

Technical and Bibliographic Notes / Notes techniques et bibliographiques

The Institute has attempted to obtain the best original copy available for scanning. Features of this copy which may be bibliographically unique, which may alter any of the images in the reproduction, or which may significantly change the usual method of scanning are checked below.

L'institut a numérisé le meilleur exemplaire qu'il lui a été possible de se procurer. Les détails de cet exemplaire qui sont peut-être uniques du point de vue bibliographique, qui peuvent modifier une image reproduite, ou qui peuvent exiger une modification dans la méthode normale de numérisation sont indiqués ci-dessous.

- Coloured covers /
Couverture de couleur
- Covers damaged /
Couverture endommagée
- Covers restored and/or laminated /
Couverture restaurée et/ou pelliculée
- Cover title missing /
Le titre de couverture manque
- Coloured maps /
Cartes géographiques en couleur
- Coloured ink (i.e. other than blue or black) /
Encre de couleur (i.e. autre que bleue ou noire)
- Coloured plates and/or illustrations /
Planches et/ou illustrations en couleur
- Bound with other material /
Relié avec d'autres documents
- Only edition available /
Seule édition disponible
- Tight binding may cause shadows or distortion
along interior margin / La reliure serrée peut
causer de l'ombre ou de la distorsion le long de la
marge intérieure.

- Coloured pages / Pages de couleur
- Pages damaged / Pages endommagées
- Pages restored and/or laminated /
Pages restaurées et/ou pelliculées
- Pages discoloured, stained or foxed/
Pages décolorées, tachetées ou piquées
- Pages detached / Pages détachées
- Showthrough / Transparence
- Quality of print varies /
Qualité inégale de l'impression
- Includes supplementary materials /
Comprend du matériel supplémentaire
- Blank leaves added during restorations may
appear within the text. Whenever possible, these
have been omitted from scanning / Il se peut que
certaines pages blanches ajoutées lors d'une
restauration apparaissent dans le texte, mais,
lorsque cela était possible, ces pages n'ont pas
été numérisées.

- Additional comments /
Commentaires supplémentaires:

Page 538 is incorrectly numbered page 58.

REPORT

OF THE

CANADIAN PACIFIC RAILWAY

ROYAL COMMISSION

VOLUME I

EVIDENCE



OTTAWA

PRINTED BY S. J. SIMPSON & CO., CHATHAM, ONT.

1882

REPORT

OF THE

CANADIAN PACIFIC RAILWAY

ROYAL COMMISSION

VOLUME I

EVIDENCE



OTTAWA

PRINTED BY S. STEPHENSON & CO., CHATHAM, ONT.
1882.

MINUTES OF EVIDENCE

UNDER OATH.

OTTAWA, 12th August, 1880.

TOUSSAINT TRUDEAU, SWORN AND EXAMINED :

TRUDEAU

By the Chairman :

1. Have you a position in the Department of Railways and Canals?
—I have.

2. What position?—Deputy of the Minister.

Deputy Minister
of Railways and
Canals.

3. Are the affairs of the Canadian Pacific Railway under the control
of your Department?—They are.

4. How long have you been connected with this Department?—Since
its formation—I mean the Department of Railways.

5. In what Department were the affairs of this railway managed
before that?—The Department of Public Works.

6. Had you a position in that Department?—I had.

7. What position?—I was the Deputy of the Minister.

8. Then you have been connected with the management of this rail-
way since its inception?—Yes.

Has been con-
nected with man-
agement of this
Railway since its
commencement.

9. The management of this railway, I understand, was transferred
from the Department of Public Works to the Department of Railways
and Canals?—Yes.

10. And at the same time you were transferred to the Department of
Railways?—I was.

11. Who has the management of the affairs of this railway next
after the Minister himself—the inside management?—I have.

Has management
of Railway next
after the Minister
himself.

12. Are there any officers in your Department for the management
of matters connected with this railway separate from other works of
the same Department?—Yes, we have the Chief Engineer of the Cana-
dian Pacific Railway and a staff.

Other officers—
Chief Engineer
and staff.

13. As to matters of account, are there separate officers for this rail-
way or not?—At this period there are no separate accountants. We
have Mr. Taylor who is now auditing some of the accounts connected
with this railway, but the present expenditure is managed by the
accountant of the Department.

At present no se-
parate account-
ants. Mr. Taylor,
Auditor. Present
expenditure man-
aged by Account-
ant of Depart-
ment.

14. Together with other works of the Department?—Yes.

15. Are you aware of the system in which the books are kept?—
Well, I am generally aware of it, but if you want much detailed infor-
mation of that you should examine the Accountant of the Department.

He can give you fuller information. I am aware that it is under a general system of double entry.

James Pain, Accountant.

16. Who is the officer in charge of that particular matter?—Mr. James Bain.

Only on special occasions report made as to state of books.

17. Are you informed regularly from time to time of the general result shown by those books as it concerns the railway, or only on special occasions?—It is only on special occasions. There is no regular stated report made.

18. No monthly or periodical report?—No.

Certain moneys placed in Mr. Fleming's hands when surveys were commenced,

After a time book-keeper appointed and all the accounts brought ultimately under general system.

19. Was there any change made in the system of keeping the accounts relating to this railway?—When the surveys were commenced certain sums of money were placed in the hands of Mr. Fleming, and he had a staff of accountants keeping an account of the expenditure. After a certain period this system was changed and a book-keeper was appointed immediately in the Department, and, after a few months, all the accounts were brought in under the general system of books kept by Mr. Bain.

Expenditures on surveys.

20. When was that change made?—The expenditure on the survey commenced in June, 1871, and funds for that purpose were placed to the credit of Mr. Fleming up to 1875. A portion of such sum was expended in British Columbia through Mr. George Watt, Paymaster at Victoria, from the 1st of May, 1871, to the 1st of June, 1873. A further sum was paid through Mr. Wallace, Paymaster at Ottawa, from the 1st of June, 1871, to the 1st of March, 1873. From 1875 to 1877 the expenditure was made through an accountant (Mr. Radford) specially engaged for that purpose, and after that date by the Accountant of the Department.

Accounts kept by Watt reported satisfactory.

21. At the time of the change in the system of keeping the accounts are you aware whether the condition of the previous books was satisfactory to the Department?—The accounts kept by Mr. Watt have been audited by Mr. Taylor and have been reported by him to be satisfactory. He has accounted for the money placed in his hands.

22. I understand that there was a change, not only of Mr. Watt's accounts, but of all the accounts; that sometime in 1877 a new system was adopted?—Yes.

In 1877 when the new system was adopted, condition of accounts not satisfactory.

23. I am asking whether at that time it was the understanding, either with yourself, as Deputy Head, or some other party, that the condition of the accounts was satisfactory?—It was not satisfactory. The vouchers were still in a very informal condition.

24. Why was it not satisfactory?—Because the returns of vouchers had not been made sufficiently full.

25. Do you remember the amount which had not been properly vouched for—about the amount that was understood not to be properly vouched for?—I cannot state the amount.

26. Is there anybody who can?—Mr. Taylor can.

27. Do you understand that I am asking not only as to Mr. Watt's but as to other accounts?—Yes.

Impression in Department that money was properly applied but

28. Are you aware whether since the auditing of the accounts it is understood in the Department that this amount has been properly accounted for?—The impression in the Department is that the money

has been properly applied to the purposes of the survey, but that some of the vouchers are not as formal as they might have been. that vouchers not sufficiently formal.

29. Do you know how it is that if the vouchers are insufficient they come to the conclusion that the moneys were properly spent?—Mr. Taylor informs me so.

30. Is it only from information from others that you know the reason?—Yes.

31. In matters connected with the business of the Department, is the practice that you deal with them on your own responsibility or only after referring to the Minister?—The practice is to take the correspondence and reports as they come in, to have them endorsed, and every day, in company with the Chief Engineer of the work, or of any of the works on which the correspondence treats, to appear before the Minister and to read this correspondence and take his instructions. The intention of the Minister is that all orders should proceed from him. Practice of Department—Deputy Minister accompanied by Chief Engineer take correspondence and report to Minister and take instructions.

32. How does he convey his directions?—Verbally.

33. Are they noted by any person at the time?—They are noted on the backs of the documents.

34. By the Minister?—No.

35. By whom?—By myself sometimes, but not always so.

36. Then, as to most transactions which were discussed in that way, there would be some memorandum, either by the Minister or yourself, now extant?—Yes.

37. Are there any matters or class of matters over which you generally act, without reference to the Minister?—No; all our actions are under the general directions of the Minister, and he must have given some general order. No class of matters over which the Deputy acts without reference to Minister.

38. In the absence of the Minister himself is it usual that some other Minister should take the charge in his place?—Yes.

39. What is he generally called then?—The Acting Minister, as distinguished from the Minister himself.

40. Has that practice which you have described been followed generally with reference to the Pacific Railway transactions?—It has.

41. Do you know of any occasion or any period when it was not followed?—No; the endeavor is to follow it always.

42. Are the resolutions of the Governor in Council with respect to the Pacific Railway, communicated to your Department?—Yes; copies of all Orders-in-Council affecting the railway are sent to our Department. All Orders in Council affecting Pacific Railway sent to Department.

43. They are of record in the Department now?—Yes.

44. Was the direction or extent of the preliminary exploration of the Pacific Railway directed by the Department or left to the discretion of any other person?—The explorations were all discussed by the Minister and Chief Engineer very fully before they were commenced. Explorations discussed by Minister and Chief Engineer.

45. Who was the Chief Engineer?—Mr. Sandford Fleming.

46. From the beginning?—From the beginning.

47. How was he appointed?—He was appointed by an Order in Council on the 5th of May, 1871.

48. Have you a copy of that Order in Council?—I have not a copy with me.

Appointments subordinate to Chief Engineer made jointly; Minister reserving appointments but always consulting Chief Engineer.

49. Were the appointments of engineers and other persons subordinate to him made by the Department on its responsibility or by the Engineer himself on his responsibility?—They were made jointly. The Minister reserved to himself the appointment of engineers, but he never did so without consulting the Chief Engineer as to the capabilities of the individual—as to his competency.

50. How were you aware that he always consulted with the Chief Engineer?—Because in many cases I was present.

51. In all cases were you present?—Not in all cases.

52. As to those cases in which you were not present, how are you aware that he consulted the Chief Engineer?—I am aware because I know that it was the practice and the intention of the Minister to do so.

53. Because you understood it to be the intention you suppose that the intention was carried out?—Yes.

No memorandum of consultations as to eligibility of subordinates.

54. As to those consultations upon the eligibility of subordinates, was there usually a memorandum of the consultations and decisions?—No; I do not think there was any memorandum kept. I think it was more in this way: the Chief Engineer waited on the Minister with a list of persons who had applied for employment, and the Chief Engineer, after looking through them and reading the recommendations made, or probably from his own knowledge of the individuals, would recommend certain individuals to the Minister.

55. Do you know whether there were exceptions to that course when suggestions came from the Minister to the Engineer as to persons to be employed?—I have stated the general rule followed.

56. Do you remember any exceptions?—I do not at this moment.

Separate accounts had been kept for money spent on explorations as distinguished from contracts.

57. I understood you to say that separate accounts had been kept for the money spent on explorations as distinguished from contracts and other labor?—Yes.

58. As to information about the manner of conducting the explorations and surveys, ought we to enquire of persons in the Department or in the outside service?—You should ask the Engineers.

59. There are some in the Department, are there not?—Yes.

60. You would not be able to give us much information, I suppose, about explorations and surveys?—I am not qualified for that.

Contract No. 1. —Telegraph.

61. Is the subject of contracts more within the knowledge of the Department?—Yes.

First contract was for the construction of a telegraph.

62. Upon what subject was your first contract?—The first contract was for the construction of a telegraph.

Made on the 17th Oct., 1874.

63. At what date was the contract made?—On the 17th October, 1874.

64. Have you the contract here?—I have.

Contractors: John W. Sifton, David Glass, Michael Fleming.

65. Give me the names of the contracting parties?—The contract was between John W. Sifton, of the City of London; David Glass, of the same place, and Michael Fleming, of the Town of Sarnia, under the name of Sifton, Glass & Company.

- Contract No. 1—
Telegraph.**
Tenders called for
66. Was this contract made after advertising for tenders?—Yes.
67. Have you a copy of the advertisement?—I have, and now produce it.
68. Were there specifications or any other information given to the public to enable them to judge of the sort of work that would be required?—Yes, I now produce them.
69. Have you the original tenders which were made for the work?—I have not got them here, but I can produce them.
70. Have you any memorandum with you showing the names and the substance of the tenders?—I now produce a schedule of the tenders. (Exhibit No. 1.)
71. Who made this schedule?—This is a certificate that a number of tenders for the construction of the telegraph were opened in my presence and in the presence of Sandford Fleming and F. Braun, Secretary of the Department. Opened in presence of S. Fleming, F. Braun and of witness.
72. This certificate is at the foot of the schedule?—Yes.
73. The tenders must have been opened before this schedule was made out?—Yes.
74. Do you know who prepared this schedule—whether it was the Engineer in Chief, for instance, or the Secretary?—This appears to be the writing of Mr. Fleming. Schedule prepared by Fleming.
75. Have you any statement showing which was the lowest tender, the next lowest, and so on, in order, for section number one?—Yes, and I now produce it.
76. What is meant by section one of the telegraph line?—It is from Winnipeg to Selkirk and along the railway line to Livingstone. Section one, Winnipeg to Livingstone via Selkirk.
77. Then it is from Winnipeg to Livingstone via Selkirk?—Yes.
78. Was that section one of the telegraph line the subject of the first contract?—It was. The subject of first contract.
79. Please read from that statement the name of the person who makes the lowest tender?—R. Fuller, of Winnipeg.
80. Does the work include only the construction of the line or the maintenance as well?—The tender is for work of two kinds, construction and maintenance.
81. What is Mr. Fuller's tender for the construction?—The rate per mile is \$155; for the gross contract \$38,750. Fuller's was the lowest tender, i.e. \$155 per mile, \$38,750 for gross contract.
82. What is his tender for maintenance?—\$6,000 per annum. \$6,000 per annum for maintenance.
83. For how many years?—Five years.
84. Then, for construction and five years' maintenance his whole price is how much?—\$68,750. His whole price \$68,750.
85. Who makes the next lowest tender?—H. P. Dwight, of the North West Telegraph Company. Next lowest tender, H. P. Dwight's
86. How much does he ask for construction?—\$225 per mile; \$56,250 for the contract. \$225 per mile; \$56,250 for the contract.
87. What is his offer for maintenance for five years?—\$30 per mile per year. Maintenance: \$30 per mile per year.

**Contract No. 1—
Telegraph.**

Aggregate: \$7,500
per annum.

In all \$93,750.

Waddle & Smith
next lowest ten-
derers.

\$106,250 for con-
struction.

For five years'
maintenance,
\$3,000 per annum;
\$15,000.

In all \$121,250.

Next lowest ten-
derers: Sifton
Glass & Fleming.

\$107,850 for con-
struction.

Their price for
maintenance a
subject of subse-
quent correspon-
dence.

88. Was there an estimate of that in the aggregate?—Yes, \$7,500 per annum.

89. Then that is equal to \$37,500 for the maintenance; what is the gross amount for construction and maintenance asked by Mr. Dwight?—\$93,750.

90. Who makes the next lowest tender?—Waddle & Smith, of King-
ston.

91. What is their price for construction?—\$106,250.

92. What is their price for five years' maintenance?—\$3,000 per annum; \$15,000 for the five years.

93. Then the gross amount for construction and maintenance for five years is how much?—\$121,250.

94. Who makes the next lowest tender?—Sifton, Glass & Fleming.

95. What is their price for construction?—\$107,850.

96. What is their price for five years' maintenance?—My recollection of it just now is that this was a subject of correspondence.

97. Have you the correspondence?—I have not.

98. Have you the original tender made by Mr. Fuller?—I have. (Exhibit No. 2.)

99. Have you the original tender of Mr. Dwight?—Yes. (Exhibit No. 3.)

100. Have you the original tender of Waddle & Smith?—Yes. (Exhibit No. 4.)

101. Have you the original tender of Sifton & Glass?—Yes. (Exhibit No. 5.)

102. In this tender of Sifton, Glass & Co's there is no allusion to maintenance of the line?—No.

103. You say that was a subject of correspondence; have you any correspondence amounting to a tender for that branch of the work?—At present I am not able to produce that original correspondence, but I think I can do so at a future time.

Sifton, Glass & Co.
get the contract.

104. These are the gentlemen who got the contract?—Yes.

No objection to
Mr. Fuller's char-
acter or standing.

105. Was there, so far as you know, any objection to Mr. Fuller's character or standing?—No, there was none.

Contract awarded
on pecuniary con-
siderations.

106. Then the question of his getting the contract depended upon pecuniary considerations?—It did.

107. It was not intended that any other person should get it at a higher price than he was willing to take it? You say it was a mere matter of pecuniary consideration?—The reason is given in the note.

108-109. I am asking you whether it was intended any person else should take it at a higher price than he was willing to take it?—Mr. Fuller offered to do it, and he had a certain figure.

Fuller informed
Fleming that if
the line was
taken north of

110. Can you explain why Fuller's tender was rejected? Did he decline to carry out the contract at his original terms, or had you any reason to suppose that he would not carry out his original tender?—I

**Contract No. 1—
Telegraph.**

would say that the work was offered to Fuller on the condition that he would deposit a certain sum of money as security, and as appears from a report signed by Mr. Fleming he was informed by Fuller that his tender was based on carrying the line south of Riding Mountain, which runs entirely through the prairie country; that if it was taken north of Riding Mountain he would be required to pay twenty dollars per acre for all the necessary clearing. This would have the effect of adding \$50,000 or \$60,000 to the amount mentioned in his tender.

111. Do you mean that in consequence of that change in his offer his was not the lowest?—He was not the lowest.

112. To what sum would that payment for clearing increase the amount of his offer for section number one?—The fifty or sixty thousand dollars referred to by Mr. Fleming are, I think, meant to apply to more than one section.

The \$50,000 or \$60,000 mentioned by Mr. Fleming meant to apply to more than one section.

113. I am asking about section number one. What would the \$60,000 added to his offer make it, assuming that he meant the whole \$60,000 to be added to his offer for section number one?—It would be \$128,750.

If the whole \$60,000 were added to Section No. 1 it would make the gross amount \$128,750.

114. Then his increased offer for the whole of the construction and maintenance for five years amounted to \$128,750?—Yes, assuming that he asked for the whole \$60,000 to be applied to Section one.

115. Was it considered that the Government could make better terms than that?—It was.

Government could make better terms than with Fuller.

116. And was that the reason for rejecting his offer?—Yes.

117. Then the next lowest being Mr. Dwight, was he offered the contract?—He was.

Contract offered to Dwight.

118. Have you any original documents showing the reason why he did not take it?—I have no original document with me, but I think I can produce it.

119. Have you any original document on the subject between the Department and Mr. Dwight?—No, but I can give the correspondence in the form of a return to the Commission.

120. In addition to the prices called for by tenders, some terms as to time of completion were asked for?—Yes.

121. What terms did Fuller offer?—He offered to complete it within the year 1874.

Fuller offered to complete within the year 1874.

122. What was Dwight's offer on that subject?—Dwight's offer was to complete it on the 1st of September, 1875.

Dwight by the 1st Sept., 1875.

123. What was the offer of Waddle & Smith?—Five hundred miles a year.

Waddle & Smith at the rate of 500 miles a year.

124. What was the offer of Sifton & Glass?—To complete it against the 22nd November, 1874.

Sifton & Glass by the 22nd Nov., 1874.

125. Do you know whether the contractors asked for an extension of time?—They did.

But in a letter they asked for an extension of time.

126. When?—In a letter dated 9th of July, 1875.

127. How long did they ask for?—They stated that it would be quite out of their power to complete the work by the time named in

**Contract No. 1—
Telegraph.**

their contract, and they asked for an extension up to the 30th of October, 1876.

128. Would you look at the contract and see if the time named therein for completing the work is the same as that named in their tender?—The time named for the completion in the contract is the 30th of October, 1875.

129. That is nearly a year longer than the time mentioned in their tender?—Yes.

130. So that the contract gives them better terms than the tender calls for on that subject?—Yes.

131. Are you of the opinion that Dwight declined to take the contract, or that he was refused the contract—you say you have not got the original correspondence with you?—My impression at this moment is that Mr. Dwight, while perfectly willing to take the contract wanted certain modifications to be made which rendered it impossible to give it to him.

132. And that the Government declined to contract on the terms offered?—Yes.

133. Then the next lowest tender was from Waddle & Smith. Do you know whether they were willing to take the contract?—I can only infer from the fact that they tendered, that they were willing to take the work.

134. Your opinion is that they were willing?—Yes.

135. Have you any means of knowing now when tenders were to be received by the Department for this work?—The advertisement said up to the 22nd of July, 1874.

136. Look at the tender of Sifton & Glass, and say what time that was received by the Department?—There is a stamp on it marked July 22nd.

137. Is that the last day named?—Yes.

138. You find that stamp on part of the envelope attached to the tender?—Yes.

139. And from that are you of the opinion that it was received on that day?—Yes.

140. Is it the practice to attach portions of the envelope to all the tenders?—Yes, as much as we can.

141. Is it attached to Fuller's tender?—I do not see it in Fuller's contract.

142. Is there any envelope showing when Dwight's tender was received for section one?—It has none.

143. Has Waddle & Smith's?—No.

144. Are you aware of any special reason for attaching the envelope to the tender of Sifton & Glass?—There is no reason.

145. Do you notice any alterations in their tender from the tender as it originally stood?—There are.

They therefore got better terms than they asked for in tender.

Dwight wanted modifications and Department treated that as impossible.

Waddle & Smith, the next lowest, were willing to take the work.

Tenders to have been received up to 22nd July, 1874.

Sifton, Glass & Co's, received on that day.

Practice to attach envelopes to tenders.

None attached to Fuller's, nor to other three.

Alterations in S. G. & Co's tender.

Reduce their intended offer from \$52 to \$42, wood; \$200 to \$180 per mile prairie.

146. Are they to reduce the price or to raise it?—They reduce the price.

Contract No. 1—
Telegraph.

147. In what respect? Will you state it in each instance as it was originally, and as it was altered?—It was originally written thus: "In our estimate we placed the wood line from Fort Garry to Winnipeg river, and from Fort Garry to Fort Pelly at \$529." This is altered to \$492 per mile; also "The prairie land within a distance of 250 miles of Fort Garry at \$209 per mile" was changed to \$189 per mile.

