

that there were certain matters which were understood between the parties and not embodied in the agreement, and he desired to have an assurance from the inspector that they were matters that were arranged between the Crown and the contractors, although they were not inserted in the agreement. One of these was a provision that there should be insurance upon joint account. Now, the machinery that was purchased and put into the prison by the contractors had been insured, and the premiums of insurance had been from time to time allowed in the settlement between the officers of the Crown and the contractors. It was argued by Mr. Hodgins that there was no right to make that settlement—that the property was really the property of the contractors — that it was an insurance for their benefit. I think that is altogether too narrow a view to take of it. Although in form it was their property, although in form they had purchased and the government was to re-purchase, yet the transaction was in substance an advance by the contractors of the money required to purchase the machinery. The province paid 6 per cent. interest upon the amount from time to time remaining due on account of the purchase money by deducting certain payments which had been made depending upon the output and in reference to a probable output. Substantially, I think, that was a purchase by the government, and it was certainly not inequitable that the insurance upon that property should be borne by the government. It was not a thing that would wear out in the time during which the agreement was to be on foot; it was something of a permanent nature; and it would be necessary for the government to have it after the agreement came to an end, in the event of its continuing the work or making with others a similar contract. The government throughout has recognized that right. It has allowed the contractor that insurance in all the accounts that have been passed. It is entirely too late to raise an objection to that item.

The observation I have made with regard to the interest and the insurance are applicable to the other matters.

Accounts were furnished from time to time and balances struck. Not accounts simply furnished by the Cordage Company and accepted by the government, but accounts were furnished, and, after proper checking, entered in the