

sible it has been done, and in several instances the quantities of work had been reduced very largely, in one case to the value of, perhaps, not less than \$100,000. The contract provides that deductions are to be made from the contractors in all such cases; but the contractors may be allowed all the benefit arising from the saving in the work effected, and if the Government so decide, I will recommend that they receive all the benefit at once.

"3. A considerable saving in masonry has been effected by the substitution of iron for wooden bridges throughout the line; deductions are to be made from the contract sums of all masonry so saved, calculated at the contractor's schedule prices; but the contractors might now be allowed all the saving in masonry so effected, and it would be of material advantage to them.

"4. In many cases we have been enabled to form tunnels for the passage of streams instead of culverts, thus relieving the contractors of a certain quantity of masonry in each case. On some sections very important reductions in this heavy kind of work had been thus made, and I think the contractors should have the full benefit of them."

In 1873 the Select Standing Committee on Public Accounts made some enquiry into the expenditure on Section 5 of the Intercolonial Railway, and before them Mr. Brydges, one of the Railway Commissioners, said:

"Not long after the date at which this and other contracts were let, it became evident that the work was going to be seriously embarrassed if the contractors were not assisted, as far as possible, in the carrying out of the works."

He said, also, in the latter part of his answer to question 409:

"I considered, and I consider now, that the whole question was to be left open for decision at the end of the contract."

Mr. Fleming also gave evidence before the same Committee, and in his answers to the 14th and following questions, said, that "it was generally understood that the contractors should get the benefit of the reductions to help them to finish their contract."

Our special report in each case treats the liability of the Crown as not affected, strictly speaking, by any intention which existed in the minds of the Railway Commissioners while the works were in progress; and we have stated, as our principal finding what we thought to be the amount of the liability, after charging the contractors with the value of the wooden superstructure, if any was omitted from the work undertaken by him, and the diminution, if any, of the work due to change of grade or location.

By special instructions we are directed to state, also, the liability, as we think it would be, should the Crown waive the right to charge these diminutions, and in each special report we have done that.

We have also, for convenience of reference, appended hereto Schedule B, in which we give for the sixteen construction contracts investigated by us, a summary of the whole diminutions charged to the claimants, and the effect which waiving the right to charge them would have on the whole liability of the Crown, for it does not follow that withdrawing all the charges would increase the liability to the extent of this total amount. It happens that several of the claimants have already been overpaid more than has been charged for the diminutions. In those cases, withdrawing the charge would only decrease the overpayment without creating any liability.

The aggregate of the diminutions charged, as aforesaid, is \$302,992, while giving all the contractors the benefit of those diminutions adds to the liability only \$105,291, irrespective of interest.

It will be seen that the liability is increased only in seven cases; in two no diminutions were charged, and in the other seven the Government has long ago virtually waived the right to charge the diminutions by over paying the contractors larger amounts.

We have not endeavored to learn, actually, the cost of the respective works to the contractors; but the facts elicited by our enquiry show that, waiving the right to