

I should like to make an explanation with regard to this matter. You will find that this estimate is somewhat in excess of the estimate submitted last year. The apparent increase between the amount given yesterday of \$2,525,000 as the probable cost to complete with earth instead of trestle-work, and the statement which I now hand in, which shows the cost for the same thing, is \$2,634,674 (an increase of about \$119,000), is largely due to the increase in the quantity estimated of loose rock to complete, which in this estimate is set down at 95,756 yards; moneyed out at the contract rates, this would cost \$167,593. This large increase which we are obliged to estimate is in consequence of the orders that Mr. Marcus Smith gave the Division Engineer when going over the work with him in reference to the manner in which we were to estimate the material taken out of the rock cuttings outside the slopes, as laid down by the specification. I was not over the work with Mr. Smith myself, for reasons which I have already explained, but the Assistant Engineer, Mr. Carro, came through with him, and the Contractor's Engineer and the Contractor. They represented to Mr. Smith the hardship the Contractor was laboring under, because we would not return the rock that was taken out outside of the prescribed form of the cuttings. They said they were obliged to take it out owing to the nature of the rock and explosives used, and they could not stick closely to the specification. They had to remove the rock, and they asked to have it allowed in the estimate. The Assistant Engineer told me afterwards in Winnipeg that Mr. Smith had given verbal orders that the contractor was entitled to an estimate for this rock, as he could not stick closely to the exact form of the slope; that as the Contractor had to take the rock out he should be allowed for it. When the engineer called my attention to this, I spoke to Mr. Smith on the subject, in Winnipeg, and I said: "If you decide it in this way, it is going to be a serious thing for the work; our estimates will be all astray, because we supposed that we were tied down by the specification, and our fight with the contractor has been, that he is not entitled to any rock taken from outside the prism, except what we deemed to be injurious or in such a position that it was likely to fall in on the trains when they were passing, and had to be taken out." Mr. Smith said the contractor could not do the work in that way; that it was not fair to him; that it was impossible that he could take out the rock according to specification. We had a consultation on the subject, and after discussing the matter I turned up the specification, and showed Mr. Smith how it was written and printed, and how very stringent and plain the directions were to my view. He then modified it by saying "put it in as loose rock." I said, "If we have to give the contractor an extra amount, let us not make it more than loose rock price, and he will be well paid for what he does." I am quite free to admit that it is almost impossible for the contractor, except at very great loss indeed, to take out the rock in this form, but if we go beyond our orders, and allow that work even as loose rock, it is going to increase the rock quantities very much." It is due to that substitution that we are obliged to estimate for a very large increase in the quantity of loose rock. We are obliged to increase the proportion of loose rock very largely. Of course it is a question still to what extent this increase will be approved, because it is not all taken out, and as the contractor goes on the quantity will increase. It is my impression that it will increase the amount by, say \$125,000, or thereabouts, over what we had previously supposed would be the quantity required to complete the contract.

By the Honorable Mr. McLelan:—

Q. What becomes of that rock?—It is put in the embankments.

Q. Then it has not gone to waste?—No, certainly not. If it had been going to waste Mr. Smith would not have allowed the contractor a yard for it. That was one of Mr. Smith's arguments: "You are putting it into the bank and you must pay the contractor for it." I think he used the old familiar adage, "You cannot have your loaf, and eat your loaf at the same time."

By the Honorable Mr. Penny:—

Q. But this work was one of the items on which the price was very high?—Certainly.