148. In the document which you produce as the tender which reached you on July 22nd do you find any positive offer for section number one?—No. No positive offer for Section No. 1 in their tender.

149. That document is in effect a tender for the whole line?—Yes.

150. I think they mention there the rates for this particular section upon which they base their offer for the whole line?—Yes. Rates for Section 1 mentioned as a base for offer for whole line.

151. Is that the only allusion to section one in the document?—Yes.

152. Can you tell by that portion of the envelope attached to the contract where the letter was mailed?—No.

153. Where is the letter dated from?—The letter is dated at Ottawa on the 22nd of July. Letter dated Ottawa, 22nd July.

154. What is the post-mark on it?—There is no post-mark on it at all. No post mark.

155. Then there is no evidence here with the document that it passed through the post-office?—No.

156. Have you yet obtained any of the original correspondence with Sifton, Glass & Co. as to the maintenance of the line?—Yes, but I have not yet assorted it.

157. Can you give any reason why Waddle & Smith did not get the contract in preference to Sifton, Glass & Fleming?—Waddle & Smith were offered the contract for section number five, but they failed to procure securities. Contract offered to Waddle & Smith for Section 5; they failed as to security.

158. When did that happen? When did they fail to procure securities?—Section number five became contract number four later.

159. You say that the contract for number five was offered to Waddle & Smith, but that they failed to give security?—Yes.

160. When was it known to the Department that they had failed to give security?—On the 21st of October, 1874.

161. That was the reason for passing over their tender and giving the contract to Sifton, Glass & Fleming?—Yes.

162. What is the date of the contract to Sifton, Glass & Fleming?—The 17th of October. Contract to Sifton, Glass & Co. dated 17th Oct.

163. How do you account for a reason which occurred on the 21st affecting a transaction which took place on the 17th?—I can only account for it by supposing that it was known that that was the position, and that these letters were exchanged afterwards to record the event. Witness supposes that the position of affairs was known and that letters were afterwards exchanged to record the event.

164. Then you think it was known to the Department before the 21st of October?—I may say that before that the Department had been making efforts to get this information. There was some correspondence with Waddle, and he was always promising that he would furnish the security, but he was not doing it.

**Contract No. 1—
Telegraph.**

It was concluded that Waddle would probably fail to put up the security. 165. What was your conclusion from that?—The conclusion was that we were aware that he would probably fail, but we did not have it in writing at that time.

166. Do you say now that the decision to give Sifton & Glass the contract for section one was because the Department had reason to think that Waddle & Smith were about to fail to give security for contract number five?—Yes.

If they had put up security for Sec. 5, they would still have been excluded from Sec. 1.

167. Would not the result have been the same if they had given security for section number five? Would they not have been still excluded from section one?—They would.

S. Fleming's report as to Fuller's additional price for clearing.

168. Look at Mr. Fleming's report where he mentions Mr. Fuller's additional price for clearing? Will you read what he says about Fuller's offer?—"With a view of arranging some of the terms of the contract with Fuller, to whom was awarded the construction of that portion of the Pacific Telegraph between Fort Garry and Edmonton, I met him at my office on the 14th instant. Mr. Fuller stated that his tender for that portion of the line between Fort Garry and Fort Pelly, section number one, was based on carrying the line south of Riding Mountain, and almost entirely through a prairie country; that if it was taken north of Riding Mountain, he would be required to be paid \$20 per acre for all the clearing necessary to be done."

169. Do you know how much of the route south of Riding Mountain, if there ever was such a route proposed, was through woodland?—I do not know.

Proportion of wood and prairie on north route not then known.

170. Do you know whether the Department had any information as to the probable quantity of woodland north of Riding Mountain, the one actually adopted at that time?—I think that would be a proper question to be put to the engineers.

171. Then you do not know, you mean?—I do not know.

172. Mr. Fleming speaks of an amount there between fifty and sixty thousand dollars additional which the new offer involved. I wish to ascertain whether the Department had any means of knowing whether it would be fifty thousand or sixty thousand?—The Department has only got the information furnished by Mr. Fleming.

173. Do you mean furnished by that letter?—Yes.

174. Proceed to read the next section?—"This will have the effect of adding between fifty and sixty thousand dollars to the sum mentioned in his tender."

175. Then you say that the Department was not aware which of these sums would be the correct one to add?—No; they only had this information before them.

176. If it had been \$50,000 instead of \$60,000, what would be Fuller's aggregate tender for construction and maintenance for five years?—\$118,750.

Fuller's tender of Sept. 16th, 1874, between \$118,750 and \$128,750.

177. Then, from Mr. Fleming's report, from which you have read, dated September 16th, 1874, you understood that Fuller's tender was somewhere between \$118,750 and \$128,750?—Yes.

178. But you do not know exactly where it was between them?—No.

Contract No. 1—
Telegraph.

179. At that time, September 16th, 1874, had you a more favorable tender from Sifton, Glass & Company for construction and maintenance for five years?—I cannot answer that question without searching the correspondence.

180. If you look at the contract of Sifton, Glass & Co., can you not say whether they are to get anything more than \$20,000 for five years' maintenance?—They ask "with profits."

Sifton Glass & Co. get by contract \$20,000 with profits for five years' maintenance.

181. Have you any reason to know how the persons who tendered for this work considered their price to be affected by the privilege of taking profits?—Yes.

182. How do you understand that it affects their offer? Do they offer to take more or less on account of getting profits?—They will maintain it for less, if they are allowed to take profits.

183. How much less?—Waddle & Smith made it one-half.

Waddle & Smith estimated that profits would reduce the charge for maintenance by one-half.

184. Then, on the same basis, Sifton & Glass would want \$32 per mile without profits?—Yes.

185. How much would that increase the aggregate of the offer of Sifton, Glass & Co. for construction and maintenance?—\$20,000.

186. What would that make their whole tender?—\$147,850 without profits.

On this basis Sifton, Glass & Co.'s tender \$147,850

187. Have you any reason to know whether the profits are actually a considerable amount or not in the working of this line?—We have no reports on that question in the Department.

No report as yet as to profits on this section.

188. Can you state whether this work has been fully performed?—I would refer you to the engineers for information on that point.

189. You are not able to say yourself?—Not so well as the engineers.

190. Are you aware of the amount that has been paid up to this time on this contract?—Yes, \$119,085.29.

\$119,085.29 paid up to present on this contract.

191. Do you know how much further is expected to be paid on the contract?—I have not got the information here.

192. That includes how much for construction?—\$101,800 for construction, and \$17,285.29.

\$101,800 for construction and \$17,285.29 for maintenance up to present month (August, 1880.)

193. At what date was that?—This is up to this month.

194. When did the allowance for maintenance begin?—On the line from Winnipeg to Selkirk, 22.15 miles, on January 1st, 1875; on the line between Winnipeg and Fort Pelly, 294.36 miles, on August 1st, 1876, less two months not maintained; the line crossing Red River from 31st March, 1876, \$180.

Dates when charge for maintenance began.

195. From Winnipeg to Selkirk—is that moneyed out at \$16 a mile?—Yes.

This is calculated at \$16 a mile.

196. And the other at the same rate?—Yes.

197. What is the amount up to the 31st of March?—\$15,306.72.

Up to 31st March, \$15,306.72.

**Contract No. 1—
Telegraph.**

1st August, 1876,
date when charge
for whole line
commences.

198. From what date does he charge maintaining the whole line?
—The 1st of August, 1876.

199. Was it finished then?—I do not know.

200. Is there any other matter about this contract number one that you would like to explain?—I want to consult more clearly the correspondence, and see what it was that led us to pass over Waddle & Smith's tender.

Palmer in charge
of accounts from
June, 1873, to June,
1875.

201. You spoke of the system of keeping accounts in the Department at different times, but you omitted the period between June, 1873 and 1875. Who had charge of the accounts at that time?—I think Mr. Palmer.

OTTAWA, Friday, 15th August, 1880.

The examination of Mr. Trudeau resumed :

By the Chairman :

Tenders called for up to the 26th July, 1874. Opened 7th Aug., 1874. Fuller lowest for Section 1, but refused work at price named in tender. Dwight also declined. Waddle & Smith offered Section 5 but did not put up security.

Dwight's ground for refusal—his price did not include clearing woodland.

Sifton, Glass & Co. called upon to take Sec. 1.

202. My last question to you yesterday asked if there was any other matter about this contract number one which you would like to explain. Have you now any additional information to give?—I may state that tenders for the construction of the telegraph were called for up to the 26th of July, 1874. They were opened on the 7th of August, 1874. For section one Fuller was the lowest. He refused the work at the price named in his tender. Mr. Dwight was the second lowest; he also declined. The third lowest, Waddle & Smith, had been offered on the 12th of August, another section, number five, from Fort Garry to Nipigon, but they did not give security. Had Waddle & Smith made their deposit for section five promptly, it would have been a good reason to offer them section one. On the fifth of October Mr. Fleming reported that Mr. Dwight declined to execute the work on the ground that their price did not include clearing of woodland. Waddle & Smith had then been six weeks preparing to give security on section five without having been able to accomplish it. The fourth lowest tender, Sifton, Glass & Co., were then called upon to take section number one.

203. Yesterday in question number 107, and alluding to Fuller's tender, I asked whether it was intended that any other person should get it at a higher price than he was willing to take it. Your answer was given: "the reason is given in the note." To what note did you allude?—The note referred to will be found at pages 130 and 131 of the Blue Book entitled "Contracts let by the Department of Public Works from the 1st of July, 1867, to the 27th of March, 1878."

No Order in Council authorizing the contract with Sifton, Glass & Co.

The practice is to obtain an Order in Council under like circumstances.

204. Have you the Order in Council authorizing the contract with Sifton, Glass & Co?—There is no Order in Council.

205. Is it the practice of the Department when a tender which is not the lowest is accepted that a report to Council is required?—Yes.

206. And is it then acted on without any Order in Council?—No.

207. Then there is an Order in Council?—There is no Order in Council in this case.

208. Is it the usual practice?—It is the usual practice, but it was not done in this case.

Contract No. 1—
Telegraph.

209. This was an exception to the usual practice?—It was.

In this case exceptional action taken.

210. Do you feel sure that there was no Order in Council about Sifton & Glass's contract?—I have not found one.

211. Please read the memorandum on the back of tender, Exhibit No. 5?—"This tender not being the lowest, a report to Council is required. John Waddle & Co. are the lowest, but section five has already been awarded to them, and it appears to have been determined already not to award two sections to one firm."

Memorandum of law clerk pointing out that Order in Council was necessary.

212. Who signs that?—Mr. Fissault.

213. What is his position in the Department?—He is our law clerk.

214. You see a lower memorandum on that tender?—Yes.

215. Please read it?—It is in French, and, translated into English, reads thus: "Procure the Order in Council which gives the work to Sifton, Glass & Co. for section one."

Another memo. in French directing that Order in Council should be produced.

216. Do you say you have no record of that order having been produced?—I have not found it.

217. What time generally elapses between the time fixed for receiving tenders for work in the Department and the opening of the tenders?—The time required to allow the mails to come in, so that any accidental delay of the trains may not interfere with the arrival of tenders; that might be one or two days.

One or two days usually allowed before opening tenders to give time for mails to come in.

218. That is the usual time allowed between the time fixed for receiving and opening tenders, one or two days?—Yes.

219. What was the time fixed in this case?—The time was from the 26th of July to the 7th of August—twelve days.

On this occasion 12 days elapsed.

220. Do you know why the time was extended in this case beyond the usual period?—I have no record of it.

221. Do you know?—I do not recollect it.

Does not recollect why time thus extended. Substance of offer by Sifton, Glass & Co.

222. Will you read from Sifton, Glass & Co.'s tender those words which make any offer to build, without relating the special conditions; I wish to ascertain whether his offer to build relates only to the line as a whole?—He says: "We, the undersigned, residents of the Province of Ontario, make the following proposal to the Government of the Dominion: We will do the whole of the work along the whole of the proposed line, including all the sections thereof, and comprising the finding of the material for and the erection of the telegraph line, the clearing of the roadway, the preparation of the pack trail and all other matters pointed out in the advertisement and information for parties proposing to tender."

223. Is there any other part of that offer which points to the building of that section one alone?—No.

No offer for Section 1 alone made by S., G. & Co.

224. Did it happen that persons offering to build the whole line specified the times at which they would finish particular sections of it in any case?—It did.

**Contract No. 1—
Telegraph.**

225. Then the mention of particular times for finishing particular sections is consistent with the fact that the tender relates only to the whole line?—Yes.

226. The certificate you produce dated August 7th, and signed by yourself, Mr. Fleming and Mr. Braun, relating to the opening of tenders, shows different particulars as to the several tenders. Will you explain what was meant to be shown by that generally? Was it intended to convey the substance of each tender as it relates to each section?—Yes.

Allan McLean,
the first person
who tendered for
Section 1.

227. Give me the name of the first person on the list who tenders for the construction of section one?—Allan McLean.

228. Does he name a price for construction?—Yes.

Other tenders.

229. Give me the next name for the construction of section one?—H. P. Dwight.

230. Does he name a sum for the construction?—He does.

231. What is the next name?—Parmalee; he names a price.

232. What is the next name?—McKenzie, Grier & Co.; they give a price. The next is Waddle & Smith; they give a price. The next is Humphrey & Co.; they give a price. Next, G. W. Taylor & Co.; they give a price. Next, Mitchell, Macdonald & Gough; they give a price. Next, the Electric Light Co.; they give a price.

Sifton, Glass &
Co. without a
price.

233. What is the next name for the construction of section one?—Sifton, Glass & Co., without a price.

234. What is the next name?—George P. Drummond, with a price. Next, Rocque & O'Hanly, with a price. Next, Thompson, with a price. Next, Jocelyn, with a price; and last, Fuller, with a price.

235. You say that this was intended on the 7th of August to give to the Department the substance of each tender as it related to each section?—Yes.

Up to 7th August,
i.e., after the time
for receiving ten-
ders, the schedule
prepared by the
officers did not
intend to show
that Sifton, Glass
& Co. had named
any price for Sec-
tion 1.

236. Was it intended to show that Sifton, Glass & Co. had named any price for section one on the 7th of August?—There is no price shown.

237. You took part in that document?—Yes.

238. Did you intend to show that Sifton, Glass & Co. had named any price?—No; it was not intended.

239. That was after the time for receiving tenders had expired?—Yes.

240. When was it first regarded by the Department that they had made an offer to construct section one?—The tenders, after they were opened, were referred to Mr. Fleming for his report, and on the 10th of August he reported and stated that "sheet number one shows that there are fifteen proposals for section number one, Fort Garry and Fort Pelly."

241. Does sheet number one name Sifton, Glass & Co.?—It does.

The 10th of Aug.
the first time the
Department
learned that Sif-
ton, Glass & Co.
had tendered for
Section 1.

242. Then, on the 10th of August, for the first time the Department understood that Sifton, Glass & Co. had tendered for section one?—That is the date of Mr. Fleming's report.

Contract No. 1—
Telegraph.

243. Can you name any earlier date than that when the Department so understood?—I do not think that before that the tenders had been sufficiently analyzed to enabled the Department to form an opinion.

244. Do you think they have been sufficiently analyzed now?—They were given to Mr. Fleming for the purpose of being analyzed, and Mr. Fleming's report was admitted as an analysis of them.

245. You told us that on the 16th September, 1874, Mr. Fleming had reported that Fuller wanted from \$50,000 to \$60,000 more than the amount of his tender for construction, did you not?—Yes.

On 16th Sept., 1874, S. Fleming reported Fuller wanted \$50,000 or \$60,000 more than tender for construction.

246. At that date (16th September, 1874) was there any document which assumed to be a tender for anything more than construction from Sifton, Glass & Co.?—The tender received from Sifton, Glass & Co. stated that the price was \$1,290,000; this includes maintenance.

Up to that date the tender received from Sifton, Glass & Co. stated price for the whole line \$1,290,000.

247. But that was for the whole line?—Yes.

248. At that date (16th September, 1874) was there any document which assumed to be a tender for anything more than construction from Sifton, Glass & Co. as to section one alone?—I am not aware.

249. Then, at that time the only matter upon which Fuller and Sifton, Glass & Co. had both tendered as to section one, was for construction?—Fuller tendered by sections.

250. I am speaking of section one; they, that is Sifton, Glass & Co., had not then tendered for the maintenance, had they?—Fuller tendered for maintenance, and Sifton, Glass & Co. had tendered for the whole, including maintenance.

251. I am speaking of number one by itself?—Sifton, Glass & Co. had nothing for section one.

252. Were you in a position to compare the tenders as to maintenance of section one, at that time, made by Fuller and Sifton, Glass & Co. respectively?—No.

At that time the tenders of Fuller and Sifton, Glass & Co. as to maintenance of Sec. 1 alone could not be compared.

253. Then, the only matter upon which you could compare their relative value was the construction, as far as it relates to section one?—Yes.

254. As to that matter, which was the most favorable to the Government at that time? Give the figures. For instance, what was Mr. Fuller's highest offer at that time—the 16th September, 1874—including the increase for clearing?—\$98,750.

Fuller's highest offer for construction and clearing up to 16th Sept., 1874, \$98,750.

255. What was Sifton, Glass & Co.'s offer for the same matter—that is the construction?—Sheet number one, prepared by Mr. Fleming, states that the gross construction is \$107,850.

Sifton, Glass & Co.'s offer \$107,850.

256. That is the same sheet which shows Mr. Fuller's to be \$38,750?—Yes.

257. And by adding the \$60,000 for clearing to that you arrive at the \$98,750 of which you have spoken?—Yes.

258. Then, at that time (16th September, 1874) for construction alone of section number one, which was the most favorable offer to the Government?—Mr. Fuller's.

**Contract No. 1—
Telegraph.**

For construction alone Fuller's the most favorable offer by \$9,100.

Up to 16th Sept. Sifton, Glass & Co. had made no offer to maintain Sec. 1 alone.

Fuller's offer to maintain Sec. 1. \$6,000 for five years, in all \$30,000.

Sifton, Glass & Co ask in addition to construction price \$107,850. \$16 per mile per annum with profits for maintenance.

If their profits for five years were valued at anything more than \$900 their tender would still be higher than Fuller's.

Scales thus turned by correspondence with Sifton, Glass & Co.

Department understood that Fuller requested his prices to be changed, but that Sifton, Glass & Co's explanations were explanations of his tender without suggesting increase of price.

259. By how much?—\$9,100.

260. At that time Sifton, Glass & Co. had made no offer to maintain section one alone?—Not alone.

261. How much at that time was Fuller's offer to maintain section one alone?—\$6,000 for five years, in all \$30,000.

262. Was it by negotiations subsequent to that period that an offer was procured from Sifton, Glass & Co. at a lower figure for the maintenance?—I prefer answering that question later.

263. Have you any original documents showing an offer from Sifton, Glass & Co. and the terms upon which they would maintain section number one alone?—I have a letter from Mr. Fleming dated 13th October, 1874, which relates to the subject.

264. Will you put in either the original or a copy of that letter?—I will.

265. Does it state that Sifton, Glass & Co. charge something additional to their construction price—\$107,850—for maintenance of the line?—Yes.

266. How much extra do they ask?—Sixteen dollars per mile per annum.

267. With or without profits?—With profits.

268. At the time of getting that letter the Department understood that Fuller's tender for the construction was \$98,750, including the increase for woodland, and \$30,000 for five years' maintenance; that is, for construction alone Sifton Glass & Co's tender was \$9,100 over Fuller's. Would this new offer of Sifton, Glass & Co's turn the scales in their favor?—Yes.

269. How much?—Nine hundred dollars.

270. But they got the profits, which Fuller did not ask for?—Yes.

271. So that if their profits were valued at anything over \$900 their tender would still be higher?—Yes.

272. Have you any idea of the estimate of the Department as to the profits?—We have no report on the subject.

273. Then this turning of the scales was made by correspondence in October?—Yes; it may have been before October.

274. You say that was the first intimation?—It was reported in October.

275. And was only communicated to the Department by letter from Mr. Fleming?—Yes.

276. Was it upon that turning of the scales that the contract was awarded to Sifton & Glass?—The request by Fuller was that his prices should be changed, and the explanations by Sifton were understood to be merely explanations of his tender without increasing his price.

Contract No. 1—
Telegraph.

277. Do you mean understood by the Department?—Yes.

278. Does that report or letter of Mr. Fleming's recommend any action?—It does not.

279. You say that Mr. Fleming speaks only of the explanation of Sifton, Glass & Co.'s tender, by which sixteen dollars per mile was now to be added for maintenance; was that an explanation which he had not first gathered or understood from their tender? Was it a new explanation of its terms, that is to say, was it different from this schedule which you extracted on the 7th of August?—Yes.

Sifton, Glass & Co.'s explanation made the terms different from those of the schedule extracted on the 7th August.

280. In speaking of the \$900 of profits as the difference between the two offers, or rather to meet the difference between the two offers, did they not include the profits for five years? In other words, if the profits of the line for five years should amount to more than \$900, Fuller's offer would be still the lowest?—Yes.

281. Then do you say that, in order to treat Sifton, Glass & Co.'s tender as the lower one, it is necessary to assume that the five years' profits will not be over \$900?—Yes.

That Sifton, Glass & Co.'s tender should be held the lower necessary to assume that the five years' profits would not be over \$900.

282. Have you any original papers from Sifton & Co. as to the terms upon which they would maintain the line?—I have not, but I have a copy of a letter from Sifton & Glass to Mr. Fleming, dated 30th October, 1874, to the following effect:

Letter from Sifton, Glass & Co. assumes that they had tendered for the construction of C. P. T. as a whole or for any section.

" In reply to your letter of this morning we beg to say that according to our tender of the 22nd of July last for the construction of the Canadian Pacific Telegraph, or any section thereof, the average price per mile for woodland was to be \$629 per mile, and for prairie \$259 per mile. We estimate that there would be 1,485 miles of woodland, which, at \$629 per mile, would come to \$934,065, and that there would be 705 miles of prairie, which, at \$259 per mile, would be \$182,595; in all \$1,116,660. Our whole tender for the whole work was \$1,290,000, the difference between the two sums, namely, \$172,340, being our tender for maintaining the working of the line for five years. Any portion of the work now awarded to us should be based upon this calculation which we estimate at, say sixteen dollars per mile per annum. Contractors are to maintain the work and receive the profits of the line.

" (Signed) SIFTON, GLASS & Co."

283. Please look at the original tender, and say whether this letter is correct in stating that their offer per mile applied not only to the whole line but to sections of it?—I do not find in the tender that it applies to the section.

The original tender did not apply to sections of the line.

