then do you wish us to understand this: that, as far as the actual facts are concerned, \$100,000 had been deposited in the Bank of Montreal, and that an arrangement had been made by which the other \$100,000 could be deposited if it was of any use, but as it was not of use it was not actually deposited?—I could not say whether it was \$100,000 or \$150,000 that had already been deposited.

18605. Well, as far as the deficiency, whatever it might be, is it your understanding that it was not actually deposited, but arrangements were made by which it was to be deposited if required?—Yes; I am satisfied that was the case.

18606. Are there any other telegrams or communications in writing, or anything of that kind, bearing upon this matter which you think are material to the investigation?—Not that I am aware of—not that I can lay my hands on now.

18607. Is there anything further?—Nothing further that I can think of.

18608. By looking at this telegram to J. N. Smith, dated 3rd of March, I see no name to it: by whom do you understand that it was sent?—G. D. Morse, or Morse & Co, I am not sure which.

HON. JOHN HENRY POPE, sworn and examined:

HON. J. H. POPE.

*By the Chairman:—*

**Alleged improper influence.**

18609. Do you reside in Ottawa?—I do just now.

18610. You are a Member of the Government, I believe?—Yes.

18611. Have you had any interest—pecuniary interest—in any of the transactions of the Canadian Pacific Railway?—No.

18612. Are you aware of any Member of Parliament being interested in any of them?—No.

18613. Or of any officer in any of the Departments?—No; personally I am not.

18614. You mean personally you are not aware of any?—No.

18615. Are you aware, from any source other than the evidence before this Commission, of any person being interested in any of the results of the transactions?—No; I do not know of any.

18616. Have you, yourself, administered at any time the affairs of the Department of Public Works?—Yes.

18617. During that time did you take charge of any of the matters concerning the Canadian Pacific Railway?—I did.

No pecuniary interest in any of the transactions connected with Canadian Pacific Railway, nor does he know of any Member of Parliament or any officer of the Department having such an interest.



**Railway Construction—  
Contract No. 43.**

While witness administered Department, contract 48 let and the transfer from Fraser & Co. to Manning & Co. (contract 42) made.

18618. Could you remember which of them?—Ryan's contract was let, west of Winnipeg, during that time—100 miles. The transfer from Fraser & Co. to Manning & Co. of their interest in section B.

18619. As to this last transaction, do you mean the time that Manning, McDonald & Shields became the sole owners of the contract instead of the combined firm of which they had been only a portion?—Yes.

18620. So that Fraser, Grant & Pitblado, the Nova Scotia branch of the firm, went out during the time you were administering the matter?—Yes.

18621. Is there any other matter of any importance?—No; I do not know of anything in particular attaching to the Pacific Railway.

**Tendering—  
Contract No. 48.**

18622. At the time that this Ryan contract was let, did you undertake to award the contract?—After the tenders were opened I did.

18623. I believe in that case there was only one tender below that of the person who got the contract?—One.

18624. Mr. Hall's?—I forget the person now. It was some person in the neighbourhood of Three Rivers. I don't know.

18625. Do you know why Mr. Hall did not get the contract?—Because he felt himself he could not do it, and he wrote me a letter.

18626. Are we to understand that it was entirely a voluntary act on his part?—Certainly.

18627. Are you aware of any arrangement by which he obtained some benefit for withdrawing?—No. I know there was none. In the first place he seemed to be a man who did not know anything about what he was doing. It was the tender of a man who did not know at all what he was doing. His figures were too low, and I was perfectly satisfied he could not do the work. He had never been anything but a foreman. I enquired what capital he had, and he said he hadn't much—\$2,000 or \$3,000, or something of that kind. It was three or four days before I could find out who he was or where he was. Nobody knew anything of him, until I found out who he was and got him up, after waiting about a week, and he made up his mind that he could not do it. With reference to that contract there has been some misconception. Reports went out there was a change in the contract after first advertised—the fencing was taken out, and the buildings were taken out and not let. It was rumoured that taking these out changed the position of the tenders, which was not the case. These two tenders would remain the same whether they were out or in.

18628. The relative position was not altered by the change in the works required to be done?—Not so far as these two tenders were concerned. If you had gone a little further it would have changed, but we had no call to look further.

18629. Ryan's would have been the lowest excepting Hall's?—Yes.

18630. And Hall's would have been the lowest whether they were changed or not?—Yes.

18631. Are you aware whether Hall complained at any time of his not getting the contract?—No; he never complained.

Hall the one tenderer lower than Ryan, declined to take the contract.

Hall's figures so low that he could not have done the work.

Rumours of a change in contract after advertised so as to alter relative position of tenderers unfounded.

**Railway Construction—  
Contract No. 42**

18632. As far as you know could he take the contract at any time?  
—He was quite satisfied himself he could not.

Hall quite satisfied he could not take contract.

18633. As to the Manning & McDonald matter—that is section B, contract 42—was the position of the Government weakened in any way by the change in the firm?—No. I do not know that it was. There were some others came in as well as these going out.

18634. It was a substitution not an abandonment of some of the parties, was it?—That was it. There was a man we supposed to be of as much means or more—I forget whether there was one or more—but Peter McLaren came in. He was not in before.

The transfer to Manning & Co. did not weaken the firm.

18635. Then, do you say the position of the Government was not weakened in any way by this change?—No, it was not.

18636. Was there any other matter which you remember having controlled as acting Minister of the Department?—In the Pacific Railway?

18637. In the Pacific Railway?—No; I do not remember any other now, particularly.

18638. Had you any part in the advance of any moneys to Mr. Whitehead under contract 15?—Yes.

Contract No. 15

18639. It appears that he applied for a surrender to him of some of the drawback which was held by the Government?—Yes. I don't think he got any of that from me, but we bought—if I remember right—took a bill of sale of a portion of his plant. I would not like to say positively about that without refreshing my memory, but I think it was during that time.

Took a bill of sale on Whitehead's plant.

18640. The Minister of Railways has explained that upon two occasions Mr. Whitehead got advances to the extent of \$40,000 each, and that at the time of the second advance, the first was partially repaid?—Pretty much paid. This was not an advance, properly speaking. It was a purchase and a bill of sale.

Whitehead had nearly paid first advance of \$40,000 before he received the second \$40,000.

18641. But it was by way of security only?—It was a regular sale.

Plant not taken as security, it was really sold to the Government.

18642. We have gathered from the evidence that it was not so much an absolute sale as an advance upon his plant, for the reason the first one was spoken of as being partially returned?—The usual way to get an advance is to take the plant as security. I would not do that.

18643. Then did you manage only one of those advances, or more?  
—I am inclined to think that I managed one.

18644. Your recollection is that in the case which you managed you required a transfer—not a conditional transfer?—Not a conditional transfer—an absolute transfer.

