

fore the Public Accounts Committee he will see that.

Mr. J. D. REID. As I understand it, the chief engineer has made a contract, as he claims, partly under schedule rate, and the other part is to be done by the contractor at whatever it costs plus 15 per cent. But the contractor himself states that the whole work is to be done by him and he is to get 15 per cent profit on his work.

Mr. CROCKET. And the deputy minister says that the contract is entirely independent of the contract for the building.

Mr. J. D. REID. Here are these two statements, one of the chief engineer and one of the contractor.

Mr. E. M. MACDONALD. The chief engineer is to come before the committee on Friday.

Mr. J. D. REID. He has already made that statement. Here is a work involving a large amount of money about which neither the deputy minister nor anybody else on behalf of the government seems to have learned anything until it was brought up at the Public Accounts Committee and, up to this day, we are not able to find out what has been done. The contractor swears that he cannot tell what amount has been paid out. Neither did Mr. Mackenzie, the engineer, know. That is a strange way of doing business. If the minister has any information, we would like to know what has been expended on that contract.

Mr. GRAHAM. We have paid nothing to Mr. Walberg for that as yet. This is a large building. And, as often occurs in these cases, it is more convenient to have such a work as this sewer done by the man who already has the large contract, for he work to the best advantage. This sewer is 2,880 feet long. At the shops and for 800 feet it is 20 to 24 feet in depth, and the balance is of 20 feet. So, this is not a small work. It is done in a way that is quite usual in railways, on what is called force account. That is, if you have confidence in the contractor, you give him the contract for his actual cost, plus so much. That is practically what is done with Mr. Walberg. He has all the appliances for the work, and the engineer at Moncton thought this the most practicable way to get it done. The contractor is to be paid cost price—for which he must show actual progress for every dollar—plus 15 per cent, he supplying all the tools and that sort of thing. Up to date we have not paid him anything on his work, because he has not asked for anything.

Mr. J. D. REID. That statement does not agree with the statement of the hon. member for Pictou (Mr. Macdonald), who said that the work was being done at schedule rates.

Mr. J. D. REID.

Mr. CROCKET. The deputy minister stated distinctly that the schedule under the contract did not apply to that work, that it was an entirely independent contract, which the engineer made without any authority from the department. The job has been in progress now for over a year, and I think Mr. Walberg himself stated that it would probably cost upwards of \$20,000.

Mr. MACDONALD. Does the hon. gentleman mean to say that Mr. Mackenzie, the engineer, did wrong in providing for the work to be done in this way?

Mr. CROCKET. I certainly do. I say it is an extraordinary thing for an engineer of the railway to assume the responsibility of entering into a contract of that magnitude without any instructions from the department. I doubt whether the department itself, until this House authorized an appropriation for the purpose, would have been warranted in entering into any contract. Much less was a subordinate official of the Intercolonial at Moncton authorized to prepare plans for this work, and enter into a contract, and set the contractor at work, under a verbal agreement, without having received any instructions from any official of the department, or even reporting the matter to the department down to the time that the deputy minister was examined a few weeks ago. I was somewhat surprised at the statement of the deputy minister when his attention was called to the matter and he was made conversant with all the facts. He did not even seem to have reprimanded Mr. Mackenzie for having assumed such a responsibility. He said that he simply asked him the question, and expressed the opinion that there should have been a written contract. The member for Pictou asked me if I saw anything wrong in this matter. I say that if the people of this country are to be rendered liable for contracts of this kind entered into by subordinate officials of the railway, without any instructions from the department, not to say without any appropriations being voted by parliament, I do see something decidedly wrong in it.

Mr. E. M. MACDONALD. Of course, the version of my hon. friend from York (Mr. Crocket) as to what was said in the Public Accounts Committee is entirely out of order. I understand my hon. friend from York has asked Mr. Mackenzie to appear before that committee on Friday, when we will hear that matter discussed, and I assume we will have a report to this House, on which the whole question can be considered. My hon. friend from York says that because this was not contained in the original contract, therefore it was an enormous thing to do. Now, if it was con-