284. Then in that respect it appears to be incorrect, does it not?—Yes.

285. At the time of the receipt of that letter by Mr. Fleming he had access to the original tender?—Yes.

286. And it could have been ascertained whether this letter was correct or incorrect?—It could.

287. Since we parted this morning, have you thought of anything that you would like to add, by way of explanation, to your evidence?—No.

**Contract No. 1—
Telegraph.**

288. Have you obtained the Dwight correspondence that you alluded to?—We have not yet collected it.

289. Did Sifton, Glass & Co. get any other contract connected with the telegraph but this one?—No.

No tenders invited after July 22nd, 1874.

290. Was any public competition invited after July 22nd, 1874, for tenders for telegraph work?—No.

291. Is there any arrangement with Sifton, Glass & Co. about the rates which they are to charge on this section?—I cannot answer that question without inquiring.

Correspondence has taken place as to the inefficiency of Sec. 1.

292. Has there been any correspondence with the Department as to the inefficiency of this section?—Yes.

293. Has a report of it been asked for by either House of Parliament?—Yes.

294. Did you prepare a report for either House?—Yes.

295. Was it printed?—No.

296. Have you that report in manuscript?—We have.

297. Is it connected in the return with other sections?—The reports apply to all the sections.

298. Will you produce it as the report called for?—Yes; I now produce it (Exhibit No. 6).

**Contract No. 2.
—Telegraph.**

From Livingstone to Edmonton.

299. What was the subject of the second contract?—It was the construction of a telegraph line from Livingstone to Edmonton.

Dated 30th Oct., 1874.

300. What is the date of the contract?—30th October, 1874.

Contractor, Richard Fuller.

301. What is the name of the contractor?—Richard Fuller.

This was part of Sec. No. 3 as described in advertisement for tenders.

302. Was that one of the sections advertised when you asked for tenders?—It was not advertised as a section from Livingstone to Edmonton.

303. Was it a part of any of the sections advertised for?—It was.

304. A part of which section advertised for?—Of section number three.

Sect. 3 originally ran from Fort Garry to a point in longitude of Edmonton.

305. As advertised, what was section number three?—It was from Fort Garry to a point in the longitude of Edmonton.

306. Have you a list of the tenders which were submitted as to that section?—Yes; I now produce it (Exhibit No. 7).

307. This is attached to several sheets as, I notice, showing the tenders for all the sections separately?—Yes.

Fuller submitted lowest tender for the whole of Sec. 3, which originally included Sec. 1.

308. Mr. Fuller appears to have submitted the lowest tender for the whole of section number three?—Yes.

309. Did section three include originally section number one?—Yes.

He did not get contract.

310. Then can you explain why did he not get the contract for the whole of section three?—It was because for that portion of number three which corresponds with section one he wanted a higher price.

Contract No. 2—
Telegraph.

311. How much higher?—Fifty or sixty thousand dollars.
312. That was not considered to be so good an offer, with that increase, for the whole section as you accomplished by dividing it?—If it had been practicable to entertain Mr. Fuller's proposition to add \$60,000 to his tender, the cost of the two sections would have been \$216,000, whereas the tenders accepted amounted to \$225,100. But if Fuller's proposal to add \$60,000 had been entertained the whole would have been \$216,000 instead of \$225,000 which was given.
313. Why was it considered proper to accept the tenders which were accepted for \$225,100, instead of this increased offer at \$216,000?—Because the acceptance of Mr. Fuller's tender involved a change in the amount.
314. Is that in your Department held to be a reason for refusing a contract, if a man adds anything to his first tender after it is sent in?—The practice is that a tender should not be altered after it is sent in. Such a change not permitted by practice of Department.
315. Do you mean that the Department will not recognize them if they are altered?—No.
316. That is the general practice?—Yes.
317. And do you give that as a reason for this lower offer having been refused—because it involved an alteration after the tenders were received?—Yes.
318. Do you know any reason why this should apply to the second contract, and not to the first contract? You will, perhaps, remember that in October there was something added to Sifton, Glass & Co's tender—\$16 a mile for maintenance?—I am not sure that it was added in that way. Thinks offer to take \$16 a mile for maintenance was not added to tender of Sifton, Glass & Co., contrary to rules of Department.
319. Speaking of contract number two, you say that was awarded to Fuller. How many miles did his contract embrace nominally?—That contract embraced nominally 500 miles. Contract No. 2 embraced nominally 500 miles.
320. What was the sum agreed to be paid on construction in contract number two—Fuller's contract?—\$117,250. For construction \$117,250 agreed on.
321. And how much for maintenance for five years?—According to his tender \$65,000. \$65,000 for maintenance.
322. Which makes a total of?—\$180,250. Total, \$182,250.
323. And what had you previously agreed to pay in the aggregate for the balance of section three to Sifton Glass & Co. under the name of section one?—\$107,850. \$107,850 agreed to be paid to Sifton, Glass & Co. for construction of Sec. 1, and \$127,850 for maintenance besides profits.
324. And the maintenance?—\$127,850.
325. That was besides profits to Sifton?—Yes.
326. Then, exclusive of profits, what had you accomplished by those two contracts as the price for the whole of section three including construction and maintenance?—We were getting the work executed for \$310,100, including maintenance. Thus \$310,000, besides profits is cost of constructing and maintaining Sec. 3.
327. Will you look at the statement of Mr. Fleming respecting one of the rejected tenders, by Thompson, who offers to do the whole of his portion of the line, section three; let us know what his offer was?—In the statement prepared by Mr. Fleming Mr. Thompson's tender is represented as being at the rate of \$280 a mile, giving a gross sum for construction of \$226,000, offices and other matters not included. For the maintenance \$11,200 per annum, which for five years gives \$56,000, S. Fleming's statement represents Thompson's tender for the same to be \$280,000 exclusive of offices, &c.

**Contract No. 2—
Telegraph.**

and this added to the previous sum gives \$280,000. Time of completion three years.

328. Then as far as construction and maintenance are concerned he offers to do this work for \$280,000, without offices?—Yes.

That is \$30,000 minus cost of offices, less than the price contracted for.

329. That is \$30,000 less than the two contracts which you made?—Yes.

330. Do you know whether that \$30,000 was considered to be the value, or less than the value, of the offices?—I must refer you to the engineer for that information, I am unable to answer it.

331. You mention that he tendered to complete this in three years, and it is so stated in Mr. Fleming's certificate?—Yes.

332. Have you looked at Thompson's original tender, or a copy of it?—Yes.

Thompson proposes to finish Secs. 5 and 6 in two years; Secs. 1, 2, and 3 in three years, and Sec. 4 in four years from the date of contract.

333. Will you read what the tender says about the time of completion?—It says: "Inasmuch as the Parliament is quite silent on the question of time for the completion of the line, or of sections of it, I have decided to submit the following which, however, may, perhaps, be modified upon comparing with the Department. Sections five and six in two years, sections one, two and three years, and section four in four years from the date of contract."

334. Then the time that he names for this section three appears to have been fixed upon the condition that he should get five and six?—I have given the exact words of the tender.

No offer made to Thompson.

335. Was there any offer made to Thompson, that you know of, about this section?—Not that I am aware of.

336. Will you produce Thompson's original tender?—Yes. [Exhibit No. 8.]

Fleming's schedule showed Thompson's tender to be \$11,200 per annum for maintenance.

337. In the schedule to which you have referred, relating to section three, Mr. Fleming appears to show Thompson's tender to be \$11,200 per annum for maintenance?—Yes.

The actual tender is 14 per cent. of cost in woodland and 5 per cent. in prairie per annum.

338. Look at the original tender and tell me what his actual offer for maintenance is, and read it?—It is as follows: "I will keep the lines in repair for one and one-half per cent. of the cost in woodland, and five per cent. in prairie per annum."

339. Then his tender for maintenance depends upon the price he asks for construction?—Yes.

Further particulars of tender.

340. What price does he ask for construction through woodland?—Eight hundred and eighty dollars per mile on section number one. He does not state his price for woodland on section three.

341. And for prairie?—For prairie on section three, \$280 a mile.

342. Does his price at \$280 a mile extend to the whole of the prairie on section three or only to that portion beyond Fort Pelly?—Only to that portion beyond Fort Pelly, which is 550 miles.

343. Have you calculated exactly what his tender asks for maintenance?—Yes.

344. What is the gross sum that he asks for maintenance?—\$10,777.50 per annum.

Contract No. 2—
Telegraph.

345. And for five years?—\$53,887.50.
346. This added to his price for construction, as stated in Mr. Fleming's estimate, would give what total?—\$227,887.50.
347. This would appear, by that estimate, to be some \$32,000 less than the two contracts that you have accomplished?—Yes.
348. But this estimate of Mr. Fleming's as to the construction is apparently erroneous?—Yes. S. Fleming's estimate erroneous.
349. The price for construction as really asked by Thompson amounts to a considerable sum over that?—Yes. Thompson's prices really higher than those contracted for.
350. How much larger would the sum be that was really demanded by Thompson upon an exact calculation?—\$114,750.

OTTAWA, Saturday, 14th August, 1880.

HENRY N. RUTTAN, sworn and examined:

RUTTAN.

By the Chairman:

Survey's--Ex-
ploration.

351. What is your occupation?—Civil Engineer and contractor. Civil Engineer.
352. Have you been in the employment of the Government of Canada at any time?—I was in the employment of the Government in 1868 on the Intercolonial Railway.
353. After leaving the Intercolonial Railway, were you employed in any way in connection with the Pacific Railway?—I was employed in 1874 on an exploration north of Lake Superior, and in 1875 on an exploratory survey between the Kay lakes and Root River. In 1874 explorations north of Lake Superior; in 1875 exploratory Survey between the Kay Lakes and Root River.
354. During the first period had you charge of a party, and in what capacity?—When I left the Intercolonial Railway I was in charge of section six as Division Engineer of the Intercolonial Railway.
355. And on the Pacific Railway?—In 1874 I was assistant to Mr. T. J. Thompson, and in 1875 I had charge of the division; Mr. Henry McLeod, District Engineer. Assistant to T. J. Thompson in 1874; in 1875 had charge of division.
356. What time in 1874 did you begin operations?—We began in June. Began operations June, 1874.
357. At what point?—At the Pic River on Lake Superior.
358. In what direction did you proceed?—We proceeded in a westerly direction along the shore of the lake to Nipigon. Proceeded westerly to Nipigon.
359. What was the number of men in the party to which you were attached?—About twelve altogether. Party numbered twelve.
360. Will you describe the different positions of the members of the party, whether they were laborers, engineers or otherwise?—Mr. Thompson was the engineer in charge of the party; I was assistant engineer, and the rest of the party consisted of the chain men, axe men and boat men.
361. You had no animals with you?—No. No animals.

**Surveys—Ex-
ploration.**

Three months on shores of lake, then made instrumental survey from Red Rock to South Bay of Nipigon.

362. How long were you occupied in that work?—We were occupied about three months in the exploration along the shores of the lake. We then made an instrumental survey from Red Rock to the South Bay of Lake Nipigon.

363. How long did that occupy?—As well as I can remember about a month.

Four months in field.

364. So that during the season you were occupied about four months?—Yes; in the field.

Thompson purchased supplies in Toronto and Collingwood.

365. What was the system for procuring the supplies for such a party at that time?—The supplies at that time were purchased by Mr. Thompson, the engineer in charge of the party in Toronto and Collingwood.

366. And taken with you or sent on?—I think they were taken with—possibly part were taken with us, and part were sent on to Red Rock.

367. Then the engineer in charge made all expenditures upon his own responsibility?—He bought, of course, what he thought was necessary for the survey.

368. Did he exercise his own discretion in procuring supplies necessary for the expedition?—I think so; I do not think he had any instructions with reference to the matter.

How accounts kept.

369. Do you know anything about the mode of keeping the accounts for that party?—We had an officer attached to the party—sometimes with the party, and sometimes getting the supplies—who was supposed to keep the accounts, and attend to the distribution of supplies on the line.

370. Who was that?—A man named Robson or Robinson, I am not sure which.

371. You took no part in the accounts or the procuring of supplies?—None whatever.

372. Do you know the letter which would designate that party at that time in the books of the Department?—I do not remember just now; I could find it by referring to the report.

After field work, office work at Ottawa.

373. Besides the time you were occupied in the field, were you engaged a further time in connection with the work?—After getting through with the field work we came to Ottawa and made our plans and reports.

374. In the Department of Public Works? Were you connected with the Department of Public Works?—In the Canadian Pacific Railway Office; I think it was outside of the Department of Public Works proper at that time.

Chain and axemen discharged after field work.

375. After the work in the field I suppose the chain men, axemen and others would be discharged?—Yes.

20th May, 1875. Left Winnipeg as engineer in charge of division

376. About what time did you commence in the next season?—In the next season I left Winnipeg on the 20th May, 1875.

377. What was your position in that party?—I was engineer in charge of the division.

378. Who was your assistant, or had you an assistant?—My first assistant was W. McG. Otty.

379. What was the size of that party?—During the season there were over twenty-five or thirty-five men employed.
380. Do you mean at one time, or at different times?—At different times.
381. What was the average strength of the party?—Sometimes twenty-five, and sometimes more than thirty-five.
382. Over what territory did they operate?—We made the exploration between the Hay Lakes, south of Edmonton, to the Root River.
383. Was that an exploration, or an exploratory survey?—It was an exploratory survey.
384. That is different from the work which you performed at Nipigon?—Different from the work on the north shore of Lake Superior. This was an instrumental survey.
385. The explorations are made without instruments of any kind, I believe?—Simple explorations are made without instrumental measurement.
386. How long were you employed on this last service?—The survey was commenced on the 11th of August, and finished on the 13th of November.
387. Were most of the party then discharged?—The party was hired in Winnipeg, and about the 25th of November we left the neighborhood of the Hay Lakes on our return to Winnipeg, but when near Fort Pitt we received instructions to return to Edmonton and commence a location survey.
388. Did you return?—I went to Carleton to meet Mr. McLeod, leaving my party at Fort Pitt, and returned to Edmonton.
389. Were the men of your party retained at work, or discharged at that time?—They were retained under pay. They were travelling; they were not at work.
390. Do you know how long they were retained under pay travelling?—For the time necessary to enable us to go from the Hay Lakes to Carleton and return to Edmonton. We commenced the survey again on the 4th February, 1876.
391. After they got to the point that you describe, Edmonton, were they then discharged?—No, they were not discharged. It was very difficult to get men there. We could not have got men to go on with the work if we had discharged those that we had brought from Winnipeg.
392. How long did they remain under pay without work?—The survey was finished on the 13th of November, 1875, and commenced again on the 4th of February, 1876.
393. During that intervening period were they under pay and not at work?—Yes, except at travelling. They were not at work exploring.
394. Were they at one place much of that time?—I received instructions from Mr. McLeod to bring the party down to Carleton to meet him, but instead of doing that I left the party where the messenger found us, at Fort Pitt, and went down to Fort Carleton myself. While

Surveys—Exploration.

From 25 to 35 men employed during season.

Between Hay Lakes and Root River.

An exploratory survey.

North of Lake Superior an instrumental survey.

Survey commenced on the 11th August, finished 13th Nov.

Location Survey.

Instructions to commence a location survey at Edmonton.

Commenced survey again 4th Feb., 1876.

From 13th Nov., 1875, to 4th Feb., 1876, men under pay and doing no work.

Location Survey.

I was going down to Fort Carleton and returning the men were at Fort Pitt.

395. About how long was that?—About three weeks, I think.

396. For the rest of the period were they at any particular place resting?—They were travelling constantly for the rest of the period.

First responsibility of procuring supplies rested with Mr. Nixon.

397. Upon that expedition who had the responsibility of procuring the supplies?—The first responsibility rested with Mr. Nixon, at Winnipeg, who was purveyor for that district, and there was an officer of his attached to our party.

398. What was his name?—Valentine Christian.

399. What was his duty?—His duty was to look after all the Government property, and see that we were kept properly supplied with provisions.

Nixon purchased supplies upon a requisition of the engineer.

400. Do you mean that Nixon had the responsibility of purchasing supplies in the first place?—Of purchasing supplies upon a requisition from the engineer of the party.

401. Then the engineer made a requisition for such articles as he thought he would require, and Nixon bought them at such prices as he thought proper?—Yes.

Prices in no way under control of engineer.

402. The prices were not in any way under the control of the engineering officer?—No.

Deputy purveyor certified for supplies received.

403. Who certified the accounts for the supplies received by the party?—The deputy purveyor attached to the party.

404. Then, Valentine Christian could certify?—He would satisfy Mr. Nixon that the supplies were properly received.

405. He would not certify as to the price?—I think not.

Witness not required to certify any amounts of money.

406. Were you required to certify any amount of money?—No.

Nor had he any control over prices.

407. Then you had no control over the amount of expenditure?—Not otherwise than as making a requisition for supplies or provisions which were necessary for the party.

408. Without reference to the price?—Without any reference to the price.

Expedition west of Winnipeg May, 1875, to December, 1876.

409. Can you say about how long you were engaged in that expedition west of Winnipeg?—I left Winnipeg in May, 1875, and returned again in December, 1876.

410. During that time you were in the field principally?—Yes.

411. After that did you retain your connection with the Pacific Railway?—Yes.

Afterwards came to Ottawa and made plans.

412. In what capacity?—I came to Ottawa in the same capacity and made the plans of the work that we had done in the field and report.

413. Until about what time were you so employed?—Until April, 1877.

414. So that upon that expedition and the plans connected with it you were under employment nearly two years?—About two years.

- Railway Construction—Contract No. 15.**
415. After that had you any connection with any works on the Pacific Railway?—In April, 1877, I went on contract 15, as engineer for the contractor, Mr. Whitehead. April, 1875, went on Con. 15 as engineer for Whitehead.
416. How did you procure that position?—Mr. Whitehead wanted an engineer, and, I believe, applied to Mr. Fleming for a recommendation, and, I understand, I was recommended by Mr. Fleming. S. Fleming recommended him.
417. Did you proceed to work on section 15?—Yes. Went to Sec. 15 March, 1877.
418. About what time?—In May, 1877.
419. Had any work been then done upon it?—The work had been commenced in March, I think, but very little had been done. Work had been commenced in March but little progress had been made.
420. At that time had plans been prepared showing the location of the line, or the quantities of different kinds of work, or any other particulars which would enable you to ascertain pretty well what was required?—There was no information in the possession of the engineers that would enable one to make an accurate estimate of the final quantities of work on the contract. No means of making accurate estimate of final quantities of work on the contract.
421. Had the location been made?—The trial location had been made, but the permanent location was not completed, and they had not complete profiles made. Trial location made; permanent location not complete, profiles incomplete.
422. What particulars are generally requisite before commencing work on a railway?—It is generally considered necessary to have a complete working plan and profile of the contract work to be done.
423. What is a working plan?—The working plan is a plan of the country, showing the exact location of the line of railway.
424. Was there any such plan when you went there?—The line has been changed several times since, and there was no plan at that time showing the work as finally done. Line changed several times.
425. Was there any working plan at that time of any line actually located?—There was a plan of a located line.
426. Was there any profile of a located line as there located?—I cannot answer that question, but I can say that I was not able to get a complete profile of the line. The contractor was not furnished with a complete working profile of the line. Never furnished with profile of line.
427. Do you know whether there was such a thing in existence?—I believe there was not. I believe that the levels were not sufficiently far advanced to enable them to make a working profile. Believes no such thing existed.
428. Besides this working plan and the profile, which you mention, is it necessary or usual to have the line cross-sectioned?—It is necessary in order to enable them to calculate the quantities of material. Cross-sectioning necessary in order to calculate the quantities.
429. What does cross-sectioning mean?—It means taking a section of the ground at right angles to the centre of the line. The profile of the centre of the line is a longitudinal section. Short sections taken at right angles to that are cross-sections.
430. Can quantities be estimated even approximately without cross-sectioning?—Not unless the ground is perfectly level; it could not be done on contract 15.
431. Was the ground not level?—No; the ground was very rough Ground very rough.
on contract 15—very much broken.

Railway Construction—Contract No. 15.

Cross-sections taken in the fall and winter of 1876, from which approximate quantities obtainable.

Did not get a complete working profile until months after work was commenced.

Government engineers refused to give information.

Alignments and grades changed

Instructed to make a rock base for the earth embankments in water stretches.

432. Then was it possible to form any approximate estimate of the quantities at the time the work was commenced?—I think that approximate cross-sections were taken in the fall and winter of 1876 from which an approximate idea of the quantities could be arrived at.

433. Was that after the work had been commenced?—Before.

434. Were you furnished with any of the particulars given by those plans?—We had never been furnished with a complete working plan. We did not get a complete working profile until several months after the work was commenced, and it was commenced before we got any cross-sections.

435. Did you ask for these particulars from the engineer in charge?—I did.

436. What was his answer?—He was away from the contract when I arrived there, and I first asked the assistants for the working plan and profile of the section.

437. Who were the assistants?—Mr. Fellowes, Mr. Kirkpatrick and Mr. McNabb. Mr. Fellowes told me that he could not give me any information until Mr. Carre returned, and Mr. Kirkpatrick and Mr. McNabb told me that they had no plan or profile of the work made; that as soon as they made one they would be glad to give me a copy.

438. When you saw Mr. Carre did you ask him?—I did.

439. With what result?—He said that his assistants were quite right in refusing to give me any information, and that he did not intend to give me any of the information that I had asked for about the work. I specified all the information that I required, and wrote to Mr. Carre asking for it.

440. Was this answer to you in writing or verbal?—His answer was verbal.

441. How were you first made aware of the character of the work that you were required to do? How was it pointed out to you what the contractor had to do?—There was a line cleared for the telegraph construction, and over a portion of that the location stakes were in, showing the centre line of the railway.

4 2. Then the information given to the contractor was by something on the ground?—Yes.

443. Not in the shape of plans or writings or papers?—No.

444. Were levels given indicating the grade?—The grade pegs were put in for us at the commencement of cuttings on the ground.

445. Then you had the line grade?—Yes.

446. Shown on the ground?—Yes.

447. Was that line adhered to throughout the contract?—The alignments and grades have both been changed in several places.

448. Were you led to understand how the water stretches were to be crossed?—We were first instructed to fill up the water stretches with the rock taken from the cuttings and make a rock basis in the water sufficiently wide to carry an earth embankment.

449. Filled up solidly?—Yes.

Railway Construction—Contract No. 15.

Sept., 1877,
Judgment at
\$250 in the
day as at
caption.

450. About when were those instructions given to you?—I think I have a letter from Mr. Carre containing those instructions, dated about May or June, 1877.

