

tained in the original contract there would be no question about it, because it would form part of the work that was to be done under the arrangement that was made with the contractor. But my hon. friend knows too much about these matters not to know that when there are subsidiary propositions to be dealt with in a very large contract, there are various ways of dealing with them. As a matter of policy, the thing can be advertised and left open to new contractors, who cannot work so expeditiously as the original contractor could do the larger work. Then it can be done on schedule rates.

Mr. HAGGART. How can you do that on schedule rates?

Mr. E. M. MACDONALD. In that contract a large amount of excavation is provided for, and it was tendered for at schedule rates. The construction of a sewer is naturally a question of excavation that could be dealt with along the same line as the excavation for the original work. I only mention that as one of the methods by which it could be dealt with. There is a third method of dealing with it, and that is by force account. Any one acquainted with railway business knows that it is a method which is resorted to invariably by railway companies, because it is a fair method. Take the amount actually expended by the contractor, and 15 per cent is a reasonable amount of profit, and is so recognized by railway companies everywhere in dealing with works of that kind. I do not understand that my hon. friend takes any objection to the method of dealing with it by force account, but merely that Mr. Mackenzie should not have done what he did. I would like to hear Mr. Mackenzie's explanation of that matter when he comes before the committee. I agree with my hon. friend that Mr. Mackenzie should not assume too much responsibility. But let us remember that Mr. Mackenzie is an old official of the Intercolonial Railway, he was in the Intercolonial under my hon. friend from Lanark (Mr. Haggart), and I do not think my hon. friend from Lanark would say that Mr. Mackenzie was not a perfectly responsible man. There is no politics in this question, it is simply a question whether Mr. Mackenzie exercised an accurate judgment. For myself, I await his explanation before deciding whether he assumed a responsibility which he ought not to have assumed. I am inclined to agree with my hon. friend that if he did assume an unwarranted responsibility for expenditure, it is a matter that the minister should deal with, and no doubt he will do so. But Mr. Mackenzie's record in the Intercolonial, his reputation as an engineer and his whole course, are such that I do not think that my hon. friend ought to impute any wrong-doing to him until he has some better grounds for it.

Mr. BLACK. He is a good Tory.

Mr. E. M. MACDONALD. I am not discussing this matter from a political standpoint. I think I have fairly stated the facts, and I submit that we can fairly trust the minister to deal with the matter as his judgment shall dictate.

Mr. HAGGART. The hon. gentleman talks about the contractor being paid by schedule rates. Who ever heard of a contractor being paid by schedule rates for the building of locomotive and car shops with equipment? He is paid on progress estimates. Schedule rates only come in on earth works or stone excavation, or anything of that kind.

Mr. E. M. MACDONALD. This work was of that description.

Mr. HAGGART. The principle is this: When a contractor enters into a contract, if contracts are drawn up now as they used to be, he accepts responsibility for all the quantities made out by the department. If there is an error committed by the department there is a provision in the contract that before the contractor commences his work he has to get a written order from the chief engineer, and the chief engineer generally allows him, as the hon. member has stated, what has been the actual amount expended on the work plus 15 per cent. There can be but very little of that kind of work in the contract for the building of the car shops, the locomotives and equipment.

Mr. E. M. MACDONALD. The point is as to whether or not this sewer, which was necessary in consequence of the erection of the shops, should have been included in the original contract.

Mr. HAGGART. If this large expenditure is not included in the contract the engineer in chief, or the engineer in charge, has no right to let that work to the contractor. The proper way is to call for new tenders for the work. The contractor assumes the responsibility of the engineering and of the architecture of the building and the schedule price has only reference to the work under contract. If there has been a mistake made by the architect or the party who drew the plans for these buildings that must be corrected by the engineer and before the contractor does a cent's worth of work, or is entitled to anything, he must get an order from the engineer in his own hand writing. If there have been large sums of money expended outside of the contract there is no justification at all for it.

Mr. J. D. REID. What makes this thing look rather bad, in so far as the engineer is concerned, is this: Here is an expenditure which is started. If there had been any payment on account of the work at all we would have been able to have had the matter brought up and properly investigated in the Public Accounts Committee.