18645. Do you remember whether that matter was negotiated by Mr. Whitehead himself, or by Mr. Mackintosh as his agent?—I never saw Mr. Mackintosh. I only saw Mr. Whitehead. I never saw any other one respecting it. He was here a very long time in very great trouble. He seemed not to be much of a business man, and seemed not to know what he was coming about, but wanted an advance upon this plant, of which he had not a single thing to show that he had a bit

Mackintosh never saw witness respecting contract 15.

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

of plant there, only his own word, and, of course, I could not do it. In the meantime his men had struck. I made him get from our officers, I think it was something like 130 or 140 cars and five engines—I don't know whether there was anything more or not.

18646. Do you know whether, in any of these matters connected with Mr. Whitehead's transactions, Mr. Mackintosh obtained any advantage on account of any influence which he was supposed to possess with any Minister or any Member?—I don't know anything at all about it. Personally, I never heard any such thing from Mr. Whitehead. Mr. Whitehead never told me that Mr. Mackintosh had anything to do with him. I never saw Mr. Mackintosh in connection with it in any way.

18647. Then we understand you to say you never knew from any source that Mr. Mackintosh was expected to derive any advantage from any influence he was supposed to possess with any Minister?—Only from this source—only from the evidence taken here.

**Thinks Macdougall once spoke to him respecting Whitehead.**

18648. But from any other source?—No; I think that Mr. Macdougall once spoke to me. I think Mr. Whitehead went to him.

18649. Do you mean spoke about Mr. Whitehead's interests?—I think so.

18650. In what capacity do you understand that Mr. Macdougall spoke to you about it?—I understood that he was Mr. Whitehead's attorney; I did not know. I thought he was his legal adviser, but I cannot say as to that. Mr. Whitehead was in great trouble at that time. He was threatened by people he was owing down here, and his men struck above. He was in great difficulty.

**Advance to Whitehead in the interest of the public.**

18651. Have you had any reason, since this advance to Mr. Whitehead, to think it was not in the interest of the public that it should be made?—No, I have not.

18652. Then are you still of the opinion that it was a proper thing to do?—Certainly.

18653. No unreasonable favour for him to ask?—Well, perhaps it was asking something that we were not obliged to do; but I think it was what every Government should do, to assist, as far as they could safely assist without risk, the contractors. It is what I should do again to-morrow if the contractor was in difficulties; and I was in hopes he would be able to carry it out. I would assist him as far as he could make us secure.

18654. Do you believe now that the public interest has not been prejudiced by the arrangement?—Not the slightest.

**Alleged improper influence.**

18655. Could you say now whether you were interested in the contract for section A or section B, east of Red River, being acquired by any person or persons?—Section A or B?

**Contracts Nos. 41 and 42.**

18656. I mean contract 41 and 42—the Marks & Conmee contract, which was A, or the Fraser, Mauning & Grant contract, which was section B?—I don't think that is a nice question which you put to me: to insinuate that in the face of my being an officer of the law and a Member of the Government I could be interested in a contract like that.

**No interest whatever in these contracts.**

18657. I have taken the responsibility of putting the question; you may take the responsibility of answering it?—Of course I had no

interest in it—could not have an interest; quite impossible I could. I could not be a tenderer; neither could I be interested in the slightest degree, personally, or for any one else.

18658. Now that you have answered the question, I may say this: that none of us had any idea, or wished to make an insinuation, to the effect that you had an interest, but we wished to give you an opportunity of saying how it was; we ask such questions after due consideration, not with the intention of suggesting anything wrong, but in the public interest, and with a desire to cover the whole ground of our enquiry: are you aware whether Mr. Shields exercised any influence in obtaining either of these contracts with any Minister of the Crown?—No; I don't know anything about it.

18659. Are you aware that any Member of Parliament was directly or indirectly interested in any person obtaining these contracts?—No; I know nothing about it. I know nothing of that sort.

18660. Are you aware of any person having obtained any advantage, or promise of any advantage, on account of any influence which he possessed, or said he possessed, over any Member of Parliament or Minister?—No.

18661. Is there any other matter connected with this railway which you wish to explain?—No.

18662. Is there anything further which you wish to state?—No.

Ottawa, Saturday, 9th, April 1881.

SANDFORD FLEMING, sworn and examined:

*By the Chairman:—*

18663. During what period were you Engineer-in-Chief of the Canadian Pacific Railway?—From the spring of 1871 to the spring of 1880.

18664. Were you a resident of Ottawa at the time of your appointment?—I was.

18665. Had you previously been in the employment of the Government?—I had.

18666. In what capacity?—I was before, and then, Chief Engineer of the Intercolonial Railway.

18667. Was the appointment made by the Minister or by an Order-in-Council?—It was conveyed to me by the Minister of Public Works. I think an Order-in-Council was passed, but I am not familiar with the contents; I believe there was, but I do not remember the contents.

18668. Were any instructions given to you accompanying this Order-in-Council concerning your work?—No instruction other than verbal.

18669. What were they?—The instructions were, generally speaking, to carry out the terms of the Act of Union with British Columbia, as far as the Pacific Railway was concerned.

Contracts Nos.  
41 and 42.  
Alleged improper influence.

Not aware of Shields exercising any influence.

Nor of any Member of Parliament or other person obtaining any advantage on account of influence.

FLEMING.

Surveys: 1871-

Engineer-in-Chief, Canadian Pacific Railway from spring of 1871 to spring of 1880.

Verbal instructions to carry out the terms of the Act of Union with British Columbia.

**Surveys: 1871.**

First to find where the a railway was practicable between Ottawa and Pacific; second, where best route could be had.

Instructions to assume direction of surveys and to do the best he could.

James H. Rowan next under witness.

Statement of witness explaining the nature of his connection with Canadian Pacific Railway.

The public mind for many years occupied with the idea of a trans-continental route.

Essay on the subject in 1862.

18670. What did you understand that to involve?—To find, first, if a railway was practicable between the seat of Government here and the Pacific coast, and, second, where the best route could be had. It was to ascertain whether the line was practicable or not. It was assumed to be practicable when the Act incorporating British Columbia with the Dominion of Canada was passed.

18671. Assuming that a line could be obtained, were you instructed in any way as to the final object of such a line—I mean, whether it should be a paying line, or whether it should be only for the purpose of connecting certain parts, irrespective of pecuniary results?—I had no instructions of that kind. As far as I can recollect, my instructions were simply to assume the direction of the surveys and do the best I could.

18672. Had you the appointment of the persons next under you, or were they appointed by the Government?—The next under me were appointed, with my knowledge, by the Government.

18673. Who was the next in command to yourself?—First, James H. Rowan, who had previously been an officer of the Government, in the Public Works Department. He was transferred to me.