451. Do I understand that they were the first instructions as to the mode of crossing the water stretches?—Mr. Carre wrote that they were the only instructions that he was aware of at the time.

452. Then they were the first that you had communicated to you?—Yes; the first communicated to us.

453. And that was to make a solid rock basis across water stretches wide enough to support an earth embankment?—Yes.

454. Would the width of it depend upon the height of the probable embankment?—Yes; the higher the embankment the greater the width of the rock basis.

455. Then the probable height of the embankment has been communicated to you by those grade pegs?—Yes.

456. Was there a scale given to you to work by, showing what width would be required for any particular height?—No; but the slopes of the embankment, were fixed and the width of the base depended upon the height of the embankment.

457. How were the slopes fixed?—The standard slope for earth embankments is one and a half to one.

458. Then you have it fixed by contract?—Fixed by specification.

459. Attached to the contract?—Yes.

460. Were you at that time led to understand that these embankments were to be of solid earth?—We were merely told to make the rock basis sufficiently wide to carry an earth bank. Had the rock basis been intended for trestle work only, it would not have been necessary to make them nearly so wide.

461. Then did those instructions in May or June, 1877, appear to indicate that it was a base not for the support of trestle work, but for the support of an earth embankment?—The base was required to be made wide enough to support earth embankments.

462. Were the bases put through the water stretches as solid rock bases?—No.

463. Why not?—It was seen that in order to make those bases, we would have been obliged to use all the rock on the contract at very few points, carrying the rock from cuttings over intermediate dry fills, and placing the material in the water. It was not considered practicable to do that as it would have taken a very long time, and entailed an enormous expense. No contractor could have stood the expense.

464. You say that this was ascertained; was it ascertained by the contractor and yourself, as an engineer, or by the Government engineer?—We spoke to the Government engineer about it.

465. Do you mean yourself, or you and the contractor?—I mean the contractor and myself.

466. To whom did you speak?—To Mr. Carre.

467. Who was Mr. Carre?—He was the division engineer in charge of the work on the part of the Government.

Width of base depended on the height of the embankment.

Rock bases much wider than necessary for trestle work only.

Not considered practicable to make bases of rock.

The Engineer-in-Charge addressed on this subject in summer of 1877.

Railway Construction—Contract No. 15.

Cross-sections taken in the fall and winter of 1877 from which approximate titles obtained

Did not complete Pincer took no motion. If

Went on under his instructions placing rock as bases in the water stretches near the cuttings.

July, 1877, Rowan visited work, and gave authority to fill up Lake Deception with earth, protected by narrow rock walls.

This was a decided change in the character of the work.

These directions given verbally to Chas. Whitehead.

Rowan did not direct that the embankments throughout should be rock protected.

In Sept., 1877, began making the side protection walls.

468. About what time did you communicate that to him?—Immediately upon receipt of his letter of instructions we mentioned to him that it was not practicable to do the work in that way; that we felt sure there was not rock enough in all the cuttings on the line to fill up the water stretches as he had directed us.

469. About what time of the year would that be?—May or June, 1877.

470. Did he take any action upon your communication?—No immediate action that I am aware of.

471. Did you proceed upon your own idea of what would be best?—No; we proceeded upon his instructions to place the rock cuttings that was near those water stretches in the water, forming the approaches.

472. You say that he took no immediate action upon your communication; when did he take action upon it?—No immediate action was taken by him, and we went on under his instructions, placing the cuttings near the water as solid bases.

473. Were any different instructions communicated to you authorizing a different kind of construction?—I think in the latter part of July, 1877, Mr. Rowan, inspected the work and then gave us authority to fill up Lake Deception with earth, protecting the slopes of the embankment with narrow rock banks.

474. Was this a decided change in the character of the work from which Mr. Carre had first directed?—It was.

475. Were these directions from Mr. Rowan in writing?—No; the directions were given verbally by him, in Mr. Carre's office, in the presence of Mr. Carre and Mr. Whitehead.

476. To whom?—To Mr. Charles Whitehead, as the contractor's agent.

477. Were you present?—I was.

478. Did those new instructions apply to the whole of the work or only to particular localities?—The instructions relative to filling up the embankments with earth applied to the whole of the work as far as earth could be procured. Mr. Rowan's instructions to us were that we should borrow all the earth that we could in order to make up the embankments.

479. Do you mean his instructions at that particular time?—At that particular time during his inspection of the work.

480. Do I understand that through all the water stretches Mr. Rowan directed you to make rock protection banks instead of solid bases?—No.

481. Then to what were the instructions limited?—The only definite instructions given by him with reference to that referred to Lake Deception at that time.

482. Were these instructions confirmed in any way to you either by Mr. Rowan or anyone else afterwards?—In September, 1877, we began making the side protection walls instead of full embankments, under the direction of the engineers.

483. Which engineers?—The engineers in charge of the work.

Railway Construction—Contract No. 15.

484. Who were they?—Mr. Carre was immediately in charge.

485. Did those instructions apply to any other places besides Lake Deception?—Yes; in September, 1877, we commenced making an embankment at Station 230 in that way. The fact of having the rock on the outside of those embankments instead of placing it all the way across would not necessarily alter the first instructions, because the intermediate portion might be filled up afterwards.

In Sept., 1877, commenced embankment at Station 230 in the same way as at Lake Deception.

486. Either with rock or earth?—Yes.

487. Or they might be used to support trestle work?—They could not be used for trestle work, because they would be so far apart that there would be water between them.

Rock protections could not be used for trestle work unless the intermediate spaces were filled in.

488. But they could, by filling in the intermediate places, be used for trestle work?—Yes.

489. Then the outside points on the top of the bases would not be further apart than if the original instructions had been carried out?—No; they would be the same distance apart.

490. The openings were the intermediate places between those outer parts, and they were left vacant instead of being filled with rock?—Yes.

491. Have you any reason to know whether Mr. Carre, in September, had instructions from any superior officer to alter the original character of the work?—No; I have not. Mr. Carre told me that he got instructions in June, 1877, from Mr. Rowan, to borrow all the earth he could on the work to make up the embankments.

Carre had instructions in June, 1877, to borrow all the earth he could.

492. And did his telling you that lead you to understand that you might make that change in the progress of the work?—It led us to believe that it was understood the change was to be made—that the work was to be carried on in that way.

493. That was in June, 1877?—Yes.

494. Was there, at any time while you were connected with the contract, any intimation on the part of any Government officer that you must provide trestle work, as mentioned in the contract?—There was no further intimation than the contract itself that I am aware of.

No further instruction that trestle work was to be provided as per contract.

495. I am asking whether any of the officers directed you to fulfil the contract as to trestle work?—No; that is, not as to trestle work generally. There were special trestles provided for the passage of streams, of which they gave us bills of timber and which they instructed us to build.

496. It was originally intended that all the works left in the fillings, which could not be made up with material on the line should be filled up with wooden superstructure, was it not?—Yes.

Original intention was to span by wooden superstructure all voids in the fillings.

497. What I mean to ask is, whether the engineers in charge ever directed you to do that according to the contract?—They never directed us to build any trestle work except that required for the passage of the streams, of which I have spoken.

Engineers-in-Charge never directed contractor to build trestle work save over streams.

498. Would that be built up to formation line?—Yes.

Contractor's Engineer and the Engineer in Charge differed as to quantities and in classification of material.

499. Were there differences of opinion between you and the engineers in charge as to measurements and quantities?—Yes.

Railway Construction—Contract No. 15.

500. Was that from the beginning or did it commence later?—The differences between us were as to quantities in classification of material and not in measurement.

Difference regarding loose rock.

501. What was the difference in your opinions?—The most serious difference was that in regard to loose rock.

502. What was your contention?—Our contention was that the specification meant that we were to be paid for loose rock as loose rock, and the contention of the engineers was that we were to be paid for all stones under a certain size as earth.

Engineers contended that stones under fourteen cubic feet were to be reckoned as earth.

503. What was the size they claimed?—They claimed that the specification meant that we were not to be paid for any stone under fourteen cubic feet in size.

504. All under that would be called earth?—Yes.

505. And your claim was what?—That when those boulders occurred in masses by themselves without any mixture of earth, they were covered by the specification, which says that we should be paid for all loose rock whether *in situ* or otherwise, that can be moved with facility by hand, pick or bar without fixing any size for stones. They contended that where those cuttings occurred they should measure every stone under fourteen feet, and pay us for it as earth.

Contractor always claimed that loose rock was under-estimated.

506. Did the difference in classification result in a large reduction of your claim for work?—We always claimed that they under estimated us in loose rock, and about a year ago, I think, the engineers deducted a large quantity of loose rock from the amounts which they had previously returned, making the differences still greater.

Further contentions.

507. Did you also differ about the rock which was outside of the cuttings, as described by the specifications?—Yes.

508. As to that rock which came off in the excavation, was there any difference between you and the engineer in charge?—Yes; the specification provides that the contractor shall be paid for the removal of all slides which occur in rock cuttings according to the class of material to which it may appear to the engineer to belong. On section 15 the rock was very much broken and the seams are often perpendicular or over hanging into the cutting, so that when a portion of rock in the prism is removed that behind it overhangs and slides into the cutting. We claim that we should be paid for the excavation of that rock.

It was agreed with Marcus Smith that such excavations should be allowed as loose rock.

509. As loose rock or solid?—It was agreed that we should claim only loose rock for it. At first we claimed solid rock for it; afterwards when Mr. Smith was on the line he said that we should receive only at the rate of loose rock for it, and we agreed to it.

510. Before that, had there been any understanding between you and the engineer in charge as to what you should be paid for this material?—No; up to that time it was always a matter of contention.

511. Then the agreement between you and Marcus Smith was that this material should always be estimated as loose rock?—Yes; we had before that claimed that we were entitled to be paid for solid rock if it was a cutting in solid rock.

512. Before that time how did the engineer in charge claim that that ought to be estimated to you?—They did not estimate it at all for us.

**Wayway Com-
struction—Contract No. 15.**

513. Did they not return it as earth?—No; they did not return it at all.

514. Do you mean that it was omitted absolutely from the measurements?—Yes.

Until the agreement with Smith Engineer omitted such rock from measurements.

515. Had you removed it from the embankments?—Yes; under the direct instructions of the engineer. We requested permission, if we were not to be paid for that rock, to waste it either on top of the cuttings or at the mouth of the cuttings, but under their strict instructions we were told to place it in the embankments.

Material placed in embankments under Engineer's instructions.

516. Then do you mean that although it was made available for the embankments, they refused to allow it to you under any classification?—Yes.

Yet he refused to allow it under any classification.

517. Had there been an unpleasant feeling between the contractor and his engineer, on one part, and the engineers acting for the Government on the other part?—Yes; we considered that they were not treating us fairly.

518. Was it about any other matters?—We considered that they did not treat us at all fairly in regard to giving us engineering information about the line, in regard to giving us bills of timber and quantities for trestles for the passage of streams and in the classification of loose rock, and in not paying us for the rock outside of the slope.

On three points Contractor contended that Govt. Engineers acted unfairly.

519. What difference do you estimate in the amount that was due to Mr. Whitehead under his contract and the amount which the Government admitted to be due?—In April last, I think, it amounted to about \$60,000.

Thinks in April, 1880, Govt. owed Whitehead \$60,000 more than they admitted.

520. And has that amount been withheld from Mr. Whitehead by the Government?—Part of that amount had been previously paid Mr. Whitehead and it was subsequently deducted; a part of it they never paid at all.

521. At the end of the transaction in April, do you claim that Mr. Whitehead was entitled to about \$60,000 more than he had received?—Yes.

522. Does that difference arise principally from this classification of the material in cuttings, or loose rock?—From the classification of material in cuttings and from the rock outside of the slopes in solid rock cuttings.

Claim for \$60,000 arises out of classification of material in cuttings and slopes outside.

523. Is there any other matter about which there is any serious difference between you and the engineer in charge?—Not as to quantities, I think the measurements agree pretty well.

The measurements agree.

524. Did Mr. Whitehead continue to complete his contract?—No; the work, since April last, has been carried on by the Government.

In April, 1880, work taken out of Whitehead's hands.

525. Did he give up the work, or was it taken out of his hands?—I believe it was taken out of his hands.

526. Who was the first engineer who communicated to you the idea that the trestle work would not be required?—I do not know that that communication was ever made to us in that way, but we were told by Mr. Rowan, in July, 1877, to borrow all the earth that we could in lieu of trestle work. He said that it was Mr. Fleming's desire that all the earth possible should be placed in the embankments.

In July, 1877, Rowan said Fleming desired all the earth possible to be placed in embankments.

Railway Construction—Contract No. 15.

527. What do you mean by borrowing earth?—Procuring it elsewhere than in excavations necessary for purposes of the railway proper.

528. Is it off the line of railway always?—It may be off the line of railway or off the prism of the cuttings through which the railway runs.

529. In either of those cases, would it be called borrowing?—Yes; if it is outside of the prism of the cuttings it would be called borrowing; anything inside of that would be called line cuttings.

530. Is earth sometimes borrowed from places at the sides of the work where there is no cutting; I mean, by making pits?—Yes.

531. So that borrowing may be where there is no cutting at all?—Yes; where there is no cutting otherwise necessary for purposes of the railway.

Several borrow pits made on Sec. 15.

532. Did it happen on this section that earth was borrowed where there was no cutting?—Yes; we made several borrow pits.

Country rocky, with deposits of sand.

533. What is the general character of the soil along the line as located?—The country generally is very rocky with deposits of sand in places.

What soil there is principally sand.

534. Then the soil, whatever soil there may be, is principally sand?—Yes.

535. Is sand good material for filling?—It is considered very good material for embankments.

536. Better than ordinary earth?—There are different kinds of sand, some kinds of sand may be better than ordinary earth for embankments and others not so good as ordinary earth.

537. Is the sand that you find in that country good?—It is generally of good quality.

538. As good as ordinary earth?—I think so.

Saw that all material for embankments could be borrowed.

539. When you first went up there did you ascertain whether there was much material which could be borrowed, or not?—We saw, upon our first inspection of the line, that we could borrow all the material necessary for making the embankments.

No trestle work necessary.

540. Without trestle?—Yes.

541. And has the result shown that opinion to be correct?—It has.

542. Then, from the beginning, was it your opinion that there was no necessity to introduce trestle work, because earth embankments could be made from the immediate locality?—Yes.

Country at west end of Sec. 15, and east end of Sec. 14, of the same character.

543. Do you know anything about the western end of section 15 being higher than the grade as arranged for the eastern end of section 14?—The character of the country on the western end of section 15 and the eastern end of section 14 is the same.

544. What I mean is this—it is intimated in some of the papers which have been before Parliamentary Committees, that there was a great deal of filling required to raise the eastern end of section 14 so that it might coincide with the western end of section 15. Do you know anything about that matter?—I do not understand it. The grade at the junction of the contracts is the maximum grade allowed on the work. It would not be possible to get any lower on contract 14 with that grade.

Railway Construction—Contracts 14 & 15.

545. Did Mr. Whitehead undertake to do any work on the eastern end of section 14?—Yes; he undertook to do a portion of Sifton & Ward's contract, immediately adjoining section 15.
546. From whom did he take that contract?—I think the contract was transferred by the Government from Sifton & Ward to Whitehead.
547. Are you aware that the quantities estimated by the Government engineers, were unexpectedly raised by changing the grade of the eastern end of section 14, so that it might coincide with the western end of section 15?—I am not aware that that could be done.
548. Are you not aware that it was done?—I am not. The country is of the same character at the junction of the contracts.
549. Then you say that it was known from the beginning where the grades would meet?—I cannot say that, but I do not see why there should be any reason why the grades should not meet.
550. You are not aware that any such opinion was entertained?—No.
551. You never heard of it?—No.
552. Did it happen, either on the eastern portion of section 14 which Mr. Whitehead undertook, or on section 15, that muskegs were drained and the bottoms subsided?—You mean that the surface of the muskeg subsided?
553. No; I mean that after drainage the earth would sink at the bottom so as to make a lower surface of earth?—Yes; the section of the railway shown after the drainage of the muskeg was very much lower than was shown before the drainage.
554. The earth at the bottom of the muskeg?—Yes.
555. Were there some muskegs drained which had that effect?—Yes.
556. In many places?—On the eastern half of section 14 there were several large muskegs that subsided in that way.
557. Would it be possible to follow that altered surface by the railway line, or was it necessary to fill it up to the original line grade?—If it was intended to make the embankment a certain height in the first place, the absolute height of that embankment might be reduced to correspond with the lowered muskeg.
558. Without interfering with the line?—Yes; because the muskeg was more solid after drainage and would support an embankment better than a wet muskeg would.
559. Do you mean that the formation line might have been lowered, where muskegs were drained, beyond what was originally intended without affecting the efficiency of the line?—Yes; they might have been lowered and an embankment made of the height originally intended.
560. Was that done in those muskegs that were drained?—I am not aware that it was. I think not.
561. Do you think that an unnecessary height of embankment was made through those muskegs?—It is the opinion of some engineers that the embankments are unnecessarily high.

Whitehead undertook the portion of Con. 14 adjoining 15.

Contract transferred by Govt. from Sifton & Ward to Whitehead.

Witness does not think the grade of 14 was raised to correspond with 15.

After muskegs were drained locality covered by them very much lower than before.

Several large muskegs on eastern end of 14 subsided.

Formation line of railway might have been lowered where muskegs were drained without reducing its efficiency.

Opinion of Engineers that embankments through drained muskegs were made unnecessarily high.

Railway Construction—Contracts 14 & 15.

Witness of the same opinion.

562. For the reason that you have given?—Yes.

563. Is that your opinion?—Yes.

564. The line over section fifteen as located at present is near the edge of what is called the Laurentian formation, is it not?—Yes.

The whole of Sec. 15 lies in Laurentian formation.

565. All the distance of section fifteen, or only part of it?—The whole of section fifteen lies in that Laurentian country.

Most difficult and expensive for railway purposes.

566. Is that a good formation on which to build a railway?—It is one of the most difficult.

567. And about expense?—And the most expensive.

Had location of the line on Sec. 15 been more southerly it would have left the rocky country sooner.

568. Is there any other formation near that line more favorable which could have been adopted?—If the location of the railway had been kept further to the south on section fifteen, the line would have left the rocky country much sooner than it does on the present location.

Describes a more southerly, feasible line from Keewatin to Winnipeg.

569. Can you state the locality at which it might have been diverted with advantage?—By diverting from the present line near Keewatin and running from there along the north shore of Clear Water Bay of Lake of the Woods, from there south of Crow Lake, from which point the line might go due west to the Red River, a large portion of the rocky country, some ten or twelve miles might have been avoided.

570. Have you ever estimated how much less a line over that route would cost than the line over the route adopted?—I have not.

\$500,000 to \$750,000 might have been saved by a southerly diversion of line.

571. Have you formed any general opinion without an exact estimate?—Taking into consideration the difference in the character of the country, I should think that from a half to three quarters of a million dollars less would have built the southern than the northern route.

Working expenses would be less.

572. Would the expense of working the line after it was built be greater or less on the southern route?—As the southern route would be freer from curves than the northern route, the working expenses would be less.

The southern line shorter between Rat Portage and the meridian of Winnipeg.

573. Have you any idea of the comparative distance?—The map shows that the southern line would be the shorter of the two and would connect more directly with the line south of Lake Manitoba.

574. Do you mean to Red River it would be shorter?—No; because the Red River bends to the east further north.

575. Between what points do you mean that it would be shorter?—Between Rat Portage and the meridian of Winnipeg.

576. Where do you live now?—In Winnipeg.

577. Have you lived there long?—For about three months.

578. Before that, where did you live?—Before that I lived at Cross Lake, on contract 15.

Telegraph Construction—Contract No. 1.

In 1876 found it difficult to get a message over telegraph line from Winnipeg to Fort Pelly. Lines down for weeks at a time.

579. Have you any means of knowing whether the telegraph line from Winnipeg west—say to Fort Pelly—is generally in good working order or not?—When I was west, in 1876, I found it very difficult to get a message through to Winnipeg. The lines were down sometimes for weeks at a time.

580. Was that on account of any inefficiency between Fort Pelly and Winnipeg?—It was said to be on account of the line through the muskegs between Fort Pelly and Winnipeg.

Telegraph Construction—Contract No. 1.

This attributed to muskegs, in which it is difficult to fix a pole firmly.

581. How would the muskegs make a difficulty?—It is difficult to get a pole down firmly in muskeg.

582. Why is it difficult?—On account of the soft nature of the soil, and the quantity of water in it.

583. Have you ever been over that line yourself?—No.

584. What is the general opinion in the community about the efficiency of that portion of the line? Have you any means of knowing?—The opinion is that the line is very inefficient. I have been told by one of the foremen who built a portion of the line just beyond the narrows of Lake Manitoba, that very often their poles would go twenty to twenty-five feet in the muskeg without touching bottom, and that there was no means of their bracing the poles so as to make them stand.

General opinion that line is very inefficient.

585. Have you any knowledge of any other contract made on account of the Pacific Railway?—Yes; Messrs. Whitehead, Ryan and myself entered into a contract this spring to deliver 100,000 ties on the line of railway.

Ties—Contract No. 59.

Whitehead, Ryan & Ruttan, contractors for 100,000 ties.

586. On what part of it?—On contract fourteen.

On Con. 14.

587. Do you know the number in the Department, of your contract?—Contract number fifty-nine.

588. What was the subject of your contract?—The delivery of 100,000 ties on the line of railway on contract fourteen.

589. What part of the country did that cover?—The country immediately east of Red River.

Delivery to be over country immediately east of Red River.

590. Were you to deliver them at any particular spot on the line?—No; merely on the line of railway where they were got out of the woods.

To be delivered along line of railway where got from woods.

591. At what rate were you to be paid?—At 27½c.

At 27½ cts.

592. Subject to any conditions as to price?—Subject to the Government stumpage.

Subject to Government stumpage.

593. Of how much?—I do not know the amount.

594. Has this contract been fulfilled?—Yes; we completed the contract early in April.

Contract completed in April, 1880.

595. Then the matter has been closed between you and the Department?—The matter has not been closed.

The matter not closed.

596. Why not?—On the 7th of April, after we had completed the contract, Mr. Rowan wrote us stating that he had forwarded the inspector's report to Ottawa and that the 100,000 ties had been delivered. Sometime afterwards he informed us that he had received instructions from Ottawa to have the ties reculled and re-estimated. He had this done with the result of throwing out 4,000 of the ties which he had originally estimated and which he said in his letter to us were delivered.

Ties were reculled and 4,000 thrown out.

