

MACFARLANE'S SUB-CONTRACT (F.)

On the 8th June, 1888, the Company's contractor, Mr C. N. Armstrong, sub-let to M. H. MacFarlane a portion of his contract, including the completion of the first forty miles of the road, which was for the most part built, and, further, the construction of the twenty miles extending as far as the river Cascapédia.

Under this contract, M. MacFarlane was obliged to finish these sixty miles of road to the satisfaction of the Government Engineers, before the 1st January, 1889.

In order to make secure the payment of his contract price, Mr. MacFarlane had demanded and had obtained from Mr. Armstrong a transfer of the subsidies payable by the Federal and Provincial governments to an amount which he considered after a personal examination of the line and his own calculation of the cost of the works, sufficient to cover the total price of his contract, namely—\$260,000.

These subsidies were transferred at his request to the Ontario Bank, at Montreal, in trust. And the said sums were wholly paid in to this Bank, less \$28,546 retained by the local Government, and \$31,825 retained by the Federal Government, in order to guarantee the completion of the work, which, according to the reports of the Engineers, remained to be completed on the sixty miles of railway contracted for by Mr MacFarlane, estimated at about \$30,000.

It is well to notice that, besides the subsidies transferred to the Bank, Mr. MacFarlane had obtained from Mr. Armstrong a transfer of the municipal grants amounting to \$18,000.

As the failure of sub-contractor MacFarlane to carry out his contract has been the determinate cause of the troubles which arose on the line of the railway, and of the delay in the construction of the road, it is of consequence to cite the principal clauses in the contract, in order to establish where the responsibility for these difficulties lies.

These clauses read as follows :—

" 1.—The said sub contractor shall complete and finish the forty miles of the said railway at this time in part constructed, and shall add rolling stock, to that which is already on the road, to the value and quantity specified in the list of rolling stock hereto annexed.

" 2,—The sub-contractor shall build twenty miles of new road, in prolongation of the said forty miles, the whole to be built and finished conformably to the contract of the said contractor with the said railway company and under the direction of the chief Engineer of the said company, and according to the plans and specifications mentioned in the said contract, — which contract and specifications are here mentioned as forming the basis on which the said works were to be carried out and the said works shall be completed to the satisfaction of the Engineer of the Federal Government.