18674. Did you give him instructions from the beginning as to the part he was to take in the matter?—I did.

18675. Do you remember what were the first principles adopted by you for the purpose of governing operations under your control?—I would like to explain to you (you seem to be aiming at that) the nature of my first connection with the Pacific Railway.

18676. Please do so.—In April, 1871, my official connection with the Pacific Railway project commenced. It was at the close of the Session during which an Act was passed admitting British Columbia into the Dominion. One condition of the union being the construction of the Pacific Railway and its commencement and completion within a limited number of years, immediate action became necessary, and I was asked to assume the duties of Engineer-in-Chief. My attention had previously been directed to the question of establishing railway connection through British territory between the Atlantic and Pacific. Ten years before the period to which I now refer, the press of the country had discussed the subject with power and vigour. Twenty years ago it attracted a great deal of public attention. Some of the organs of public opinion urged the immediate construction of a communication, while yet the North-West Territories were under the control of the Hudson Bay Co. My own thoughts were turned to the question, and, as others did, I felt it a duty to give the public the benefit of my views. A paper of mine was published in pamphlet form in April, 1862, and it was subsequently published, along with other documents upon the same subject, in Sessional Paper No. 83 of the Province of Canada, for the year 1863. I refer to this paper because it gave my then views of the grave difficulties which presented themselves, and I may state that it has been quoted by members of the Commons and Senate alternately on each side of politics every year since the Pacific Railway began to be discussed. In this paper I gave expression to my views on the question of communication with the Pacific, according to the light I had twenty years ago. Then I had an imperfect knowledge of the intervening country. While I advocated a continuous line of railway, I set forth

**Surveys: 1871.**

Pointed out the difficulties to be overcome.

Hesitated, as unequal to the task, when asked to take Canadian Pacific Railway in charge.

its gigantic proportions and pointed out the enormous difficulties to be overcome. Having thus early given the subject my serious consideration, and endeavoured to form a due appreciation of the herculean task proposed, it cannot be surprising that I hesitated when the Government asked me to take the Pacific Railway under my charge. I felt myself quite unequal to the duty, seeing as I did the exceptional magnitude of the service and the obstacles that stood in the way. It was only after the office of Engineer-in-Chief was pressed upon me in the most complimentary manner possible that I was induced to accept it. I felt that the position was one in which a professional man might well spend himself in his country's service, and I assumed the onerous duties and grave responsibilities of the office, determined to make every effort to prove the practicability of the great national project and advance the undertaking by every means within my limited power. With these few preliminary remarks respecting my connection with the Pacific Railway and my appointment by the Government in the spring of 1871, I am prepared to answer, to the best of my recollection, every question that may be put to me, and it will afford me great satisfaction to furnish the Commissioners all the information I possess.

18677. Do you remember whether any general principles were adopted by you before your operations commenced, for the purpose of governing them in this undertaking?—Oh, yes; I studied the matter out very fully, and laid down certain general principles. **Witness laid down principles for controlling work.**

18678. Could you describe, shortly, the principles which governed the operations?—I might not at very great length or very accurately, because it is a very long time ago, and without refreshing my memory I do not know that I could at this moment.

18679. You mention in a report of 1874, the adoption of leading principles?—Yes. I suppose these are the principles which I laid down for myself: page 10 of the official report of 1874. The first annual report of it may be called printed for the information of Parliament, is dated 10th of April, 1872. The principles which governed me are, I fancy, set forth there. Yes; at page four of my report of 1872, they are described at some length, beginning at the second paragraph from the top.

18680. That, as I understand it, describes the operations, but I was asking just now as to the general principles which would govern the operations—I mean whether any principles were adopted before the work was commenced?—The first thing was to gain a knowledge of the country. The country for hundreds of miles was a perfect blank on the map. Our attention was first directed to ascertaining what was the topographical features of that country. That country, at the two ends, was wooded—densely wooded—and it had to be pierced by instrumental measurements. That was my first object, to gain a definite knowledge of the country. **First thing to gain a knowledge of the country.**

18681. Was it considered advisable at once to make instrumental examinations generally?—Under the circumstances it was. Had there been plenty of time given to make the surveys, I could have taken an entirely different course; but I was informed that the construction had to begin within two years, and looking at the great distance between one end of the line and the other, and the almost insurmountable obstacles that stood in the way, as I was informed by the reports of various people, it became necessary to get definite information with **Under circumstances advisable to begin with instrumental surveys.**

**Surveys: 1871.**

Palliser and others had said it was needless to seek a line of railway through the Rocky Mountains.

regard to that country through which the line was projected. I was informed by the report of Capt. Palliser that it was needless to seek for a line of railway in British territory through the Rocky Mountains. I was informed by other reports that the country between the Ottawa and the prairie region was impracticable for railway construction, and it was generally believed by not a few that these reports were correct. It was necessary to ascertain the facts.

18682. Do I understand you to say that at the time you commenced the system of surveys you had reason, from what you had seen in the reports of Palliser and others, to doubt whether a line could be obtained?—It was facts I wanted, not opinions. I wanted to learn the facts regarding the country.

But witness had no doubt a line could be had.

18683. I thought you mentioned just now an impression being on your mind from what other people had said or written?—I had no doubt myself that a line could be had, but others said that a line could not be had.

18684. Do you mention that to show that you had an impression on your mind from what they had said or written?—Of course what they said had weight on my mind.

18685. Did it impress you that it was doubtful whether a practicable line could be obtained?—It rendered it more necessary to have some way of overcoming the difficulties they had pointed out. The country was bound to build a railway of some kind.

18686. I understand you to say that the question was not so free from doubt, because persons had written in the direction of putting obstacles in the way—in surmountable obstacles apparently?—Yes.

Very desirous of proving that a line could be made through the Rocky Mountains, this one of the reasons why he adopted instrumental surveys.

18687. You say Capt. Palliser and others had stated that this line was not likely to be obtained at all: am I right in understanding from what you say that that made an impression on your mind?—I could not give a decided opinion as to whether they were right or wrong, but being of a sanguine nature, I was very hopeful they were wrong; and was very desirous of proving they were wrong.

18688. Is that the reason why instrumental surveys were adopted from the beginning?—That is one reason.

18689. Because there was some reason to doubt that a line could be obtained?—That was one reason, but the main reason was the limited time for commencing the work.

If time had not been limited he would have commenced with exploratory surveys.

18690. If the time had not been limited what plan would you have adopted?—If the time had not been limited I would have taken an entirely different course, instead of putting in expensive (because efficient I thought) surveying parties to make instrumental surveys, I would have had explorations made—a reconnaissance of the whole country before going to the expense of making instrumental surveys.

18691. When you make use of the word exploration now, do you mean it to be construed as in your report of 1877: you have given there a technical description of different examinations?—Precisely.