**Ties—Contract
No. 59.**

597. Has that prevented the matter from being closed?—We did not accept that estimate of the ties, and they are now again being recalled by another man.

598. For your benefit?—No; by the Government.

Third inspection. 599. That is, then, a third inspection?—A third inspection is now going on.

600. At first, I understand, you had a certificate from him that the contract was filled and the ties were satisfactory?—Yes; the certificate was got from Mr. Rowan for the purpose of using it in the bank.

601. Why in the bank?—The bank required some authority to enable us to get the money to pay the men. Our ties were got out by sub-contract. Our agreements with the sub-contractors were that we should pay them for ties as accepted by the Government; anything not accepted by the Government we would not pay them for. On Mr. Rowan's certificate, our sub-contractors claimed payment for that number of ties.

**Sub-contractors
paid on 100,000
ties.**

602. What number?—The number certified by Mr. Rowan, 100,000, and we paid them on his certificate.

**Balance of \$6,000
or \$7,000 still due.**

603. Do you mean that you are not able to place yourself in the same position in consequence of their not being finally accepted by the Government?—There is a balance of six or seven thousand dollars still due us on that contract.

604. And is that the dispute between you and the Department on account of this subsequent inspection?—Yes.

**Rowan's letter
gave impression
that his first in-
spection was
absolute.**

605. At the time of this first inspection upon which you paid your sub-contractors, was it not understood with Mr. Rowan that it was only a temporary arrangement and for your benefit, so that if it was subsequently ascertained that the ties were not all there the whole amount should not be claimed?—Not at all. His letter to us conveyed the impression that the contract had been completed and the estimates forwarded to Ottawa for final action in the Department.

606. There was no understanding between you and him that it was done for your benefit temporarily?—Certainly not.

607. You understood it to be an absolute acceptance for the fulfilment of the contract?—Certainly; otherwise we should not have paid our sub-contractors until the final estimate had been made.

608. Is there any other matter within your knowledge relating to the Pacific Railway which you think should be mentioned?—Not that I am aware of.

**Railway—Con-
tract No. 15.**

**Not enough tim-
ber on Sec. 15 to
build trestle
work.**

609. Do you know whether there was sufficient standing timber on section 15, suitable for trestle work as originally mentioned in the specification?—No; there was not enough timber on the contract to build the trestle work.

**Character of
country must
have been well
known before
line located on
Sec. 15.**

610. Referring to the kind of country over which section 15 had been located, was it well known before the location of the line?—It must have been known, the surveys had been in progress for some years in that section of the country.

Railway Construction—Contract No. 15.

Surveyed lines as well as trails had been made.

611. Were there any trails over that section?—Two or three surveyed lines had been made, and there were also trails.

612. What do you call trails?—Trails are paths through the woods or lakes which are usually travelled.

613. For pedestrians or horses?—Not necessarily for horses.

614. Then there had been a track through that country before the line was located?—Yes; for the surveys.

615. Would there be any difficulty in ascertaining the amount of earth that could be obtained for the fillings?—I should think not.

No difficulty in ascertaining amount of earth to be obtained for the filling up.

616. Do you know where it was expected that the timber would be got for trestle work on section 15 if the timber was not on the section or near it?—I do not.

Does not know where the timber for trestles was expected to be obtained.

617. Have you been over this southern line that you spoke of from Rat Portage?—I have seen the line in several places, and I have been along the water, along Clear Water Bay, on Shoal Lake, and by the Falcon River, and up Falcon Lake.

618. But not on the immediate location?—No.

619. Is it the same geological formation as the other line?—Part of it is the same, but the country is not so rough, and as you approach Falcon Lake you sooner get into the open country on the southern line.

Approaching Falcon Lake, get into open country in the southern line twelve miles sooner.

620. How much sooner—by twelve miles or thereabouts?—I should think about that.

Telegraph—Contract No. 1.**TRUDEAU.**

TOUSSAINT TRUDEAU's examination continued:—

621. Upon the first day of your examination I asked you this question: "Do you think that the reason why the Department gave this contract to Sifton, Glass & Company was that they thought Waddle & Smith were about to fail to comply with the terms of their contract for section five?" You made some allusion to a report of Mr. Fleming's; have you anything to say further now that will elucidate that matter by further reference to the report?—In my answer to question 202 yesterday, I stated the reason why the tenders of Fuller, Dwight and Waddle & Smith were passed over. It was my intention this morning to have read Sifton, Glass & Company's tender, which, in my opinion, has been adopted without modification of price, but was prevented from doing so by other pressing business in the Department. I shall endeavor to do so by my next appearance before the Commission.

622. It has been considered that I prevented you from making as full a reference to this report as you intended. The object of my present question is to know whether you now wish to make a fuller reference to this report than you were allowed to do on that occasion?—(No answer.)

Witness not prevented making full reference to Fleming's report.

623. As you seem unprepared to answer that question, will you answer this: Were you prevented from making as full a reference to that report as you wished?—No.

Practice of Department.

Practice of Department to refer tenders to Engineer in charge for report.

Report not always accompanied by a recommendation.

Explanations would not be allowed to modify tenders.

Any meaning adopted must have appeared from the document itself.

Final appeal to the Minister.

Sometimes Fleming recommended the adoption of tenders; other times he omitted to do so.

In the latter case, Engineer not responsible.

Telegraph—Contracts Nos. 1 and 3.

Fleming's report of 16th Sept., omits recommendation on tenders for Secs. 1 and 3.

On 18th October, omits to recommend.

624. Is it the practice in your Department to require the engineer to recommend which of the tenders should be accepted?—The usual practice is to refer the tenders to the engineer in charge of the work for a report.

625. Always a report with a recommendation?—It is not always a recommendation.

626. Was it usual that the engineer should, in conversations with the persons tendering learn their intentions as to any matters that were left obscure in the tenders?—Yes.

627. Then a meaning can be adopted after a tender from conversation which could not be gathered from the document itself?—If after explanations received from a party tendering it was not possible to understand the tender without the explanations forming part of the tender, I do not think that the explanations would be admitted.

628. I have not been able to follow your meaning. I ask if a meaning can be adopted after a tender, by conversation, which could not be gathered from the document itself?—No.

629. That was not allowable?—No.

630. Then the meaning to be adopted must have appeared from the document itself?—Yes; it must be possible to understand a document from the wording of it.

631. Then if the tender conveyed one meaning to your engineer, a different meaning, in consequence of an explanation, would not govern the choice of tenders?—The engineer may have been wrong in his first reading; he may not have understood the tender.

632. Who has to decide whether he is right or wrong?—The whole Department is under the control of the Minister; he is our final appeal.

633. Has the attention of the Department been called to the fact that in some reports upon the question of adopting or rejecting tenders, Mr. Fleming positively recommends the adoption of some tenders, and in others avoids recommending any course?—The Minister saw all the reports made by Mr. Fleming, and he may have noticed himself the recommendations made by Mr. Fleming without its being necessary that his attention should be drawn to it.

634. Have you noticed the difference in the substance of his reports on this subject?—Yes.

635. Then where he declines to recommend a course it is adopted without his responsibility?—It is.

636. Will you look at his report upon the tender of Mr. Fuller for sections one and three, and upon the demand for an additional price for clearing, and say whether it recommends any action?—The report of the 16th of September is simply a statement of facts. It does not recommend any action.

637. Will you look at his report, about the 13th of October concerning the new interpretation of Sifton Glass & Co's tender as suggested by Mr. Sifton's letter of the same date to Mr. Fleming, and say whether that recommends any action?—I have looked, and it does not.

638. Will you produce Sifton, Glass & Co's original letter of that date?—I now produce it. (Exhibit 9.)
639. What is the date of Mr. Fleming's report on this letter now produced?—October 13th.
640. What is the date of the original letter?—October 14th.
641. Then Mr. Fleming reports on the 13th on Sifton, Glass & Co's letter of the 14th?—(No answer.)
642. Have you the original order appointing Mr. Fleming?—I have, and now produce it. (Exhibit 10.)
643. Have you copies of the papers connected with the contract number one?—I have none ready at this moment.

Telegraph—
Contracts Nos.
1 and 2.

Sifton, Glass &
Co's. letter pro-
duced.

Fleming's report
in this letter
dated the day
before the letter
itself.

Order-in-Council
appoints
Fleming.

Papers on Con.
No. 1 not yet
ready.

OTTAWA, Tuesday, 17th August, 1880.

JOHN THIRTKELL sworn and examined :

THIRTKELL.

By the Chairman :—

644. Where do you reside?—In the town of Lindsay.
645. How long have you lived in Lindsay?—Twenty odd years.
646. Do you know the people of Lindsay very well?—Yes; I know them pretty well.
647. Have there been any other Thirtkells living there of late?—Yes; there is a son of mine, W. J. Thirtkell.
648. Did you receive a summons to come here?—Yes.
649. How was that addressed?—It was addressed to W. J. or John Thirtkell.
650. Then, it appears to have been given to John and not to W. J.?—My son is not there: he is not in the country now.
651. Where does he live?—In Boston.
652. Was he the person who was in partnership with Sutton in the tender for the telegraph line?—Yes; I think he had some connection with Sutton at one time.
653. Do you know anything about that telegraph matter?—I do not think I could say anything about it. I was not connected with it in any way, and, of course, I do not know anything about the transaction myself.
654. So that the W. J. Thirtkell to whom this summons is directed is another man?—Yes; he is my son.

Resides in Lind-
say.

W. J. Thirtkell,
witness's son, not
in Canada.

He was connected
with Sutton.

Contract No. 1—
Telegraph.

TOUSSAINT TRUDEAU's examination continued :

By the Chairman :—

Witness believes that Fleming's second reading of Sifton, Glass & Co's tender of 1874 was the correct one.

655. Do you wish to add any thing by way of explanation to your evidence given already?—Yes; I wish to say that a careful perusal and consideration of the wording of the tender of Messrs. Sifton, Glass & Co., of 1874, for the construction of the Canadian Pacific Railway Telegraph confirms me in the opinion that Mr. Fleming's second reading of the said tender is correct. The tender submitted in the form of the letter refers to the advertisement and to the paper headed "Information for parties proposing to tender" issued by the Department, offers to construct the whole line for the gross sum of \$1,290,000, including maintenance. It should be noted that the period of maintenance specified in the advertisement was stated to be for five years from the time of the completion of the line. In the tender the following paragraphs appear:—

"The assumed length of the whole road from Lac La Hache, or to connect with the telegraph system of British Columbia to Nipissing, or to connect with the telegraph system of the Province of Ontario, is 2,190 miles, of which 1,485 miles is assumed to be wood land, and 705 prairie. The average cost per mile for wood land will be \$629 for everything, including telegraph, clearing, pack trail, station houses, insulators, instruments, tools, &c., and all of the best construction; but the actual cost of each mile will vary according to the location of the forest. The average cost of prairie land will be \$259, including everything, as per advertisement and information for parties proposing to tender, but the actual cost per mile will depend much upon the location. For instance the work from Fort Garry west to Fort Pelly can be done much more cheaply than the sections further in the interior. In our estimate we place the wood land from Fort Garry to Winnipeg River, and from Fort Garry to Fort Pelly at \$492 per mile; also, the prairie land within a distance of 250 miles of Fort Garry at \$189 per mile."

Average per mile per annum for maintenance for the whole line, \$16.

From the figures given in the first three paragraphs above quoted it appears that the offer of Messrs. Sifton & Co., is to build 1,485 miles of wood land at \$629—\$934,065; 705 miles of prairie at \$259—\$182,595. Total, 2,190 miles, \$1,116,660. Maintenance, \$173,340. Total for construction and maintenance, \$1,290,000. Taking the cost of maintenance at \$173,340, the average per mile per annum would be sixteen dollars, nearly.

Fleming's first impression of the meaning of tender.

Again, from the last paragraph quoted for the work between Fort Garry and Fort Pelly, a range exactly corresponding with that embraced in section one, the prices, when extended for the quantities and used in the comparison of tenders, give for 200 miles of woodland, at \$492 per mile, \$98,400; for 50 miles of prairie, at \$189 per mile, \$9,450; total, \$107,850. On the first reading of the tender of Sifton, Glass & Co. by Mr. Fleming he received the impression that the quoted mileage prices covered the cost of construction with maintenance, an opinion afterwards corrected. It has been shown that in the just quoted price of \$629 and \$259 per mile such was not the case, and that construction alone was comprehended therein. This being admitted, it is impossible, from the wording of the last paragraph as it stands, in which the lower rates of \$492 and \$189 per mile are quoted, to form any other conclusion but that they also referred to construction alone, and that maintenance is

not included in either case. The work awarded to Messrs. Sifton, Glass & Co. embraced the construction of the telegraph from Winnipeg or Fort Garry to Selkirk and Livingston, near Fort Pelly.

**Contract No. 1—
Telegraph.**

Forest, \$492 per mile.

Prairie, \$189 per mile.

Maintenance, \$16 per mile per annum.

States prices
asked by Sifton,
Glass & Co.

656. You say, then, that the contract as awarded followed the proper construction of the original tender, in your opinion?—What I say is that the prices of \$492 and \$189 per mile did not include maintenance.

657. Is that all you mean by the explanation that you have just read this morning?—I mean to show that this conclusion could be arrived at from the tender. It is independent of any explanation given by Sifton, Glass & Co.

Explains how
meaning con-
tended for could
be gathered from
the document.

658. Which conclusion?—That maintenance was not included in these prices.

659. Then do you consider that the contract was awarded according to the proper interpretation of his first tender?—The only objection I have to it—

660. Have you any objection to it?—The only objection I have to it is that the exact figure for maintenance was \$15.83 per mile instead of \$16, making a difference of 17 cents per mile per annum for the maintenance.

Witness finds
only objection to
be \$16 instead of
\$15.83 per mile.

661. With that exception, do you say that your opinion is that contract was awarded according to the proper interpretation of his tender?—In the contract Sifton & Glass are obliged to operate the line for the profits. There is nothing said of that in the tender; but with those exceptions, I think that the contract was a proper interpretation of the tender.

Contractor
is obliged to
operate the line
for the profits.

662. Then the feature of profits was one which did not appear in the tender?—It did not appear in the tender.

This feature not
in the tender.

663. How were the particulars of that feature arrived at between the Government and Sifton, Glass & Co.?—In a letter dated October 14th to Mr. Fleming, Sifton, Glass & Co. offer to work and receive the profits of the line.

First mention of
profits in letter
of Sifton, Glass
& Co. Oct. 15.

664. Do you say that they offered to work?—He says so in his letter.

665. Read the context?—"Contractors are to maintain, work and receive the profits of the line."

666. Do you mean that this letter of the 14th of October was the first negotiation on the subject of operating the line?—It is the first that I know of.

This letter the
first negotiation
on the subject of
operating the
line.

667. At different times in giving evidence you have named the date for receiving tenders as the 22nd of July, and also the 26th of July; which is the correct date?—In a printed copy of the advertisement which I have in my hand the 22nd of July is given.

22nd July the
date for receiving
tenders.

668. Do you believe that to be the correct date?—I do.

669. Has any return of the correspondence and documents connected with the letting of these two contracts been asked for by either House of Parliament—either by themselves or with any other contract?—Yes.

670. By which House?—The House of Commons.

**Contract No. 1—
Telegraph.**

A return of correspondence asked for, 11th May, 1878, by House of Commons.

671. At what date?—On the 11th March, 1878, "A Return calling for copies of specifications, tenders, correspondence, contracts, etc., in respect to the Canadian Pacific Railway, telegraph from Lake Superior to Fort Edmonton."

Return not laid before the House.

672. Was there a return prepared according to that order?—Yes.

673. Was it laid before the House?—I do not think it was.

674. Do you know the reason?—I do not.

Neither the letter of Sifton, Glass & Co. nor Fleming's report, included in return

675. Is this letter of Sifton, Glass & Co., to Mr. Fleming about the new interpretation of his tender, or Mr. Fleming's report to the Department, included in that return as prepared?—No.

676. Have you the report as prepared for the House?—I have.

The written report produced.

677. Can you produce it?—I now produce it (Exhibit No. 11). I want to explain that it does not appear that Mr. Fleming's report, containing a copy of Sifton Glass & Co's letter, has been filed in the records of the office. The original letter from Sifton, Glass & Co. to Mr. Fleming was filed in Mr. Fleming's office, and I believe that that is the reason why it does not appear in that return. I can see no other reason why it should not.

678. You speak now of Sifton, Glass & Co's letter to Mr. Fleming?—Yes.

Fleming's report to Minister not in record room.

679. But what of Mr. Fleming's report to the Minister?—I have mentioned that also. That does not appear to be in our record room.

It reached Department and Minister saw it.

680. You think it reached your Department, do you not?—I am quite sure that the Minister saw it.

681. Is not that report given as the reason for adopting Sifton, Glass & Co's tender?—Yes.

682. Then have you any doubt that it reached your Department?—I have no doubt that it reached the Minister, but I am only explaining how it is that it is not in the return—it is that owing to some accident, the return was not recorded by the clerk who endorses the letters and reports received every day.

Practice of Department.

683. Is there any rule in your Department affecting the eligibility as a contractor of a person tendering and making a material change in his offer before the contract is let?—We have no written rules.

Practice that tenders shall not be changed.

684. Then there is no rule on that subject?—There is no rule, but the practice is that tenders are not changed.

685. It appears that tenders are changed. I am asking whether it affects the eligibility of the person tendering?—They are not changed materially.

686. Did not Mr. Fuller ask \$60,000 more than he tendered for?—Yes.

687. Is not that a material change?—Yes.

688. Then a change was made?—It was not made.

689. It was made in the offer. I am asking if it does not affect his eligibility afterwards?—No.

690. He is still eligible?—He is still eligible to make tenders for any future work.

691. I mean for that particular contract?—I should think that he would still be eligible for that particular contract at his original price. He would not be eligible for his modified price.
692. Then the practice is, that if a person, after tendering, makes a material modification in his price or terms, he is no longer eligible for that contract?—We do not entertain his proposed change.
693. You do not allow him to modify his tender?—No.
694. Then a modified tender could not be accepted as a basis for a contract?—No.
695. And does that apply whether the modified offer be still the lowest offer or not?—It does.
696. So that although it be the lowest offer he is still ineligible for that contract?—His modified price is not accepted.
697. Whether it be lower or not than the next tender?—Yes.
698. For what portion of the line is the contract made with Mr. Fuller?—From Livingston to Edmonton.
699. Was that either of the sections named in the advertisement for tenders?—It was not.
700. Did Fuller tender for that portion of the line by itself?—No.
701. Was that portion of the line, by itself, ever offered to public competition?—No.
702. Have you ascertained whether an Order-in-Council was made in reference to the contract of Sifton, Glass & Co.?—I have ascertained that no Order in Council was passed.
703. In the advertisement for tenders of these telegraph contracts I do not notice that any directions are given to endorse the tenders as tenders. Is that usual or not in asking for tenders?—That is the general practice of the Department.
704. It was not followed in this case?—Apparently not.
705. What is the object of asking generally that tenders should be so endorsed?—So that they may be collected together and not opened.
706. Then if a tender should reach your office not endorsed as a tender, would it be opened before the day fixed for opening the tenders?—It would be unless it were brought in by some person who stated to the Secretary that it was a tender.
707. Unless the Department had some notification that the letter was a tender, it would be treated as an ordinary letter and opened on its arrival?—Yes.
708. Look at the tender of Sifton, Glass & Co.; is there anything on the envelope or tender to indicate that it ought not to be opened at once?—They are marked "Tender for Canadian Pacific Railway Telegraph line."
709. Then you think it was not opened until all the other tenders were opened?—I do think that it was not opened.
710. It would be on the 7th of August that it was opened?—Yes.

Practice of Department.

A proposed change in tender not entertained.

A modified tender could not be accepted as a basis of a contract.

Even though it were the lowest.

Contract No. 2—Telegraph.

Contract No. 1—Telegraph.

No Order in Council in reference to contract to Sifton, Glass & Co.

Usual in advertisement to direct that tender shall be endorsed.

Practice disregarded in this case.

Object of endorsing tenders.

In absence of some notice, a tender would be opened before the day fixed for opening tender.

Sifton, Glass & Co's tender was endorsed.

Was opened on 7th August.

**Contract No. 1—
Telegraph.**

A variable practice as to asking for Order-in-Council regarding tenders not at first the lowest.

Latterly practice to go to Council on all occasions, save where the lowest tender is accepted.

It would have been more regular to have gone to Council in this case.

Contract not awarded according to the rule at that time.

Correspondence with Mr. Dwight.

Fleming reports that Dwight's Company decline unless paid for clearing, \$320 per mile.

711. Do you know what the usual practice is as to asking for Order-in-Council upon tenders that are not at first the lowest?—The practice has varied a little. At one time an opinion was entertained in the Department that it was not necessary to go to Council when the lowest tender was not accepted, or when the contractor withdrew his tender in some way or other, and that it was only necessary to go to Council when the contractor declared himself willing to do the work, and that the Department wished to pass over him. This passing over we thought could only be done under authority of an Order-in-Council. But of late years we have modified the practice and now we go to Council on nearly all occasions except in cases where the very lowest tender is accepted.

712. Do you remember what the practice was in October, 1874?—We did not think that it was absolutely necessary to go to Council except when the Department wished to pass over a tender.

713. Do you mean, to pass over some regular and lower tender?—To pass over a tender the maker of which declared himself willing to do the work.

714. Then the memorandum endorsed on Sifton, Glass & Co.'s tender by the gentlemen whom you have said to be the law clerks, was not according to the rule in vogue at that time?—I have already stated that we should have gone to Council at that time. It would have been more regular.

715. Then the contract was not awarded according to the regular rule at that time?—Not the absolute rule.

716. Do you know of any reason for not following the regular rule?—It must have been more an oversight than anything else.

717. Have you obtained the correspondence with Mr. Dwight, showing why the contract was not awarded to him?—The only correspondence that we have on the subject is this: on the 16th September Mr. Braun, Secretary of the Department, writes to Mr. Dwight:—

“The Minister directs me to enquire whether the Montreal Telegraph Company is still prepared to carry out section 1 of the Pacific Telegraph Line from Fort Garry to Fort Pelly, according to your tender.”

On the 17th September Mr. Dwight answers:—

“The Telegraph Company, on whose behalf I forwarded a tender for the telegraph line from Fort Garry to Fort Pelly, are quite ready to carry out on the terms named. I forwarded yesterday from Toronto, under cover to Mr. Buckingham, another tender for completing the line from Fort Pelly to Edmonton, in the manner and on terms which, I think, will be worthy Mr. Mackenzie's attention.”

In a report by Mr. Fleming, dated 5th October, 1874, he says:—

“Referring to my letter of 16th September, respecting the tenders for the Pacific Railway Telegraph and the subsequent award of section number one to the parties represented by H. P. Dwight, it appears that these parties, who have recently been here, now decline to execute the contracts, on the ground that they do not embrace the clearing required in the wooded portion in their calculations, and they would require to be paid extra for the clearing, at the rate of \$320 per mile.”

Mr. Fleming says something more in this report, but I do not know that it is necessary to encumber the evidence with it.

718. Have you the original letter, or a copy of it, from Mr. Fleming to Messrs. Sifton, Glass & Co., of the 13th or 14th October, which led to their answer produced?—I have.
719. Is it in a shape in which you can produce and file it?—It is in a book.
720. Will you furnish a copy of it?—I will.
721. Do you remember whether you were present at the time that it was finally decided to award either of these contracts to Sifton, Glass & Co., or to Fuller?—I was not present.
722. Are you aware whether Government messages are charged for by Sifton, Glass & Co., over section one?—I would refer you to the engineer for that information.
723. You are not aware?—I am not aware just now.
724. What was the subject of your next contract, which is called contract number three?—The construction of a telegraph line from Edmonton to the existing telegraph system of British Columbia.
725. Was that one of the sections for which tenders were asked by the advertisement before alluded to?—Yes; it was called number four in the advertisement.
726. Have you charge of the original papers connected with that contract now in your Department?—This contract was awarded to Mr. Barnard, and Mr. Barnard alleges that he has a claim against the Department in connection with this contract. The whole matter was referred to Mr. Compton, one of the official arbitrators, for report on the facts. Mr. Compton has spent considerable time and taken a great deal of trouble to ascertain the facts, and he has reported to the Department. This report, with the papers, is now before the Minister of Justice.
727. So that you are not able to produce them?—I cannot at this moment.
728. What was the subject of your next contract?—Contract number four was for the erection of the telegraph from Fort William to Selkirk.
729. Were tenders asked for this part of the line, together with the others of which you have spoken?—Yes.
730. Who made the lowest tender for this section?—Waddie & Smith, according to the list prepared by Mr. Fleming.
731. How much for construction?—\$189,120.
732. And for maintenance—and I will add if you prefer it—as understood by the Department?—For maintenance \$5,040 per year with profits; or \$10,080 without profits.
733. Did they get the contract?—They did not.
734. Do you know the reason why?—They failed to give the proper security.
735. Whose tender was assumed to be the next lowest by the Department?—The second lowest, according to Mr. Fleming's list, was Sutton & Thirkell.

Contract No. 1—
Telegraph.

Not aware whether Sifton, Glass & Co. charge for Government messages.

Contract No. 3—
Telegraph.

Construction of line from Edmonton to British Columbia system.

This line called "No. 4" in advertisement.

Contract originally awarded Barnard, who makes a claim which is now before Minister of Justice.

Contract No. 4—
Telegraph.

Line from Fort William to Selkirk.

Waddie & Smith the lowest tenderers.

\$189,120 for construction.

\$5,040 for maintenance with profits, or \$10,080 without.

Waddie & Smith failed to put up security.

Next lowest, Sutton and Thirkell.

**Contract No. 4—
Telegraph.**

\$214,960 for construction and maintenance.

They also failed to give security. No correspondence other than appears in Sessional Papers, 1878.

Third lowest, Sutton, Thompson & Co.

They did not get contract.

On 24th Dec., 1874, Oliver, Davidson & Co. wrote a letter to Dept., saying they had arranged to carry out the tenders of Sutton, Thompson & Co. for sec. 5.

736. What is their price for construction?—Their tender is for construction and maintenance combined.

737. How much?—\$214,450.

738. Is that for five years maintenance?—The tenders do not state.

739. Have you the original tender?—Yes (Exhibit No. 12.)

740. I see that they proposed to construct and maintain according to the advertisement of the Public Works Department?—Yes.

741. You assume that to be for five years?—Yes; I assume that it is for five years.

742. Did they get the contract?—No.

743. Do you know the reason?—They failed to give the security.

744. Have you any original correspondence between the Department and Sutton and Thirtkell beyond that of which a copy appears in the Sessional Papers of the House of Commons for 1878 (No. 52)?—No.

745. Was there any correspondence beyond this that you know of?—No.

746. What time do you fix from this correspondence as the end of your negotiation with them?—On the 12th of December, 1874, Mr. Braun, Secretary of the Department, telegraphed to Sutton & Thirtkell "Unless you come between this and Wednesday next the Minister will pass to the next tender."

On the 16th December, Mr. Sutton replies:—

"In consequence of personal and family illness of one of my parties, I would request Minister allow three days to replace them and will close this week sure. Answer."

747. What is the signature to that telegram?—In the printed copy before me the signature is "R. S. Sutton," but in the original it looks like "R. T. Sutton."

748. Do you know of anything after this passing between Sutton and the Department in respect to Sutton & Thirtkell's tender?—I do not.

749. Whose tender appears to be the next lowest, from the report of your engineer to you?—The third lowest is Sutton, Thompson & Co.

750. Do you know whether that Sutton is the same whose name appears in the firm of Sutton and Thirtkell?—I do not.

751. Do you know the Christian names of Sutton in the firm of Sutton and Thompson?—The tender is simply signed "Sutton, Thompson and Co."

752. Do you know the Christian names of the Sutton in that firm?—No.

753. Have you any other document on this subject from Sutton, Thompson and Co. on record?—No.

754. Did they get the contract?—No.

755. Why not?—I find that on the 24th December, 1874, according to the printed document before me, we received a letter from Oliver, Davidson and Co., stating:

"We have now arranged to carry out the tender of Sutton, Thompson & Co., of Brantford, for section number five of the Pacific Railway

"Telegraph. What time would be convenient to have the matter closed with the Department? Could it stand over until after the Ontario elections? Please advise and oblige yours,

"(Signed) OLIVER, DAVIDSON & Co.,
"By A. OLIVER."

Contract No. 4—
Telegraph.

756. Had you any other information than that letter that Sutton, Thompson & Co. had parted with their interest in their tender, that you know of?—I do not know of any other.

Dept. had no other information than this letter that Sutton, Thompson & Co. had parted with their interest in tender.

757. Is it the habit of the Department to deal with a person who represents himself to be an assignee of one who has tendered without any evidence from the party himself who has tendered?—No.

Not the practice of Dept. to deal with a person who represents himself as the assignee of a tenderer.

758. Can you explain why that was done in this case?—I cannot.

Witness cannot explain why that was done in this case.

759. Is it according to rule or contrary to rule?—We have no written rules.

760. Is it according to the usual practice?—It is not according to the usual practice.

It was contrary usual practice.

761. Have you any evidence of any communication to Sutton & Thompson, informing them that their tender would be accepted—that is, after you had decided to negotiate no further with Sutton & Thirkell?—We have not on record.

No correspondence with Sutton, Thompson & Co. informing them that their tender would be accepted.

762. Can you explain how either Sutton & Thompson or Oliver, Davidson & Co. would know on the 24th December that their tender would be accepted?—No; there is no record.

No means of explaining how they or Oliver, Davidson & Co. could know that their tender was accepted.

763. Is it the practice of the Department to deal with persons under the circumstances in which this proposition is made by Oliver, Davidson & Co. without any transfer and without any notification that you were ready to deal with them?—It is not the practice.

Dealing with Oliver, Davidson & Co. contrary to practice of Dept.

764. In this case you did deal with them?—Yes.

765. Can you explain why you did not follow the usual practice?—No.

766. Were you present when it was decided to give them the contract?—No.

767. Will you give me the names of Oliver, Davidson & Co. separately?—Adam Oliver, of the Town of Ingersoll; Joseph Davidson, of the City of Toronto and Peter Johnson Brown, of Ingersoll.

768. Have you ever before noticed the absence of any communication from Sutton, Thompson & Co. on this subject with the Department?—I was aware of it.

Witness did not enquire into transaction very deeply; it was managed by Minister.

769. Did you enquire into it?—I did not enquire into it very deeply. The transaction was managed by the Minister.

This is the reason why witness did not make enquiries

770. Was that the reason for your not enquiring into it?—It was.

**Contract No. 4—
Telegraph.**

771. You say you did not enquire into it "very deeply;" did you enquire far enough to ascertain any reason?—I cannot give any reason. I do not know of any.

772. You did not ascertain any?—I did not.

773. You are not aware whether this is the same Sutton, as Sutton of the firm of Sutton & Thirtkell?—No.

Sutton & Thompson's tender is \$28,200 more than Sutton & Thirtkell's.

774. Have you noticed that the Sutton & Thompson tender is nearly \$30,000 more than Sutton & Thirtkell's?—Yes; the difference is \$28,200.

775. What is the price given under the contract as Sutton & Thompson's assignee, or rather to Oliver, Davidson & Co.?—\$590 per mile for woodland, and \$435 per mile for prairie.

776. Total for construction?—Total for construction and maintenance combined is \$243,150.

777. Will you produce the tender of Sutton, Thompson & Co.?—Yes. (Exhibit No. 13.)

No report of Engineer recommending this tender for acceptance.

No Order in Council.

778. Do you know of any report of the engineer recommending this tender for acceptance?—No.

779. Do you know whether there was any Order-in-Council directing it?—No; there was no Order in Council.

780. Are you aware of any other agreement with Oliver, Davidson & Co. about operating the line—so far we have spoken of construction and maintenance only?—I would like to refer to the books of the Department.

Railway Construction—Contract No. 5.

Earth work of roadbed from St. Boniface to Pembina.

Joseph Whitehead, contractor.

Date, 30th Aug., 1874.

Tenders invited by advertisement

C. Peach lowest tenderer.

781. What is the subject of your next contract?—It was the earth-work of the railway roadbed from St. Boniface, opposite the City of Winnipeg, to a point on the international boundary line east of Pembina.

782. Who is the contractor?—Joseph Whitehead.

783. What is the date of the contract?—About the 30th of August, 1874.

784. Were tenders invited by advertisement for this work?—Yes.

785. Have you the advertisement or a copy of it?—I have not got the advertisement.

786. Can it be procured?—I daresay we can find it.

787. Have you the tenders which were received for this work?—Yes.

788. Which is the lowest?—The lowest is from C. Peach, Toronto.

789. Were any specifications furnished to persons tendering?—The form of tender says: "In accordance with specifications."

790. Have you any of these specifications or copies of them?—Yes; but not here. (Specifications ordered to be furnished.)

791. Were they prescribed by any general rule as to specifications? I have not got the specifications here, and I cannot answer.

792. What was the date of the advertisement?—I cannot say at present.

**Railway Con-
struction—
Contract No. 5.**

793. Will you produce Peach's tender?—Yes. (Exhibit No. 14.)
794. I see that this tender alludes to the "southern" and "central" sections of the branch "as defined in the specification"; can you describe the different sections in the specifications?—Not at present.
795. Was the contract awarded to Peach?—No. Peach did not get contract.
796. Why?—On the 26th of August, Mr. Braun telegraphed to Peach and said :—
"The Minister wishes to see you respecting your tender for Pembina Branch immediately."
On the 27th of August, Mr. Peach answers :
"Cannot arrange for my security at present. Have written you by this mail."
And the letter written by Mr. Peach was :
"I am in receipt of your telegram, and in reply beg to say that I have only been here a short time from England and I am afraid that I cannot give you the satisfactory security just now, but if you can give me time to get a reply from England, I could then give you all the security you require. Awaiting your reply, etc."
Then on the 28th of August, Mr. Braun telegraphs to Mr. Peach :
"Cannot grant delay asked for, therefor must pass to next tender." Peach wanted time to put up security.
Delay refused.
797. Whose was the next tender?—The tender of Mr. Peach was 21 cents a yard, and there were two tenders for an equal price of 22 cents each. Peach's price 21 cts. per yard; two other tenders at 22 cts.
798. Of these Mr. Whitehead's was one?—Yes; Mr. Joseph Whitehead, and Mr. A. H. Clark. Whitehead's one of these.
799. Do you know when these tenders were opened?—Yes.
800. When?—On the 26th of August, 1874. Tenders opened 26th August, 1874.
801. Were you present when they were opened?—I was.
802. Mr. Whitehead's tenders, one for the central section and the other for the southern section, both appear to have been altered at some time from 28 cents per cubic yard to 22 cents?—Yes. Whitehead's tenders altered from 28 cts. per cubic yard to 22 cts.
803. Do you know anything about that?—No; they were altered before they were sent in to the Department. Tender altered before reaching Department.
804. They were in their present state when they were opened?—Yes.
805. Then the contract was made with Mr. Whitehead on this tender?—Yes.
806. Have you the original contract or a copy of it that you can produce?—I have not got it here, but I can furnish it.
807. Will you produce Mr. Whitehead's tender to be filed?—Yes; I now produce it. (Exhibit No. 15.)
808. Have you an Order-in-Council for this contract?—Yes.
809. Of what date?—7th September, 1874.
810. Was it the rule of that time to require an Order under the circumstances of this contract?—I have already explained that the opinion was held by several officers in the Department that even in this case it would not have been absolutely necessary to get an Order-in-Council.

**Railway Construction—
Contract No. 5.**

811. Can you explain why it was got, if not absolutely necessary?—No.

Order-in-Council produced.

812. Will you produce the Order or a copy of it?—I now produce the original. (Exhibit No. 16.)

813. Can you now tell the date of the advertisement asking for these tenders?—The advertisement says “tenders will be received up to noon of the 25th of August.”

814. Has this contract been fulfilled by this contractor?—I think that would be a proper question to put to the engineers.

815. You are not prepared to give an answer?—No

816. Are you aware whether there has been any dispute between the Government on the one side and the contractor on the other, on the subject of this contract?—I am not prepared to go beyond the letting of the contract.

817. Can you say whether there has been any dispute or not?—I must refer to the books of the office before answering that question.

818. Is there any other evidence connected with this contract that you think it proper to give us now—I mean which we are not likely to obtain better from the engineers?—No; I have no desire to make any other statement.

819. Do you think that the other requisite evidence can be better obtained from the engineers?—Yes.

Wednesday, 18th August, 1880.

**Telegraph.
Contract No. 1.**

TOUSSAINT TRUDEAU'S examination continued :

By the Chairman :—

Copy of Sifton, Glass & Co's. letter of the 14th Oct.

820. Will you produce the letter from Mr. Fleming to Sifton, Glass & Co., of the 14th October, or a copy of it?—I now produce a copy of it. (Exhibit No. 17.)

Fleming's report of same date.

821. Will you produce the report, of about the same date, of Mr. Fleming's, or a copy of it?—I now produce a copy of it. (Exhibit No. 18.)

822. Yesterday you said that you would search for the correspondence about operating section one of the telegraph line?—I have not had time to complete the search.

823. Have you any statement showing the annual expenditure on this section?—We are now preparing a statement.

**Railway Construction—
Contract No. 5.**

Description in specification of work in Con. 15.

824. Speaking of contract No. 5 with Mr. Whitehead, I notice that the specifications describe the work to be divided into two sections, the southern section being through townships 2, 3, 4 and 5, about 24 miles, and the central section through townships 6, 7, 8 and 9, about 24 miles, which would make 48 miles; but the contract appears to be let for about 63 miles. What does this mean?—The length of line is not given in the contract.

- Railway Construction—
Contract No. 5.**
Description in contract.
825. Are the terminal points given?—The contract says this: "The southern section, which will be in the allowance for road between townships one and two, will pass through townships numbers 2, 3, 4 and 5; and the central section, passing through townships 6, 7, 8 and 9, and terminating at the allowance for road between townships 9 and 10, lying east of Red River, opposite the town of Winnipeg."
826. Is the allowance for road between townships 9 and 10 opposite the town of Winnipeg?—You must ask the engineer for that information.
827. If the line has been completed to any point north of the line between townships 9 and 10, it is irrespective of this contract?—Yes.
828. It is not embraced in this contract?—No.
829. If it has been made further south than the line between townships 1 and 2, is it embraced within this contract?—No.
- Contract No. 33.**
Track-laying and ballasting between St. Boniface and Emerson.
Contractors—Kavanagh, Murphy & Upper.
830. Do you know of any other contract for making this line either south of the boundary between 1 and 2, or north of the boundary between 9 and 10 townships?—Contract No. 33, with Kavanagh, Murphy & Upper is for completing the grading, with all the track-laying, ballasting, &c., between St. Boniface and Emerson.
831. Have you that contract here?—Yes.
832. Do you know whether any grading was paid for to Mr. Whitehead on these portions that you speak of?—I would refer you to the engineers for that; I am not able to say.
- Line continued northward from Winnipeg under extension of Con. 5, called in Fleming's reports 5 A.**
833. Was this branch of the line continued northward from Winnipeg, or opposite Winnipeg?—Yes.
- Contract 5 A.**
834. Under what contract?—Under an extension of contract No. 5.
835. Have you a special number for this contract in your books—I mean the contract for the extension?—In Mr. Fleming's reports it is called 5 A.
- No additional papers drawn up for 5 A.**
836. Have you the original contract or a copy of it?—There is no additional paper in the form of a contract drawn up for 5 A.
- No document signed by Whitehead.**
837. Have you nothing signed by Mr. Whitehead showing that he undertook to do the work on this extension?—There is nothing before me signed by Mr. Whitehead; but Mr. Fleming, in a report dated 19th April, 1877, says:
- "Mr. Whitehead offers to do the grading on the extension of the Pembina Branch at the same rate as his original contract, and lay the track at the same rate as the present contract for sections 14 and 15." My impression is that Mr. Fleming received a letter from Mr. Whitehead; we have searched for this letter but have not got it yet.
- Fleming, on the 19th April, 1877, reported that Whitehead offered to grade extension of Pembina Branch at same rate as his original contract, and lay track at rates of Con. 11 and 15.**
838. Does this extension, as arranged with Mr. Whitehead, embrace the grading, track-laying and ballasting?—In the extract that I have given there is nothing said about the ballasting.

**Railway Construction —
Contract 5 A.**

839. Was there any Order-in-Council authorizing this extension in this way?—Yes.

Order-in-Council authorizing extension.

840. Have you the Order or a copy of it?—Yes; I now produce it. (Exhibit No. 19.)

Order-in-Council based on condition that cost should not exceed \$60,000.

841. This Order seems to be based on the condition that the whole cost of the work to be done by Mr. Whitehead was not to exceed \$60,000?—Yes.

Witness not aware of this condition having been communicated to Whitehead.

842. Do you know whether that condition was communicated to Mr. Whitehead?—I cannot show by any document that this was communicated to Mr. Whitehead.

842½. Are you otherwise aware that it was communicated?—No.

Amount paid up to 31st Dec., 1879, \$141,800.

843. Have you any report showing how much has been paid upon that extension?—At page 350 of Mr. Fleming's printed report for 1880 I find that Mr. Fleming states that the amount paid on his contract up to the 31st of December 1879 was \$141,800.

A contract in the terms of the Order-in-Council not considered necessary.

844. Do you know whether any effort was made to get a contract for Mr. Whitehead upon the terms mentioned in the Order-in-Council?—It was not considered necessary that there should be a separate contract. It was considered an extension of contract No. 5.

No efforts to effect a contract made.

845. Was any effort made?—No.

846. I see a note endorsed on this Order-in-Council, apparently by your Law Clerk, "No contract made." What is the object of that note?—It means nothing more than a statement that there is no contract.

847. When you say that it was not considered necessary because this might be done under his first contract, do you mean that this work was in any way referred to in his first contract?—The first contract says: "All the works required in and for the excavation, grading and other works contemplated to be done in the formation of the road-bed of the railway branch intended to run from the main line of the Canadian Pacific Railway to some point on the International boundary at Pembina (to be distinguished under the name of the Pembina Branch) or so much thereof as the Minister of Public Works may determine within the limits of the two following sections, namely" and then follows the quotation that I made before.

Length of line.

848. Then the length, as I understand it, is not limited—by your interpretation—within the two sections named?—From the reading of the contract, it appears to be at the option of the Minister to construct the line from the International boundary line to the main line, "or so much thereof as the Minister of Public Works may determine," within the southern and central sections.

849. That is speaking as to the line which was covered by the contract?—Yes.

Character of work covered by contract.

850. Then as to the nature of the contract, what work is covered by it?—It is the excavation, grading and other works contemplated to be done in the formation of the road-bed.

**Railway Construction—
Contract 5 A.**

851. And the only price named for that is 22 cents a yard, besides hauling?—Yes; it is the only price named in this contract.

Price—22 cts. a yard besides hauling.

852. Does that contract in any way refer to clearing, or fencing, or loose rock, or timber, or track-laying, or ballasting?—In the specification attached to this contract there is a clause which says: "On some portions of the prairie there are occasional groves of low poplar, willow or other light timber. Wherever the branch crosses any such groves they will be cleared the width required by day's labor, or in some other manner. This class of work will be so trifling that it will not be necessary to embrace clearing in the contracts for grading."

Clearing so trifling not necessary to mention it in contract.

853. Can you say about what proportion of the expenditure of \$141,000 is for the work of the kind described in that contract No. 5, and what proportion is upon other works not described in contract No. 5? Name the separate amounts approximately?—At page 126, of a report prepared by Mr. Fleming, 1879, he states that "the approximate amount of work executed under this extension up to the 31st December, 1878, is \$144,017.75, on account of which there has been paid \$141,500. Of this amount of \$144,017, \$56,428 is for items named in contract number five, and \$37,589 for other items."

\$87,589 out of \$141,017 for works not mentioned in the contracts.

854. Has this work, which appears to have cost over \$87,000, been submitted at any time to public competition?—No.

This portion of the work never submitted to public competition.

855. Have you any record of the directions given to Mr. Whitehead to perform this work?—I find that on the 11th May, 1877, Mr. Braun, Secretary of the Department, telegraphs to Mr. Rowan at Winnipeg:

11th May, 1877, Braun telegraphed to Rowan to authorize Whitehead to proceed with Pembina extension, and the terms.

"Authorize Mr. Whitehead to proceed with the Pembina extension as part of the first contract at 22 cents for earthwork, and the other work at prices as per his contract 15."

Braun writing to Marcus Smith, recapitulates the instructions.

And on the 16th May, 1877, Mr. Braun writes to Marcus Smith, acting Chief Engineer, as follows:—

"I beg to inform you that on the 11th instant Mr. Rowan was instructed by telegraph to authorize Mr. Whitehead to proceed with the works on the Pembina extension as part of his first contract at 22 cents per cubic yard for earth excavations, and the other work as per prices in his contract for section 15."

No letter to Whitehead in Department.