18692. Then, if time had not been so short that would have been the best system to have adopted?—Undoubtedly that would have been the best to adopt.

Exploratory surveys would have saved large sums of money.

18693. Why would that have been a better system than the other if time had not been so short?—It would have saved a lot of money—been less expensive.

## Surveys: 1871.

18694. In what way would it have saved money?—Because an exploration party is very much less expensive than a surveying party.

18695. I suppose that is only one part of the question : would they have been as effective: a saving of money, unless they were equally effective, would hardly be a gain?—For some purposes they would not.

18696. I ask, then, whether this system would have been more advantageous than the other if time had not been so short?—The explorations would have given us a general idea of the country, and would have shown us where we would have been justified in incurring the expense of an instrumental survey.

**Explorations** would have shown whether it would be justifiable to go to expense of instrumental surveys.

18697. Would it have been any advantage to have ascertained that before you commenced?—Yes; it would have been a great advantage.

18698. What is the disadvantage of commencing with instrumental surveys?—Well, it takes longer to perform these surveys; and explorations could have been made much more rapidly than instrumental surveys.

**Explorations** too could have been made much more rapidly than instrumental surveys.

18699. Do you say that it takes longer to make an instrumental survey, and that the reason you adopted that system was that the time was short?—It takes longer to get over a country, but the information when it is obtained is of a kind that is much more satisfactory.

18700. Does it not often happen, if you commence the examination by instrumental survey instead of an exploration in the first place, that the instrumental survey is ineffective, and is altogether lost: that it is of no value, because you meet with obstacles that are insurmountable?—Sometimes it does.

Sometimes an instrumental survey where no exploration has been made turns out quite useless.

18701. Do you think that, in the instances where you did commence with instrumental surveys, a bare exploration would have been sufficient but for the short time?—I am not sure that it would in every case, because these explorations could only have been made by the natural water channels, and these water channels do not in all cases run in the direction we wanted to go. If you take the country north of Lake Huron, the rivers which exploring parties meet, pass at right angles, as a rule, to the line of the projected railway, and we could not get the information we desired between these rivers without going to the right or left of those water channels.

18702. Do I understand you that you could not make what you call simple explorations from one watercourse to another, and that it was necessary always in examining that country to use instruments, and that, therefore, you had to adopt the more expensive system?—Under the circumstances of this case, I thought it better to use instruments from the first.

18703. And do I still understand you correctly that you mean the short time was the reason why you did that?—Yes, that is the main reason. In the open country where you could travel in any direction—in the prairie country—I took an entirely different course. I made no instrumental surveys there in the first place.

In the prairie country made no instrumental surveys in first instance.

18704 I have understood from what you said, and also from what you have written, that the object of an exploration is to ascertain whether it is desirable to make afterwards an instrumental examination; you might, for instance, find by a bare exploration such obstacles as to show that it would be unnecessary to expend money on an instrumental examination: did it happen that these instrumental examina-



**Surveys: 1871.**

North of Lake Superior and in British Columbia some instrumental surveys of no avail, because obstacles which exploration would have discovered were encountered.

In some cases exploration went on contemporaneously with instrumental surveys.

Some portions of country in which an instrumental survey would be indispensable.

Instrumental surveys always more expensive than exploratory.

tions were sometimes of no avail because obstacles were met, which obstacles might have been discovered by a simple exploration?—It did.

18705. Do you remember any localities?—Yes, in various localities; more especially in the country north of Lake Superior, and in British Columbia.

18706. Do you think those obstacles could have been discovered by a bare exploration?—No; not all of them. Some of them might, but not all of them. It would have been impossible to have found all the obstacles that were met at various points by bare explorations. I should mention that we carried on explorations too, while the surveys were going on. They were not simply instrumental surveys; we had explorations ahead of the surveys to discover what obstacles might be met with.

18707. Was that a good plan: was it likely to save disappointment?—Of course.

18708. Was it adopted in all cases?—In nearly all, if not in all.

18709. If it was adopted in all cases to prevent disappointment from instrumental surveys, how was it that disappointments did occur?—That is easily explained. The whole of the country, from the Lake of the Woods, is a dense forest, except those portions covered by water. It is not like the forests in this part of Canada; it is very like an Indian jungle, and you are groping in the dark, I may say, in that country. There are no clearances and no roads. The only way in which you could get definite information is to make instrumental surveys.

18710. That is what I understood a former witness to give as a reason why instrumental surveys were conducted, as in consequence of the height of the trees it was difficult to see the surrounding country?—Yes; when a survey was going on very well and everything satisfactory, the explorer ahead of the party would come on some obstacle that would render it necessary for them to go back.

18711. I understood you to say that bare exploration could not have taken place entirely by itself; it would have to be connected with an instrumental survey near at hand?—There are some portions of the country on a line of 3,000 miles, of which it would be necessary, under any circumstances, to make an instrumental survey; in fact, it would be in the interest of economy to make an instrumental survey—I refer particularly to the country between the source of the Ottawa and the Michipicoton. That country had never been traversed by white men that I know of. It was about as little known as the North Pole is.

18712. Of course those instrumental surveys, as well as others, were much more expensive than a bare exploration?—In that particular section I don't know that it would be very much more expensive. You would have to pack in your provisions, and the great expense of the surveys was carrying in provisions on men's backs.

18713. Would not the party who had to be provided with food for an instrumental survey be much larger?—Yes; but the information obtained would have been far less satisfactory.

18714. But speaking in the first place about the expense: the instrumental survey, as a matter of fact, is invariably more expensive than a bare exploration?—Yes.

Surveys: 1871.

18715. Sometimes very much more, and sometimes a little more ?

—Yes.

18716. And I understand that these more expensive examinations were made because you thought that the time was so limited that less expensive ones could not be made with advantage?—That was the general reason; but in some cases, as I have already stated, it would have been indispensable to make an instrumental survey. Instrumental surveys made because time was so limited.

18717. Have you ever made any calculation as to the difference in the expense of a survey as it would have been if time had not been an object, and as it was actually accomplished where time was an object ?—I do not now remember. A large amount of money could have been saved undoubtedly if time had been no object, particularly in British Columbia.

18718. Had there been much information afforded by the literature upon the subject, as to the country north of Lake Superior, or was it only of British Columbia and the western portions of the line that Capt. Palliser and others had been writing?—It was in the prairie region that his examinations were made. Palliser's examinations made on prairie region.

18719. Mr. Rowan mentions in his evidence that in May, 1871, he was instructed by you to see what had been written upon the subject and to prepare a report upon it; and that he spent a month at it and furnished you with a report which was substantially adopted: do you remember whether that was suggesting the system of surveys, or if not, what was the main subject of that report?—I do not remember that report at all. I do not say there was no such report, but I do not remember it. I instructed Mr. Rowan to gather together all books and reports that had been written on the country, and to read them and to draw my attention to anything special so that I might read it myself, for I could not spare time to read the whole. I was then very much engaged in connection with the Intercolonial Railway, as I have already stated, and I need hardly tell you that it was necessary for me to work every hour in the day—sometimes seventeen and eighteen hours a day. Instructed Rowan to gather all books and reports written on the country and to report results.