We have not, in the records of the office, any letter to Mr. Whitehead.

856. Do you know whether it was discussed in the Department as to prices of contract 15 being high or low for the work upon the extension? For instance, it appears by Mr. Fleming's report of 1879 that an amount of over \$24,000 has been paid for the excavation of off-take ditches, at the rate of 45 cents per yard. Was the propriety of that rate for this extension the subject of discussion in the Department?—I should like to refresh my memory by consulting the papers.

Remembers no discussion in Dept as to whether the prices for Sec. 15 were high or low for the Pembina extension.

857. Then, without consulting the papers, do you mean that you do not remember?—Yes; that is what I mean.

858. In order to refresh your memory I will call your attention to this fact: that on the section covered by contract 14, which adjoins the territory over which this extension is built, the price for the same sort of work is 23 cents, instead of 45 cents, and that that contract was previously let. Does that call anything to your memory?—I must consult the documents of the office or the engineers.

The fact that 45 cts. a yard were paid for excavation of off-take ditches, whereas only 23 cts. were paid on Sec. 14, in no way refreshes witness's memory.

**Railway Construction—
Contract No. 5.**

Advertisement for tenders.

859. You are not able to answer without doing so?—No.
860. Can you produce a copy of the advertisement asking for tenders for work on the Pembina Branch?—Yes; I now produce it. (Exhibit No. 20.)
861. And of the form of tender intended to be used?—Yes; I now produce it. (Exhibit No. 21.)
862. And of the specifications applying to the tender?—Yes; I now produce it. (Exhibit No. 22.)
863. Does the advertisement ask for a tender for any work north of St. Boniface?—No.

If contract 5 embraced work north of St. Boniface, not based on any advertisement for tenders.

864. In reading the contract with Mr. Whitehead (No. 5.) you thought that it embraced some work as far north as Selkirk?—Yes.
865. Then, if it did, it was not based upon any advertisement for tenders?—No.
866. Are you aware of any other advertisement for work north of St. Boniface to Selkirk?—I am not.

Contract 5A.

867. Do you mean that all the work upon that extension, from St. Boniface northward, was awarded without any competition?—It was awarded without further competition than that afforded by the tenders received for contract 5.
868. Was there any competition afforded by that? I understood you to say that the advertisement called for nothing north of St. Boniface?—There was nothing north of St. Boniface in that advertisement.

All the work on extension awarded without competition.

869. My question relates only to that north of St. Boniface?—It was awarded without competition.
870. All of it?—Yes; all of it.

Fleming's report on which Order-in-Council signed, ordering execution of this work.

871. Have you the report or a copy of the report from Mr. Fleming upon which the Order-in-Council is based, ordering this work to be done by Mr. Whitehead?—Yes.
872. Will you produce it?—I now produce it. (Exhibit No. 23.)

Further report of Fleming.

873. Have you any other original documents relating to this extension which would give us information on the subject?—Yes; I now produce a report from Mr. Fleming, dated May 2nd. (Exhibit No. 24.)

Defines the prices of sec. 15 applicable to Con. 5 A. Does not know why other prices of sec. 15 were made applicable.

874. This report seems to define the prices of section 15 which were to be made applicable to this extension. It mentions "namely: ties, 40 cts. each, track-laying and ballasting, \$290 per mile," and nothing more. Do you know why other prices for section 15 were made applicable to this extension?—No; I do not.
875. On April 19th Mr. Fleming's report contains this language: "Mr. Whitehead offers to do the grading on the extension of the Pembina Branch at the same rate as his original contract, and lay the track at the same rate as the present contract for sections 14 and 15."

**Railway Con-
struction—
Contract 5 A.**

His report of May 2nd has this language:

"An Order-in-Council be passed accepting the proposal of Mr. Whitehead and defining the terms."

The Order-in-Council makes no allusion to prices of section 15 being applicable to this extension, except as to these matters so defined: can you tell me the authority that Mr. Braun had for telegraphing as he did on the 11th of May to Mr. Rowan?—I cannot.

Witness does not know Braun's authority for telegraphing the instructions to Rowan on the 11th May.

876. Does it appear to you that this telegraph, in wider terms than the report of Mr. Fleming, has led to these charges at the higher rates which we have been speaking of; for instance "off-take ditches" at 45 cents; or can you give any other reason for it?—I know of no other reason for it.

Witness knows no other reason than Braun's telegram for the higher prices.

877. Have you any other paper that you wish to put in concerning contract 5 or 5 A which would enlighten us?—I wish to put in a letter about fencing. (Exhibit No. 25.)

Letter about fencing.

878. Was any action taken on this letter which you produce?—Yes.

879. What action?—I produce a letter which was written to Mr. Smellie. (Exhibit No. 26.)

Letter to Smellie.

880. Do you know what further was done about this matter?—No.

881. Have you any other paper that you wish to put in?—I have no other.

882. Have you any further evidence to give by way of explanation of your previous evidence on this subject?—Nothing at present.

Contract No. 33.

883. Was there any other contract made in connection with the Pembina Branch, either north or south of St. Boniface?—Yes.

Kavanagh, Murphy & Upper.

884. With whom was it made?—With Kavanagh, Murphy & Upper.

885. Will you give their individual names?—The contract is signed "T. Kavanagh, James Murphy, and Joseph Upper."

886. Was the work included in this contract submitted to public competition?—Yes.

887. Have you a form of the advertisement to put in?—I have none with me, but I can prepare a copy to be furnished afterwards.

888. About what date was the advertisement?—I have not got the date.

889. What time was fixed for receiving tenders?—The first of March 1878.

1st March, 1878, fixed for receiving tenders.

890. Whose was the lowest tender?—Mr. Kavanagh's was the lowest.

Kavanagh's tender lowest.

891. The one which obtained the contract?—Yes.

892. Have you his tender?—Yes. (Exhibit No. 27.)

Tender produced.

893. Is it based upon any form of specification furnished by the Department?—It is based on a specification prepared by the Department.

Based on specification supplied by Department.

894. Is it the same as the specification attached to the tender produced?—The paper attached to the tender is not a specification, but a bill of works.

**Railway Construction—
Contract No. 33.**

895. Is it not intended that his tender should be qualified by specifications?—The tender is to be upon the terms and conditions specified in the specifications bearing date the 18th of April, 1876.

896. Have you the specifications of the 18th of April, 1876, which you can produce?—I have not got the specification here, but will produce it later.

897. What is the number of this contract?—It is contract No. 33.

Work not completed.

898. Has the work been completed under their contract?—It has not.

Contractors failed to execute a portion of work; taken in consequence out of their hands.

899. Has there been any dispute between the Government and the contractors upon the subject of the contract?—The contractors have failed to execute a portion of their work and it has been taken out of their hands.

A dispute.

900. Do you mean without any dispute or difference? Were they willing that it should be taken out of their hands?—There was a dispute.

901. What was the nature of the dispute?—I would rather appear before the Commission with the papers connected with the dispute.

902. Have you the contract here?—Yes; but I do not wish to leave it at present. I will prepare a copy for the Commission.

903. Have you a list of the persons who have tendered for this work?—Yes.

List of tenderers for this work.

904. Can you produce it?—Yes; I now produce it. (Exhibit No. 28.)

905. Are these tenders based upon an approximate estimate of the quantities, and a schedule of the prices attached to such work?—They are.

Relative position of tenderers ascertained by moneying out schedule prices.

906. Is the relative position of the persons tendering ascertained by moneying out those schedule prices?—Yes.

907. Have you a report showing the result of that moneying out?—Yes; and I now produce it. (Part of Exhibit No. 28.)

Report shows that contract was awarded to lowest tenderer.

908. By this report the persons who got the contract appear to have made the lowest tender; is that your understanding?—Yes.

909. Has there been any dispute between the Department and any other persons who tendered as to relative positions?—No.

910. Is there anything about this contract that you can explain beyond the evidence that you have already given?—Two of the parties who sent in tenders made mistakes in the extension of their figures and these mistakes were corrected.

911. Has any dispute arisen on that account?—No.

Engineers keeping account of work executed since Government took control.

912. Do you know whether the Department, or the engineer, or any one has kept an account of the quantities executed since taking the contract out of the hands of the contractor?—The engineers are keeping an account.

**Railway Ties—
Contract No. 36.**

932. Did he frame the advertisement for the tenders, or was it framed here, directing them to be addressed to him?—The order to receive tenders was given by the Department to Mr. Marcus Smith, the Acting Chief Engineer. I cannot say at this moment whether he prepared the advertisement here, or instructed some of his assistants to do so in Winnipeg.

Management left to Marcus Smith.

933. Was the management of the matter then left to Mr. Smith's arrangement?—It was.

934. Do you remember whether the account given by Mr. Nixon of the selection of the person to receive the contract was satisfactory to the Department or not?—Yes; it was, at the time, considered as the best thing that could be done.

Nixon had made a proper selection.

935. Do you mean that he had made a proper selection?—Yes.

On 29th Oct., 1879, contract taken out of contractor's hands in consequence of delays.

936. Was this contract fulfilled by the contractor?—At page 129 of Mr. Fleming's general report of 1879, Mr. Fleming reports that on the 29th of October the contractor had only delivered 86,808 ties, and as the tracklaying of the Pembina Branch was being delayed in consequence the contract was taken out of the contractor's hands and a sufficient quantity furnished by the Department at his expense.

937. Have you any further knowledge of the matter of this contract, or would it be better obtained from the engineer or any other person?—I refer you to the engineer.

Tender was accepted by Order-in-Council.

938. Do I understand that there is an Order-in-Council?—There is an Order-in-Council accepting Robinson's tender.

939. Have you that Order to be produced?—I have not; but I can get a copy of it.

940. As to the payments on account of these different matters, have I understood you to say that we had better ask the engineer or accountant as to the particulars, or will you be prepared to furnish them?—The engineer and accountant will know quite as well as I can.

Nixon left employ of Dept. in 1879, the position he held having been abolished.

941. Is Mr. Nixon still in the employ of your Department?—No.

942. Do you know about what time he ceased to be in the employ of the Government?—In 1879.

943. Did he resign, or was he removed?—The position he had was abolished.

944. Was that the subject of an Order-in-Council?—I am not prepared to answer that.

OTTAWA, Thursday, 19th August, 1880.

TOUSSAINT TRUDEAU's examination continued:

By the Chairman:—

945. There were some papers asked for yesterday, which you thought you would be able to get to-day. Have you brought them?—They are now being copied.

946. Is there any other contract relating to the Pembina Branch besides those which we considered yesterday?—Yes.

Railway Station Buildings, Pembina Branch—Contract No. 49.

947. What is the subject of the next one in point of time or number?
—The erection of station buildings.
948. What is the Pacific Railway number of that contract?—No. 49.
949. Who was the contractor?—Richard Dickson. Richard Dickson, contractor.
950. What is the date of the contract?—15th August, 1879. Date, 15th Aug., 1879.
951. Was this work submitted to public competition?—It was. Submitted to public competition.
952. Have you a copy of the advertisement asking for tenders?—Not here. I will have one prepared at some future time. Advertisement dated 17th June, 1879. Time for receiving tenders, 15th July.
953. What is the date of the advertisement, and the time fixed for receiving tenders?—The advertisement was dated 17th of June, 1879, and the time for receiving tenders was the 15th of July.
954. Where was it advertised? In this province, or in Manitoba, or in both?—I can give that to the Commission at some future time.
955. Were any specifications furnished to persons tendering?—Yes. Specifications furnished.
956. Can you produce a copy of them?—Yes; but not at this moment.
957. I understand you to have one before you which you read from, but which you wish to keep as a record of the office?—Yes.
958. Have you a form of the required tender which can be produced?—I have a form, but cannot produce it at this moment. I will produce it hereafter. Tender will be produced hereafter.
959. Have you any list showing the relative positions of the different persons who tendered, or was there only one tender?—Several tenders were received, and a list of them is printed at page 32 of the Blue Book called "Tenders for works on the Canadian Pacific Railway since January, 1879."
960. Was this contract awarded to the person who made the lowest tender?—Yes. Contract awarded to lowest tenderer.
961. Have you the tender?—I will send for it.
962. Have you the contract?—Yes; but I would ask leave to produce a copy of it hereafter, as I wish to retain this as a record in the Department.
963. Is this contract made according to the terms of the advertisement for tenders?—Yes. Contract made according to terms of advertisement.
964. I notice attached to this contract a separate indenture from sureties. Is this under any new arrangement?—It is not a new arrangement.
965. Has it always been customary to attach documents of this kind to contracts relating to the Pacific Railway works, in the Department?—Yes, up till very recently.
966. I notice in this contract, section 7, that the cost of the work is limited to a maximum sum specified in the contract. Has that been usual in contracts on the Pacific Railway?—No. Not usual to limit cost of work to a maximum sum in contract.

Railway Station Buildings, Pembina Branch—Contract No. 49.

Mode of preparing contracts.

967. This contract is upon a printed form; is there any settled form adopted with that condition in it now, as a rule, in the Department?—Each contract stands by itself. They are prepared by our law clerk, and transmitted to the Minister of Justice, and are there approved of or amended.

Contract completed

968. Has the work under this contract been fulfilled?—Yes; Mr. Fleming, at page 314 of his general report for 1880, says that this contract has been completed.

To the satisfaction of Dept.

969. Are you aware that there has been any dispute about the mode of its completion or the prices paid?—No.

970. Do I understand that it has been completed to the satisfaction of the Department, as far as you know?—Yes.

971. Is there any other matter connected with this contract that you can explain?—Not that I can think of at this moment.

972. Can you now put in the form of tender upon which this contract was let?—Yes; I now produce it. (Exhibit No. 30.)

973. Can you now put in the form of specification on which the contract was let?—Yes; I now produce it. (Exhibit No. 31.)

Railway Ties—Contract No. 36.

Order-in-Council authorizing contract.

974. Can you produce the Order-in-Council which authorized the contract with Robinson, as to the ties?—Yes; I produce it. (Exhibit No. 32.)

975. Was there any other contract relating to the construction of this portion of the Pembina Branch?—No.

Railway Construction—Contract No. 13.

Contractors, Sifton & Ward.

Date—3rd April, 1875.

976. What is the number of your first contract for any portion of the construction of the Pacific Railway between Lake Superior and Red River?—Contract 13.

977. Who is the contractor?—Sifton & Ward.

978. What is the date of the contract?—The 3rd of April, 1875.

979. Was this work let by public competition?—Yes.

980. Have you a copy of the advertisement?—Yes. (Exhibit No. 33.)

Telegraph Contracts

Statement regarding, by Accountant.

981. Upon a previous occasion you said you would produce a statement of expenditure upon the telegraph contracts; are you able to produce it now?—Yes; I produce a statement signed by Mr. Baine, Accountant. (Exhibit No. 34.)

Railway Construction—Contract No. 13.

Specifications given to tenderers.

982. Were any specifications concerning the work on contract 13 given to persons tendering?—Yes.

983. Have you a form of the specifications which you can produce?—Yes; I produce one, and it embraces the bill of works. (Exhibit No. 35.)

27th Feb., 1875, latest time for receiving tenders.

984. What was the latest time for receiving tenders?—The 27th of February, 1875.

Railway Con-
struction—
Contract No. 13.

985. Have you a statement showing the persons who tendered?—
Yes.
986. Can you produce it?—Yes; I produce the original. (Exhibit
No. 36.) List of tenderers.
987. This last appears to be certified by Mr. Braun, Mr. Rowan and
Mr. Palmer; are you yourself aware of any of the circumstances con-
nected with the opening of the tenders beyond what that certifies?—
No.
988. Then your knowledge as to the opening of those tenders is based
upon this certificate?—Yes.
989. Attached to this certificate is a report by Mr. Fleming showing
the eight lowest tenders; have you any knowledge as to that statement
beyond what is shown there?—No.
990. Are the facts correctly stated in those certificates, as far as you
know?—I believe they are. I have not audited the list, but I believe
it to be correct.
991. Were these tenders based upon a schedule of prices applied to
those quantities given in the bill of works?—Yes.
992. By Mr. Fleming's certificate, Charters & Co. appear to be the
lowest tenderers; have you their tender?—I will produce it shortly. Charters & Co.,
lowest tenderers.
993. In this bill of works I notice the heading over the quantities in
these words: "The following is an approximate estimate of the total
quantities of the work required to be executed"; and again: "From
this bill the aggregate amounts in the several tenders are to be com-
puted." Do you know whether that was understood in the Department
to be an approximate estimate or not? There has been some difference
of opinion, I notice, in the evidence before the committees, between Mr.
Fleming and the Minister of Public Works as to the meaning of that
estimate and these words; have you any knowledge as to how it was
understood in the Department?—I understood the words "approximate
quantities" to mean as explained in the bill of works. The bill of
works says: "The quantities in this bill are furnished for the purpose
of giving an approximate idea of the nature and magnitude of the
contract, and to admit of a comparison of the tenders. The Department
of Public Works reserves the right to vary the location and alter the
works in any manner that may appear advisable, and such alterations
shall not invalidate the contract. The quantities of work so altered,
whether above or below the quantities now furnished, shall hereafter
be correctly ascertained and paid for according to the schedule of
prices in the tender which may be accepted."
994. You have not understood my question. That is the intended
effect of the use of the words upon the minds of the persons tendering.
My question is directed to this: what was understood in the Depart-
ment to be the meaning of the words? Was it understood that those
quantities gave an estimate approaching accuracy, or were the quan-
tities entirely speculative?—My understanding was what is conveyed
in the bill of works.
995. I have not made myself intelligible. Did you understand that
the quantities named in this bill of works were nearly correct, or that
they were speculative?—My understanding was that they were approx-
imately correct. Quantities named
in bill of works
approximately
correct.

**Railway Construction—
Contract No. 13.**

996. What do you understand "approximately" to mean?—In conversation with the engineers I understood that the location and the cross sections had not been sufficiently advanced to obtain the quantities as correctly as they could be obtained later when very close measurements had been obtained; that it was measured, probably, as closely as could be on the profiles, but not as closely as could be measured later on the ground.

Witness means by "approximately correct" as correct as they could be obtained on the profile.

997. Then did you understand that those quantities were, at all events, as correct as would be obtained after the location of the line?—I understood them to be as correct as could be obtained on the profile.

998. Is there a profile made before a location?—There is a profile made of trial locations.

999. Then do you mean that the quantities were ascertained by profiles on trial locations in this instance?—Yes; as far as I understood it.

1000. And that the quantities were named as closely as they could be named on that kind of examination?—Yes.

Marcus Smith deposited in 1879 that this contract was let before survey.

1001. Mr. Marcus Smith gave his evidence in March, 1879, before a committee of the Senate, in which he says that this contract was let before the survey was made; do you know if that was correct?—You will observe that the bill of works referred to is dated January 20th, 1875. Now at page 51 of Mr. Fleming's general report for 1877 he says, in the fourth year—1874—that in the autumn the location of the line between Thunder Bay and Lake Shebandowan—a distance of 45 miles—was commenced, and considerable progress was made by the end of the year. I suppose the statement made by Mr. Fleming is correct.

Witness supposes from Fleming's report that a trial location had been made before quantities stated.

1002. And that consequently a trial location had been made before these quantities were stated?—Yes.

Charters withdrew his tender by telegram in consequence of being refused further time.

1003. By the report of Mr. Fleming which you have produced, Charters & Co. appear to be the lowest tenderers. Do you know why they did not get the contract?—Mr. Charters withdrew his offer.

1004. How is that communicated to the Department?—On the 12th of March, Mr. Charters telegraphs to Mr. Braun:

"Telegram received, and having had no answer from you regarding my first request for delay of time, I was compelled to relinquish contract against my will."

1005. Have you the correspondence showing what he had asked, or copies that you can put in?—On the 3rd March Mr. Braun telegraphs to Mr. Charters:

"Are you ready to undertake contract for railway between Fort William and Shebandowan, as tendered for on the 22nd ult., and in compliance with the Railway Act of last Session, chapter 14?"

1006. To what place is that directed?—Dorchester, New Brunswick.

1007. What is Mr. Charters first name?—E. A. Charters. On the 4th March Mr. Charters telegraphs to Mr. Braun:

"Not anticipating decision so soon, will require short time to see others concerned. Think my tender will come under head of clause 12, General Provisions, chapter 14. Will in all probability accept contract and make deposit of cash, stock and bonds of amount required if a little time is allowed."

**Railway Construction—
Contract No. 13.**

On the 11th March Mr. Braun telegraphs to Mr. Charters:
“Not hearing from you, and ample delay been allowed, the Minister
has passed on to the next tender.”

Then comes the telegram of the 17th March, which I have read.

1008. I understand that you are reading from copies, not the original,
of this correspondence?—Yes; from copies.

1009. Who makes the next lowest tender?—Mr. Taylor.

Taylor next lowest tenderer.

1010. Can you explain why he did not get the contract?—Mr. Taylor, in a telegram to Mr. Braun, dated 15th March, says:

Taylor abandoned contract.

“Still confined to my bed. Will have to abandon contract.”

1011. Where is that from?—Orillia.

1012. Do you know whether any deposit was made by these persons tendering at the time of tender?—I will give the answer in a few minutes.

1013. Have you the original tender of Charters & Co.?—Yes; I now produce it. (Exhibit No. 37.)

1014. Have you the original tender of Mr. Taylor?—Yes; I now produce it. (Exhibit No. 38.)

1015. Attached to this tender of Mr. Charters is a short report from Mr. Fleming; please read it?—“Grading, contract Fort William to

Fleming's report.

“Shebandown. Taylor is the next above Charters. If Mr. Smith has not heard from the latter, I should say it would be advisable to pass over him and enter into contract with Taylor. Do you approve?”

Reference to Hon. A. J. Smith.

“Yours, &c.,

“S. FLEMING.”

1016. To whom is that addressed?—It is not addressed to any one.

1017. Do you know for whom it was intended? Who is the Mr. Smith referred to?—The pencil mark says “Hon. A. J. Smith.”

1018. Do you know why he was named?—Probably because he was of the same locality. Possibly the Minister of the Department may have inquired of him whether he was a competent and able man.

Conjectures of witness as to reference to Hon. A. J. Smith.

1019. This is a surmise?—Yes; a surmise absolutely.

1020. What is this pencil writing in the corner?—The pencil memorandum in the corner is: “Mr. Smith will let me know in the course of the day—Wednesday.” It appears to be signed secretary—“sec.” It is possibly a memorandum by Mr. Braun.

Memorandum relative to Smith.

1021. This report of Mr. Fleming's seems to suggest the passing on to Mr. Taylor, providing Mr. Smith had not heard from Mr. Charters; do you understand why Mr. Smith's hearing should be material?—I do not; you must apply to Mr. Fleming.