18720. My object in asking this is to know whether he communicated any information that might have been useful in a system of surveys, and whether it was used or not?—I do not doubt that he did; but I do not remember. If I had the report before me I might say.

18721. I think he had charge of several surveys?—He had charge of the surveys to the north of Lake Superior; from the Ottawa to Manitoba indeed.

18722. I wish, by my question, to ascertain whether it was in consequence of his report, derived from those books and reports, that you adopted the system of surveys which was adopted?—I could not answer that; I really could not say.

18723. About how much time was occupied exclusively, or almost exclusively, by the survey before contracts were let and the work was begun?—The first contracts, I think, were for the telegraph. That was in 1874.

18724. Then a period of about three years was occupied almost exclusively, or quite exclusively, in examinations?—Yes; that is due to the change of Government very much. Three years occupied in examinations before first contract let.

**Surveys: 1871.**

18725. The fact of three years being taken for surveys?—Yes; there was a company formed to carry out the railway under the presidency of Sir Hugh Allan. That company did not go on.

The fact that work not started earlier due to change of Government.

18726. What did you say was due to the change of Government?—The fact that the work was not started sooner.

18727. I was not asking that: I was asking simply the fact how long a time was occupied exclusively with the surveys?—Some three years.

18728. Do you say now that the change of Government explains why work was not begun earlier?—It is a long time ago, and I do not remember, but I have no doubt the work was at some points far enough advanced to admit of construction at an earlier date.

Responsibility of expenditure thrown on witness.

18729. Do you remember the system that was adopted about the expenditure connected with the road in the beginning, and did you take any part in it?—I do. Unfortunately I had too much to do with it. The responsibility of making the expenditure was thrown upon me. I had to account to the Government for every farthing of expenditure up to a certain period, and I was supplied with large sums of money to be paid out, and, of course, accounted for. I employed a gentleman whom I considered in every way competent, Mr. William Wallace, to assume the duty of paymaster and commissariat officer, and depended largely upon him. Up to a certain period he performed his duties with great industry, and, I believe, efficiency, but he thought he would run for a constituency, and was returned a Member of Parliament and left his duties on very short notice, very much to my disappointment and, I may say, disgust.

William Wallace, paymaster.

18730. Please explain generally the system which was adopted at the beginning?—I think I would like to send for the documents themselves; they would explain all.

George Watt, paymaster for British Columbia.

18731. Very well, we will return to that at another time?—Here is a case: there was a gentleman named George Watt, appointed paymaster for the district of British Columbia. Here is a letter I find addressed to him. There are other letters in this book (referring to a letter-book which witness held in his hand) that I cannot at this moment lay my hands on. He was sent out there to disburse moneys in connection with the survey, and was supplied with funds, \$50,000 or other large sums at a time, and he was specially instructed how to account for them.

Watt supplied with \$50,000 at a time.

18732. Was he sent and instructed by you?—He was sent and instructed jointly by me and the Auditor-General, if my recollection is correct, and I think it is.

Witness nominally accountable for all sums.

18733. Then the money for this expenditure would not be placed in your control alone?—Yes, it was. It was charged to me. I was nominally accountable for this money.

18734. Please understand I am not asking for any particular transaction under this system, I only wish to know the general features of it?—In all my evidence I speak subject to correction. My memory may not be very clear on the point. I am giving it to you as it appears to me at the moment you ask the question. Here is a letter which I may read—I hardly know what is in it—a letter addressed to the Auditor-General, showing, I have no doubt, a desire on my part to have the accounts so that they would pass the audit.

**Surveys: 1871.**

18735. Will you describe, shortly, the system by which you controlled the expenditure connected with the railway from the beginning?—Yes. The system changed from time to time. At the beginning, as I have already mentioned, large sums were put to my credit in the Bank of Montreal on my requisition; sums of perhaps \$50,000 at a time. I paid these sums away by what you may call official cheques, to the paymasters, who were held responsible for the payments and the accuracy of the accounts. These paymasters were, of course, responsible to me. They were instructed with regard to their duties. I place my hand on a letter to George Watt, dated 12th of June, the paymaster appointed to attend to payments in British Columbia, which will, perhaps, explain the system. I will read it if you desire:

At first large sums put to witness's credit in the Bank of Montreal, which he paid away by official cheque to the paymasters.

"GEORGE WATT, Esq.,

"SIR,—You have been appointed to take charge of all matters connected with the Commissariat Department of the Canadian Pacific Railway Survey in British Columbia. The engineers in charge will confer with you respecting the procuring and forwarding of all camp equipment and supplies, and it will be your duty to see that prompt attention is given to every requisition made by them necessary to pushing on the work placed in their hands, to a successful issue.

Letter to George Watt, informing him of his appointment.

"While full efficiency in every service is desired, you will exercise such control as may be consistent with strict economy. You will account fully for all expenditure to me, returning regularly to me complete vouchers for the same. All accounts and vouchers will undergo the strictest audit in the Government Departments here. You will be supplied with my official cheques from time to time for all moneys required. These cheques, by arrangements with the banks, will be made payable at Victoria or New Westminster. You will be good enough to send monthly accounts to this office with vouchers for payments made. Owing to the great distance and the liability of papers to go astray, it is advisable that you should take duplicate receipts in each case, one to be mailed to this office with monthly accounts, the other to be kept by yourself until required. I enclose with this cheques payable to your order as follows:—

Cheques to amount of \$8,000 endorsed.

"No. 45, \$2,000; No. 46, \$2,000; No. 47, \$4,000.

"I am, &c.,

"SANDFORD FLEMING."

Then, similar letters were sent to the banks—to Mr. Drummond, of the Bank of Montreal—to open necessary credits in the bank in British Columbia. There were conferences with Mr. Langton as to the system. There is a letter which need not be read, but which may be appended, if it is desired, to Mr. Langton, dated June 23rd, and another letter dated June 24th, 1871.

Drummond instructed to open necessary credits in the Bank of British Columbia.

18736. These letters, I understand, are all in accordance with the system you have described?—They are all explanatory of the system. There is another letter to George Watt, dated August 18th; another to William Wallace, dated September 4th, and so on.

18737. I think I understood you to say that you did not remember having formed any opinion or estimate as to the extra expense which was occasioned by the shortness of time, and which involved, consequently in some cases instrumental surveys instead of explorations?—I do not remember having made such an estimate.

Did not make an estimate as to extra expense occasioned by the adoption of instrumental instead of exploratory surveys.

18738. Are you able to give any opinion now on the subject?—No; I am not.

18739. Have you formed any opinion whether the whole work of the surveys, which would include all the examinations of every kind preparatory to actual construction, was done at as reasonable expense as might be expected considering the number of persons employed in the service?—Well, I am aware of cases of extravagance, but these were entirely beyond my control. Everything was done, as far as I am concerned, with the strictest regard to economy, and I do not know a thing

There were cases of extravagance, but these beyond witness's control.

**Surveys: 1871.**

that would have been done differently with the light we had at the moment, because I know many things that would not have been done had I at the time known as much as I do now.

Some think that economy may be disregarded when working for Government.

18740. For the present I am not asking with a view of ascertaining whether any particular person or persons were to blame; but I am speaking about the general result of all the whole surveys, whether, for instance, if they had been done for a private company, and the same number of persons had been employed in the service, it would, in your opinion, have been less expensive or much less expensive for the Government?—Well, some people seem to think that economy may be disregarded when they are working for the Government. I do not know that they are. I know that some do not think so—that they believe one should act in every respect for the Government as they would for a private individual or company, but some think differently, and I have no doubt some such men were employed on the survey. I cannot mention names.

18741. I am not asking for names, but speaking of the general result of a large work which took some years, whether, as an engineer, you have formed any opinion as to this main question: was that work less or more expensive than it would have been to a private company selecting their own men only with a view to pecuniary results?—It would have made a vast difference if it had been done for a private company instead of the Government.

Work would have been done for very much less for a private company.

18742. Do I understand you to say that the work was done at a much greater cost than would have been the case if it had been done for a private company?—In my opinion it would have been done for very much less for a company.

18743. To what do you attribute that greater cost?—To various things.

Men were not always employed on their merits, but sometimes on sectional and dogmatic considerations.

18744. Would you please explain them?—Men often had to be employed who were not too efficient. The different sections of the country had to be considered in making the appointments. The men were not employed solely on their merits. Different nationalities and different creeds had to be consulted in making appointments under every administration that I have served.

This remark applies more especially to the staff.

18745. Do these remarks apply only to the ordinary labourers or to persons on the staff?—To all, more especially those on the staff.

Appointments nearly always made by Minister or Government.

18746. How were these appointments made on the staff?—The appointments were in some cases nominally made by me, but always by the Minister or Government—at least nearly always.

18747. Do you mean that in the majority of cases the appointments initiated with the Government or with some officer of the Government, such as the Minister?—If you speak of a particular year I could answer better.

18748. I am not able to speak of any particular year, I am only speaking of a system?—Then I must speak of a particular year.

Difficulty in the first year in getting a sufficient number of skilled men.

18749. Take any year you like?—I will take the first year. The difficulty the first year was getting a sufficient number of skilled men. The country was then in a prosperous state. The Intercolonial Railway was going on, and the greater number of engineers with whom I was acquainted were employed, and it was a difficult matter to get competent men that I knew—that I had a personal knowledge of—to

undertake the survey. Others were recommended by Members of Parliament and others, men whom I never heard of before, and these men were employed.

18750. After such persons came under your control as the chief officer, had you the power to continue them or remove them as you thought best in the interest of the public?—I suppose I could have assumed the power. I must explain I never had any written instructions with regard to the survey from any Government. I have conferred with the Minister of the day in all matters, but I never had any written instructions; but what these conferences were it is impossible for me to remember now.

18751. Do you remember broadly whether or not you did assume to suspend or remove those gentlemen from their offices, for inefficiency, for instance?—I generally felt that those persons employed through political influence had to be kept at their work unless for something notoriously wrong, and in such cases I would consult with the Minister as to removing them.

18752. But if it was only a question of not doing sufficient work for the pay—only a question of expense to the country—would you not have considered that sufficient ground for removal?—The circumstances were such that I had no chance. They got instructions from me; they left and remained in the wilderness for a season, or more than a season, and I had no means of ascertaining whether they did their work well or inefficiently until they returned. I could judge from results whether they did their work well or not—not always.

18753. I understand you have reached the conclusion that, on the whole, the work was much more expensive, because of persons being employed from political or party influences?—That the work could have been done much more cheaply for a private company.

18754. You have reached that conclusion as to the whole service—did you reach that conclusion from year to year as to the works of particular years?—It was the same throughout.

18755. Then, at the end of each year, you would be of the same impression as to that year's work that you are now as to the whole; that is to say, it was much more expensive because it was done by the Government?—I think so; the question has never been put to me before.

18756. Having been of that opinion at the end of each year, did you draw the attention of any Minister to the subject, that the work was costing the country more on account of that particular kind of patronage?—I do not know that I did. I know that the patronage had to be respected.

18757. You made no remonstrance and no report on the subject?—I do not say that I did not; I may have done so. I cannot recollect.

18758. You do not recollect that you did?—I do not recollect that I did; I do not recollect that I did not. The question has never been put so directly to me before. Certainly no Minister or Member of the Government ever asked me the question that I recollect of.

18759. Do you remember whether there was any difference of opinion between you and any persons who had this patronage in their power, as to the employment of any particular individuals at any time; I am not asking for the names of any individuals, if there are any?—I

**Surveys—  
Effects of  
patronage.**  
Some were recommended by Members of Parliament and others, and employed.

Generally felt that persons employed for political reasons had to be kept on.

At the end of each year felt that the work for that year could have been done much cheaper for a private company.

Never called the Minister's attention to this.

Cannot recollect having made any remonstrance.

**Surveys—  
Effects of  
patronage.**

dare say there was. I do not recollect any particular instance now, but I have no doubt of it.

18760. No doubt of what?—No doubt of the fact that I was asked to instruct men to do work whom I thought were not able to do it.

18761. My question is intended to ascertain whether there was any expressed difference between you and the Minister at any time on the subject?—I do not think there ever was any reduced to writing.

Appointments made every year. If witness reported against a man Minister would generally substitute another.

18762. But was there ever any expressed opinion?—I have no doubt there was expressed; I do not remember any particular instance. The appointments were made every year, and if I knew of any particular objection to a man, I would state it to the Minister, and in that case the Minister would substitute some other name.

In one case a man appointed in defiance of his recommendation to the contrary.

18763. Can you recollect any instance where a person was put on the staff, or in any situation upon this railway, contrary to your opinion expressed to the Minister, or any one who had the power to put him there?—Yes, I could name one; but I would rather not be pressed to give the name.

18764. For the present I am not asking any name, but I want to record the fact; you say you remember such instances: could you, without directing attention to the individual, name the character in which he was employed?—That would be pointing to him, and I should prefer not to.

18765. Was that before the appointment was made, before the service was done by the individual to whom you allude?—Yes; when the name was suggested.

18766. Did it turn out that he was not so efficient as you would have liked?—Yes; frequently.

18767. Then, in that particular instance, you think the public interest suffered, because the Minister refused to adopt your expressed opinion on the subject?—Well, I may have expressed no opinion, because these men were strangers to me.

18768. I have been asking whether you had any difference of opinion, and expressed it, to the person who had the patronage?—Yes, certainly; but there are many instances in which men were employed in responsible positions, whom I knew nothing of, and who turned out to be inefficient men.

18769. I gather from your evidence now, that upon the whole question, you think the public interest suffers by having persons employed on this sort of work under the patronage of Ministers, or persons who occupy a place in a political party?—Well, if they are appointed regardless of their merits it is so.

18770. Don't you mean that they are appointed regardless of their merits?—Some persons may be appointed by Ministers who are moribund, and the result is very satisfactory.

18771. You mean, if they are as good as if they had been selected by a private company, it is no matter whether they are employed by the Government or not?—Yes; even if done by a private company the work was of such magnitude it might have been difficult to have got all the staff sufficiently up to the work, and in some cases inefficient men might have been employed.

**Surveys—  
Effects of  
patronage.**

No doubt the public interest has suffered in consequence of patronage being in the hands of a political party.

18772. There is no object in avoiding the question; I wish to get your opinion on this point: whether you believe, from your experience in the management of the Canadian Pacific Railway, that the public interest has suffered on account of the patronage being in the hands of a political party from time to time?—No doubt of it.

18773. What would be the remedy for that, in your opinion, or have you any to suggest?—I do not know that there is any remedy. One of the greatest difficulties I had was the question of patronage, and securing as good men as possible. It was not easy to get inefficient men weeded out when once appointed.

18774. I think I understood you to say that one of the first objects in commencing the surveys was to ascertain whether there could be any practicable line formed through the country from the system of railways in the eastern provinces to the Pacific Ocean?—Yes.

**The Route and  
governing  
policy of  
Government.**

18775. In addition to that, were you given to understand that any particular policy had to be pursued with regard to the selection of any particular line—I mean any Government policy?—No, I think not; I do not remember of any.

18776. I wish to explain to you here that we do not propose to enquire into the expediency of any policy adopted by the Government; but having first ascertained what the policy was—any pronounced policy—we wish to enquire into the manner in which that policy has been carried out by the Chief Engineer and others connected with the railway; in speaking of a policy, I wish you to bear that in mind?—The policy from first to last, as far as I knew or understood it, was to get the best and cheapest line—the line that would serve the public interest best.

Policy to get the best and cheapest line.

18777. That is still not definite; it may be impossible to give a definite answer, but it is my duty to press you further about that. You say the best and cheapest, and best in the public interest. I wish you to say what you were informed the Government considered would be the best in the public interest—what the object of the line should be, whether for pecuniary results at some future time, or only to fulfil the agreement with British Columbia, or open up the interior of the country and furnish communication with other continents, or whether there was any main policy to govern you as engineer in selecting the route?—At the first there was no policy laid down. I do not think there was any policy. Policies grew as the work went on.

Policies grew as work went on.

18778. Could you state now what the first policy was that was indicated to you on the part of the Government, as one that ought to govern your action?—I am not sure that I can at the moment. If I could I would be most happy to do it, but I could not at the first outgo. I think the policies of the several administrations were based very much on the results of the information that came in from time to time.

Policies of various administrations based on results of the information which came in from time to time.

18779. I assume (but I may not be correct) that your selection of the route was sometimes in consequence of some policy of the Government; if not, then it was a purely engineering question for your own decision: how was that?—Well, I do not remember a case in which the policy of the Government varied very much from my own views until recently, where the policy of one Government was to have the



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

line in one certain place, and the policy of this (the succeeding) Government to reverse that.

18780. I do not know that you and I agree about the meaning of the word policy. What I mean by the word policy is a governing principle, not the selection of a particular place, but a principle which will rule all the actions of the engineer?—I laid down certain governing principles in my reports; they will speak for themselves. I am not aware that the Government by Minute of Council or in any other way confirmed my own views, but they acted on them nevertheless. They adopted my recommendations.

18781. In order that we may pursue this enquiry, constitutionally, I want to separate your action, which was the action of a portion of a Department, from the action of the Government as a whole, which I am not trying to enquire into: if your action was controlled by the Government, I want to know it, if it was not, then we may enquire into your reasons?—I wish to explain I have nothing to conceal; I wish to answer your question if you have a case in your mind.

18782. I have no case in my mind, I am only endeavouring to get the facts. I want to know what the facts were: whether or not you were directed, on the part of the Government, to pursue any particular policy or obtain any object in selecting the route?—As far as I remember I received no special instructions from any Government on the subject.

18783. Then, do you consider that the selection of a route, whenever any selection was made, was made upon engineering principles?—Not invariably, but generally.

18784. Can you tell me the first instance in which you varied from that?—I can tell you one instance, it may not have been the first, where my views differed from the policy of the Government. It was in the location of the second 100 miles west of Red River. I thought it was a great mistake on the part of the Government to adopt the second 100 miles. I thought it was not in the public interest, but I was overruled.

18785. Do you mean the second 100 miles which was contracted for by McTavish & Bowie?—Yes; I mention that as one instance that occurs to me at the moment.

18786. That may help us to see where you differed?—That is one of the most recent cases and it is fresh in my mind.

18787. Can you state in what respect you differed from the Government on that subject?—My views are given in a report which is printed with other papers.

18788. But can you describe them shortly to me for the purpose of elucidation?—On engineering and on general grounds as well.

18789. Do you allude to the expense of crossing some of those rivers at the west end of the section?—I do; and the adoption unnecessarily of extremely heavy grades.

18790. It was not making the road as nearly a first-class road as you intended it should be as a whole?—Looking to the future I considered it a very great mistake; all the settlements in the west would be damaged to a certain degree by introducing heavy gradients and consequently involving heavy cost of transportation for all time to come.

Generally the routes selected on engineering principles.

Differed from the Government regarding second 100 miles west of Red River.

Witness's objection founded on expense of crossing rivers and of heavy grades.

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

18791. In that instance were you led to understand that the Government considered it better for the public interest that the engineering features should be so far overruled that the line should go there for some other advantage, not an engineering advantage?—Well, I understood that settlement was advancing in that particular direction, and settlers were very anxious to have the railway, and the Government was naturally desirous of meeting their views.

18792. Then you were informed that, in this particular case, they adopted that route in deference to the governing policy of settlement?—Yes.

In this case route adopted in deference to needs of settlement.

18793. That was comparatively late in the history of the Canadian Pacific Railway?—Quite lately; within fifteen months, I suppose.

18794. Do you remember a much earlier instance than that, where your operations were controlled by the Government policy?—I do not remember any just now.

No earlier instance in which he was controlled by Government.

18795. I think you said that portions of the line were ready for construction much earlier than they were contracted for; or, at all events, somewhat earlier?—I may have been mistaken as to that. I said I supposed there were some portions.

18796. I was referring to the period occupied by surveys?—I have not spoken very positively about it.

18797. Do you wish now to say anything on that subject?—No; I have nothing to say.

18798. I was asking only about that period, and I was not sure whether you wished to say anything more about it: do you remember what part of the line was first ready?—I am not very sure, after reflection, whether there was much, because we were even in advance of the location of the line, in some portions, with the construction of the telegraph.

18799. Is it not a matter of fact that those portions which were first put under contract were not quite ready, and in those cases damages had to be paid to the contractors, because they were not ready?—In some sections.

Some sections early put under contract not ready for the contractors who were paid damages in consequence.

18800. Were they in sections 13 and 14?—Yes.

18801. The first was section 5?—As I said more than once, I may not be strictly correct; my memory is not clear, and I could not say without looking up the documents.

18802. I was not sure whether I omitted something that required explanation?—If a list of questions had been prepared, I might have refreshed my memory.

18803. I am only returning to it now because something might have refreshed your memory?—I may have been mistaken in that statement.

18804. I am not sure whether I got a distinct answer from you as to your power to dismiss persons who did not prove satisfactory to you—whether you had the power alone, or whether it was necessary to report it to the Department, and allow the Minister to interfere?—Well, if I had the power, it was used very sparingly, knowing the influences that appointed men.

If witness had the power of dismissal it was used sparingly, he knowing the influences which appointed.

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

General route from Lake Superior to Yellow Head Pass practically adopted in 1872.

In 1871 location of Pembina Branch was made with the view of ultimate connection with such railways as should come into existence south of the boundary line.

First contract for Pembina Branch terminated north of the boundary line by six miles.

Immediate object of this branch to facilitate settlement.

Winnipeg a very small place and was not regarded when line located.

18805. Could you, from recollection, say what portion of the whole line was first adopted as likely to be the one actually put under construction?—Well, I refer to my report to get information; that is, it is given there. I may mention that the general route of the line from Lake Superior to the Rocky Mountains, was practically adopted in the year 1872, that is, from the northern bend of Lake Superior to the Yellow Head Pass. This side of the first-mentioned point and beyond the second it has only been recently adopted.

18806. Dealing with that particular link in the chain for the present, were there any governing points established as early as that in your mind?—Just let me enquire. In the year 1874, it appears from my report of 1877, page 9, that the location survey of the Pembina Branch was made, and, of course, that portion was ready for construction.

18807. That was located with a view of connecting with the system of railways south of the boundary line, was it not?—With a view of ultimately connecting, but there was no system south of the boundary line at that time.

18808. There was no railway actually in existence south of the line with which it could connect at that time?—No; not for some time afterwards—not for some years afterwards.

18809. In fact that led to your not carrying it all the way to the boundary line, in your first contract, as I understand?—Yes; the first contract for the Pembina Branch terminated six miles north of the boundary line. Of course we did not know at what point it would connect with the line that was expected to run south of the boundary line.

18810. What was the principal object of that particular portion of the line known as the Pembina Branch—the main object of that line: it was a branch in fact, it was not a part of the main line?—The main object was to connect with the United States system of railways ultimately.

18811. And to assist in the present settlement of the country, I suppose?—Yes. We knew it would take many years to complete the line and make it ready for traffic between Lake Superior and Manitoba through Canada, and this was to anticipate it.

18812. That Pembina Branch of which we now speak was only located at that time, I think, to a point south of Winnipeg on the east side of the river?—Yes; it was located to a point some miles north of the boundary, six townships—one township south of Winnipeg, I believe.

18813. Was serving Winnipeg one of the main objects of that branch?—I do not think Winnipeg was regarded at all, because Winnipeg was a very small place—only a mere village.

18814. But it was a distributing point?—It was the Hudson Bay Co.'s fort.

18815. We are speaking now of the time you located the line, 1875?—It was a very small place even then.

18816. You say you did not locate it north of Winnipeg even at that time, but you had devised it as far north as Selkirk, so it would appear that Winnipeg was quite as far north as the terminus of this branch?

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

—If you remember you will come to the same conclusion as I do on that. The Pembina Branch was divided into three sections, the southern, the central and the northern. The first contracts were for the southern and central sections, which sections brought it within eight miles of Winnipeg. The northern section was from that point to Selkirk.

**Pembina Branch**  
divided into three sections, the south, the central and the northern. The service of **Winnipeg** as a distributing point one of the main objects in locating south branch.

18817. I am speaking now of the portion of the line or branch which was pretty well settled in your mind as likely to be built, and I think you have mentioned the South Pembina Branch : I am asking whether the service of Winnipeg, as a distributing point, was not one of the main objects of the branch?—I do not doubt it at all.

18818. In locating any other portion of the line, was Winnipeg, or the service of that locality, any object at all in the settlement of the line to be adopted?—The branch or the main line?

18819. Either of them, besides this particular branch?—I considered Winnipeg of importance, but not of sufficient importance to twist the main line out of its particular course to reach it. Winnipeg has grown immensely since those days.

Winnipeg not considered of sufficient importance to turn the main line out of its course.

18820. Then at that time the south part of the Pembina Branch was pretty well settled upon?—It was, in fact, fixed, except the immediate termini near the boundary line and near Winnipeg itself.

18821. Do you remember which was the next position of the line that was adopted as the one that would probably be located and worked?—Ready for work or adopted?

18822. Ready to be put under contract for instance, or finally settled upon?—In the following year, according to the report which I hold in my hand, the location surveys between Selkirk and Livingstone were completed.

In 1875, location survey between Selkirk and Livingstone completed.

18823. That is in 1875?—Yes.

18824. Selkirk and Livingstone?—Yes.

18825. Was that by the route north of Lake Manitoba?—A route by the Narrows of Lake Manitoba.

Route by the Narrows.

18826. Before that had there been a route adopted, or considered likely to be adopted, to the south of Lake Manitoba?—There was a route projected. I projected a route myself in 1872, south of Lake Manitoba, but we found, as I considered, a better and shorter route by the Narrows.

18827. The selection of this northern route in preference to the southern route was an engineering question, was it not?—It was, at first, an engineering question, and the engineering aspect of the question was thought of sufficient importance to justify its adoption by the Government.

Route by Narrows selected in accordance with engineering not on political considerations.

18828. I mean your selection of it was from engineering reasons, and not from any Government policy?—Not from any Government policy.

18829. What were your reasons for preferring that to the southern line?—Because it was shorter and better.

18830. It was shorter?—Yes.