Does not know why Smith's hearing from Charters should be material—Refers to Fleming.

1022. Did either Charters & Co., or Mr. Taylor ask for any return of deposit, on abandoning these tenders, that you know of?—I will answer this question later.

1023. Attached to these tenders of Mr. Charters and of Mr. Taylor are apparently signatures of two sureties in each case. Do you know when they declined to take the contract whether any claim was made against the sureties in either case?—These were sureties offered in case

No claim made against sureties, as they did not guarantee that tenders would be adhered to.

**Railway Construction—
Contract No. 13.**

the contract was entered into. They were not sureties guaranteeing that the tenders would be adhered to by the parties tendering.

Language of document signed by sureties

1024. That is not the language of the document they sign. I will read it:—"And in case this tender shall be accepted, we hold ourselves ready to enter into contract for the due execution and completion of the work, or so much thereof as may be required; and we offer as sureties for the carrying out of all conditions, as well as for the due fulfilment of the contract, the two persons who have signed their names to this tender for that purpose." Has the interpretation of this undertaking in the Department been that the sureties are not liable until the contract is entered into?—Yes.

How interpreted by Department.

1025. Have you the tender of Sifton & Ward?—Yes; I now produce it. (Exhibit No. 39.)

1026. Have you the contract based on this tender?—Yes; I have here the original contract. I will produce a copy to be filed.

Contract for work between Fort William and Shebandowan.

1027. This contract is for work between Fort William and Shebandowan. Has the contract been fulfilled?—I find at page 388 of Mr. Fleming's general report for 1877 the statement that "after the contract was let, a change was made in the location of the line which cut off about 12½ miles at the westerly end and reduced the quantity of work about one-third. The contract now terminates at a point near Sunshine Creek, length 32½ miles."

Change in location caused contract to terminate near Sunshine Creek.

Line shortened.

1028. Without reference to Mr. Fleming's report, are you not aware that the length of the line was shortened?—Oh, yes.

1029. Has the work which has been done by Sifton & Ward under this contract been accepted as a fulfilment of their duty under it?—I shall look in the Department and refer to the reports on the matter.

1030. Have you, within your own knowledge, any estimate of the expenditure upon the portion abandoned, and which was originally included in this contract? Or is that to be obtained from some other branch of your Department?—I have not. The engineers will give you that information.

**Railway Station Buildings,
Pembina Branch—
Contract No. 49.**

1031. Can you produce now Mr. Dickson's tender for contract 49?—Yes; I now produce it. (Exhibit No. 40.)

**Railway Construction—
Contract No. 13.**

Claim for compensation.

1032. Are you aware that compensation was claimed by the contractor on this contract 13 for the keeping of men some weeks before the engineer arrived to locate the line?—I am aware that there was such a claim.

Marcus Smith took charge of settlement of this claim.

1033. Do you remember who took charge of the settlement of the claim?—My recollection is that it was Marcus Smith, Acting Chief Engineer.

Contract No. 33.

1034. Can you produce the bill of works for contract 33?—Yes, I now produce it. (Exhibit No. 41.)

1035. Can you produce the specifications for contract No. 33?—Yes; I now produce them. (Exhibit No. 41½.)

**Railway Construction—
Contract No. 14.**

1036. What is the number of your next contract on the construction between Lake Superior and Red River?—The next number after 13 is No. 14.
1037. Who were the contractors?—Sifton & Ward. Contractors, Sifton & Ward.
1038. Was this work let by public competition?—Yes.
1039. Have you the advertisement asking for tenders?—Yes. Advertisement calling for tenders.
(Exhibit No. 42.)
1040. Was any specification or other information furnished to persons tendering?—Yes.
1041. Can you produce them?—Yes. (Exhibit No. 42½.)
1042. Were the contractors the persons who made the lowest tender?—No. Not given to lowest tenderer.
1043. Who made the lowest tender?—According to the report of Mr. Fleming dated 31st of March, 1875, the lowest tender received on contract 14 was from Wallace & Co. Wallace & Co., lowest tenderers.
1044. Are these tenders based upon a schedule of prices?—Yes. Tenders based on schedule of prices
1045. Which are to apply to the quantities given in the bill of works?—Yes.
1046. And by moneying out those items you arrive at the relative position of the parties tendering?—Yes.
1047. This report proposes to show that position?—It does.
1048. Have you the tender of Wallace & Co.?—Yes. (Exhibit No. 43.) Tender of Wallace & Co.
1049. Some copies of telegrams are attached to this tender; have you the messages to which these were answers, or copies of them?—Yes.
1050. Are they in such a shape that you can produce them, or do you wish to keep them?—I have not got them in such a shape that they can be produced, but I can read them. On the 25th of March, Mr. Braun telegraphs to Wallace: Telegrams between Dept. and Wallace & Co.
“If your tender for contract fourteen is accepted are you ready to make deposit required; if so come. Contract papers must be completed within eight days from this—answer.”
On the same day, 25th of March, Wallace, telegraphs to Mr. Braun:
“I am ready and will be there to close contract first of next week.”
This is signed “R. J. Campbell.”
1051. That is signed by a Mr. Campbell?—Is he one of the parties tendering?—Yes; Campbell was one of the parties tendering.
1052. Under the name of Wallace & Co.?—Yes. Mr. Campbell, on the 29th, telegraphs to Mr. Braun: Contractors apply for extension of time.
“Just heard that section fourteen was awarded to us. If necessary will you extend the time to qualify five days—answer.”
On the 30th Mr. Braun telegraphs to Campbell:
“Time cannot be extended; matter too urgent—answer.” Refused.
On the 31st Campbell telegraphs to Mr. Braun:
“When will time expire; answer immediately and oblige.”
And on the same day Mr. Braun telegraphs to Mr. Campbell:
“Time expires Friday, 2nd proximo.”

**Railway Construction—
Contracts Nos.
14 and 15.**

On the 3rd of April, Mr. Campbell telegraphs to Mr. Braun :
“ Our inability to qualify was owing to Wallace being sick. Will be in Ottawa and explain. Hope it will have no effect on 15. Notify me at St. Catharines on 15.”

Advertisement asked for tenders for 14 and 15 at the same time.

1053. Were tenders asked for relating to sections 14 and 15 by the same advertisement?—Yes.

Parties tendered at same time for 14 and 15.

1054. Then were these parties tendering also for section 15?—Yes.

1055. Were tenders asked for more than once concerning sections 14 and 15, or either of them?—Once for section 14 and three times for section 15.

1056. Upon this occasion, tenders were asked by the same advertisement for the both sections?—Yes.

1057. Do you mean section 15 as let by the last contract, No. 15? Is that what you mean by section 15?—It is the same length.

Length of contracts.

1058. How far east does it extend?—At page 388 of Mr. Fleming's general report, 1877, the length of 14 is given as 77 miles, and at page 389 the length of 15 is given as 36½ miles.

Contract No. 14.

1059. Returning to contract 14, was that telegram, which you have read, the last of the negotiations with Campbell or Wallace & Co.?—Yes.

Work awarded to second lowest tenderer.

1060. What steps, if any, were then taken as to the next lowest tender?—The work was then awarded to the second lowest tender.

By verbal order of Minister.

1061. In what manner was it awarded. By Minute in Council, or order of the Minister, or how?—It was awarded by order of the Minister.

1062. Have you any record of the award?—There is no record.

1063. Verbally, do you mean?—It must have been verbally, for I have no record in the office.

1064. Was his decision communicated to the persons who made the next lowest tender?—I have nothing before me, but I shall refer to the documents of the office.

Braun writes to Receiver-General that Sifton & Ward are to deposit to his credit \$20,000.

1065. What is the next communication you have, either to or from those parties who made the next lowest tender?—I have here a letter dated 28th April, from Mr. Braun to the Receiver General, which is as follows:—

“ I beg to inform you that Messrs. Sifton & Ward, contractors for the grading and bridging of the Canadian Pacific Railway between Red River and Cross Lake, contract 14, are required to deposit to your credit \$20,000 as security for the due fulfilment of their contract. When that deposit shall have been made you will please transmit your certificate to that effect to this Department.”

Does not think contract awarded on report of Fleming.

1066. Was there any report or recommendation from Mr. Fleming by which this contract was to be awarded to these parties?—I do not think so, but I shall be able to reply more positively as soon as the person who has gone for papers to the office returns.

Thinks the Minister must have consulted Fleming.

1067. You will remember that attached to the tender of Charters & Co., for section 13, there was a letter from Mr. Fleming recommending

**Railway Construction—
Contract No. 14.**

that the contract be awarded to the next lowest tender. Do you know why there is no such recommendation in this case?—I have no doubt the Minister consulted the Chief Engineer before he awarded contract 14 to Sifton & Ward; but I do not know why he did not report on the subject.

1068. If tenders were accepted in their regular order, and because lower tenderers were not willing or were not able to fulfil the terms, was it usual to consult the engineer as to the propriety of going to the next lowest tender? In other words, was that a matter for the engineering branch of your Department or for the managing head?—The engineer was consulted.

Usual practice to consult Fleming.

1069. That was the usual practice, do you mean?—Yes.

1070. Have you any record of his being consulted in this case, about contract 14?—No record; but that does not mean that he was not consulted.

No record that he was consulted about contract 14.

1071. Has this contract been fulfilled by the contractor, as far as you know?—Not completely by this contractor.

Contract not fulfilled by contractor.

1072. Was the work taken out of the contractor's hands by the Government, or was it by some friendly arrangement?—Before answering that question I wish to consult the documents of the office.

1073. Have you a report showing the relative position of the persons tendering, made by Mr. Fleming on this contract?—Yes; I produce it. (Exhibit No. 44.)

Fleming's report as to tenders.

1074. Are you prepared to give the amounts expended on these different contracts, or would you prefer us to get that information from some other officer in the Department?—I think you can get it better from the accountant than from me.

Contract No. 15.

1075. What is the number of the next contract on construction between Lake Superior and Red River?—Contract 15.

1076. Was this work submitted to public competition?—Yes.

1077. Who were the contractors?—Sutton, Thompson & Whitehead.

Contractors, Sutton, Thompson & Whitehead.

1078. What is the date of the contract?—January 9th, 1877.

Date of contract, 9th Jan., 1877.

1079. Was this contract based upon the first advertisement for tenders, or were there several advertisements for tenders?—It was not based on the first advertisement for tenders. There were several advertisements.

Several advertisements.

1080. Have you the first advertisement for work on this section?—Yes; it is the same as the one produced on contract 14.

1081. That led to no contract?—No.

1082. Do you know whether the second advertisement led to any contract?—It did not.

1083. This contract was let upon the third advertisement, was it?—Yes.

Contract let upon third advertisement.

1084. Have you the third advertisement?—Yes; I produce it. (Exhibit No. 45.)

Railway Construction—Contract No. 15.

1085. Were specifications and other particulars furnished to persons tendering for this contract?—Yes.

Specifications.

1086. Can you produce them?—Yes; I now produce them. (Exhibit No. 46.)

1087. Was this tender based upon a schedule of prices applied to estimated quantities?—Yes.

1088. And the relative position of the tenders was ascertained by moneying out the prices and quantities?—Yes.

List of tenders in Blue Book.

1089. Have you any report or information showing the relative position of the persons who tendered?—At page 10 of the Blue Book called "Return to an Address, of papers connected with the awarding of section 15, on the Canadian Pacific Railway, 1877," there is a list of the tenders received, with the amounts.

1090. Are these amounts named in the list based upon a bill of works furnished to persons tendering?—Yes.

Bill of works.

1091. Can you produce the bill of works for section 15?—Yes; I produce it. (Exhibit No. 47.)

A. P. Macdonald & Co., lowest tenderers, did not get the contract.

1092. This list shows A. P. Macdonald & Co. to have made the lowest tender: did they get the contract?—They did not.

1093. The Blue Book to which you have referred contains some correspondence on this subject; do you know of any correspondence relating to this subject besides what is shown in this Blue Book?—This return was prepared as a statement of all telegrams and correspondence with parties tendering, or with any other parties, in relation to tenderers or to the contractors, and I believe it is complete.

1094. And do you believe it to be correct as far as it goes?—I do.

1095. Have you the original tender of A. P. Macdonald & Co.?—Yes; I produce it. (Exhibit No. 48.)

1096. Have you the original tender of Martin & Charlton?—Yes.

Tender of Martin & Charlton.

1097. Do you produce it?—Yes; I now produce it. (Exhibit No. 49.)

\$1,000 deposited with each tender.

1098. Do you know whether any deposit was made with these tenders, as required by the specifications? I think the specifications call for \$1,000 with each tender?—My recollection is that deposits were made.

Cannot say at present if deposits were returned.

1099. Do you remember whether they were returned to these persons whose tenders were not accepted and who were unable to give security?—I must refer to the office for that.

No rule to prevent a contract being given to one of several persons tendering.

1100. The second tender appears to have been made by Martin & Charlton, and the report shows that on the 21st December E. J. Charlton withdrew his tender. On the 29th of the same month, the other person, Patrick Martin, communicates with the Minister, stating that he is ready to perform the work and give security. Is there any practice or rule in your Department which permits or prevents a contract being given to one of several persons tendering when the others withdraw?—There is no such rule.

Report of Minister, saying Martin, who had

1101. Then, as you understand the practice, on the 29th of December Martin alone would have been eligible for this contract if he could

**Railway Construction—
Contract No. 15.**

have given security?—Yes; on the 6th of January, 1877, the Minister reported to Council, and in his report the following paragraph occurs:—
“The letter of Mr. Martin, one of the members of the firm of Messrs. Charlton & Co., already referred to, contains a statement that he is prepared to proceed to give the necessary security, but he did not tender any security, and as he had been given the opportunity of two months to do so, it would have been evidently useless to wait any longer on his account, setting aside altogether the matter of the rupture of the firm of which he is a member.”

written that he was prepared to go on without Charlton, had failed to put up security, and that, besides, the firm was broken up.

1102. Does that qualify your opinion previously expressed?—It does not.

Witness, notwithstanding Minister's report, of the same opinion that the rupture of the firm not material.

1103. Are you still of the same opinion?—Yes.

1104. Then do you think that the rupture of the firm was not material?—Not the rupture of the firm; but the fact that he did not make the deposit for two months was material.

1105. But the rupture of the firm was not material?—No.

1106. Who makes the next lowest tender?—Sutton & Thompson.

Sutton & Thompson the next lowest tenderers.

1107. Will you produce their tender?—I now produce it. (Exhibit No. 50.)

1108. Give me the names in full of the members of the firm?—R. T. Sutton and William Thompson.

1109. Are these the same parties who tendered for the telegraph contract?—I do not know.

1110. Was the contract awarded to them?—Yes; to Sutton & Thompson.

Contract awarded to them by Order-in-Council.

1111. How was it authorized?—By an Order-in-Council.

1112. Have you a copy of the Order-in-Council?—The printed copy of the Order-in-Council is at page 32 of the return to the Address referred to in one of my previous answers. There is a typographical error in it; the \$1,994,000 should be \$1,594,000.

1113. Have you the contract?—Yes; I now produce it. (Exhibit No. 51.)

1114. Do you know whether the dealings between the Department and the persons who have done the work under this contract have been with Sutton, Thompson & Whitehead, or with one or more of that firm?—They were at first with Sutton, Thompson & Whitehead, but since then an Order-in-Council has been obtained recognizing Mr. Whitehead as the sole contractor.

Order-in-Council recognizing Whitehead as sole contractor.

1115. Have you that Order?—I have not got it here, but I can procure a copy of it.

1116. Was the work on this contract within the estimated quantities mentioned in the specifications or has it exceeded the estimated quantities?—It has exceeded the estimated quantities.

Work has largely exceeded the estimated quantities.

1117. Largely, or to a small extent?—Largely.

1118. Do you know whether the progress estimates that are furnished to the Department gave any information when the estimated quantities were first exceeded, either in gross or in detail?—The progress estimates did not give that information.

Progress estimates did not give information that estimated quantities had been exceeded.

**Railway Construction—
Contract No. 15.**

Not possible for Dept., without advice of engineers, to know whether work was going to be more expensive than was estimated.

No record of estimated quantities kept.

1119. Was it possible for the Department, then, during the progress of the work as executed, to know whether the work was going to be more expensive than the tenders intimated?—It was not possible without recourse to the engineers.

1120. Do you keep any book or record of the estimated quantities, so that it can be ascertained, when progress estimates are put in, whether these exceed the estimated quantities of the tenders?—We do not.

OTTAWA, Friday, 20th August, 1880.

TOUSSAINT TRUDEAU'S examination continued:

By the Chairman :—

1121. According to your system, may the executed quantities largely exceed the estimated quantities without the Department being aware of it? Is it possible?—No, it is not; for the engineers are in constant daily communication with the Department and keep it informed.

In the present case, thinks the Engineer informed the Department that the executed work exceeded the estimates. Whether it would be proper to stop contract when quantities reached, debated. Also, whether it would not be expedient to change grades from 52:26 to 80:40 feet to the mile.

1122. Are you able to say now whether, in reference to section 15, they did keep the Department informed of the fact, as soon as it occurred that the executed works were costing more than the estimated works?—I have no doubt that they did; and what recalls it to my mind is this fact: I know it was discussed in the Department whether it would not be proper to stop contract 15 when the quantities in the contract were reached. This thing was very seriously discussed. Another proposition discussed was, whether it would not be expedient to change the grades. It was thought that the grades might be changed from 52:26 to 80:40 feet to the mile. This was very seriously discussed and very favourably entertained by Mr. Mackenzie at the time. Another thing which brings it to my mind is this: that on one occasion, before the Committee on Public Accounts, a question was raised as to the increased cost of these works, and I recollect that I stated there, before the Committee, that I advocated the change of grading, and that it had been discussed in the Department and the Minister was favourably disposed.

1123. Favourably disposed to what?—To the change. That is what brings it to my mind, that on both sides of the Committee there was a strong expression that the grades of the road should not be disturbed.

That the cost and quantities exceeded the estimates, known to Dept. shortly after it occurred.

1124. I do not understand how the strong expression on both sides of the Committee would affect this particular question, but perhaps it does. In the meantime, do I understand you to say that the knowledge that the cost and quantities of the works executed exceeded the cost and quantities estimated on section 15, was known to the Department, and discussed there soon after it occurred?—Yes; I say that it was, and I have quoted those things simply to show what brings it to my mind.

1125. You have no doubt now that you are right, and that it was about section 15?—These discussions apply to all the sections, but section 15 was very much the subject of debate.

**Railway Con-
struction—
Contract No. 15.**

1126. Without reference to other sections for the present, are you aware whether this excess on section 15 was brought to the notice of the Department and discussed very soon after it occurred?—My impression is that it was verbally.

1127. Have you ascertained whether any deposits were made with the tenders in the case of section 15?—I have ascertained that deposits have been made, and we are now preparing the list.

Deposits were made with tenders for sec. 15.

1128. Has it been the practice with the Department to forfeit deposits made with tenders when the parties who made the tenders withdrew or omitted to fulfill the conditions?—The practice is not constant.

Practice as to forfeiting deposits not constant.

1129. What is the usual practice, or is there any understanding about a usual practice?—The practice is to retain the cheques, but some of the cheques have been returned under special circumstances.

Practice to retain cheques, but some have been returned under special circumstances.

1130. Not under ordinary circumstances?—No.

1131. Are you aware whether any of the securities, in the shape of cheques or money, on undertakings connected with any of the offers about work on the Pacific Railway have been retained by the Government in consequence of failure in the performance of the offer?—I cannot answer without referring to the Department.

1132. You spoke yesterday of the Order substituting Mr. Whitehead for the firm of Sutton, Thompson & Whitehead for section 15 contract; have you got that Order?—I produce a copy of it. (Exhibit No. 52.)

Order-in-Council substituting Whitehead for the firm of Sutton, Thompson & Whitehead.

1133. Have you the contract, or a copy of the contract No. 33 to produce?—It is not ready yet.

1134. Have you contract 13, or a copy of it?—It is not yet ready.

1135. You spoke of some correspondence concerning disputes on contract No. 33; have you that ready?—We are not quite ready yet.

1136. Contract 15 covered the ballasting and track-laying over the grading work that had been done on section 14?—Yes.

1137. What is the number of the next contract, on account of construction, between Lake Superior and Red River?—Contract No. 25.

Contract No. 25.
Grading, &c., between Sunshine Creek and English River.

1138. What is the subject of that contract?—Grading and bridging, and other works, between Sunshine Creek and English River.

1139. About how many miles?—About eighty miles.

Extent, 80 miles.

1140. Did it not also cover some work over part of what is known as contract No. 13?—It also covered track-laying and ballasting from Fort William to English River—that is 112 miles altogether.

Also covered track-laying and ballasting from Fort William to English River.

1141. Was this work let by public competition?—Yes.

1142. Have you the advertisement asking for tenders?—Yes; I produce it. (Exhibit No. 53.)

1143. Were specifications and bills of work furnished to persons tendering?—Yes.

Specifications and bill of works furnished to tenderers.

1144. Have you copies of these to produce now?—No.

**Railway Construction—
Contract No. 25.**

Price based on schedule of prices.

1145. Was the price of this work based upon a schedule of prices applied to the works mentioned in your bill of works?—Yes.

1146. And the moneying out of these prices shows the relative position of the persons who tendered?—Yes.

Report of Engineer.

1147. Have you any report from the engineer upon this subject, relating to this contract?—Yes; I produce it. (Exhibit No. 54)

Contractors, Purcell & Ryan.

1148. Was the contract given to the persons who made the lowest tender?—The lowest tender was made by Mr. Purcell, and the contract was given to Purcell & Ryan.

1149. Have you the tender by Purcell?—Yes; I produce it. (Exhibit No. 55.)

Letter of Braun to Purcell, asking for deposit.

1150. Have you any letters, or copies of letters, from the Department to Mr. Purcell upon the subject of this tender?—On the 30th of May, Mr. Braun writes to Mr. Purcell:

“With reference to your tender dated the 20th instant, for contract “25 of the Canadian Pacific Railway, I am now requested to state “whether, and when, you are prepared to make the necessary 5 per “cent. deposit, namely \$50,000.”

And I find, attached to the tender, letters which show that Mr. Fleming had already written, on the 25th of May, to Mr. Purcell, very much to the same effect,

Tenders opened on 22nd May.

1151. This report from Mr. Fleming upon the position of the persons tendering, and the amounts named by each, appears to show that the tenders were opened on the 22nd of May. Is that right?—Yes.

All who opened tenders connected with Engineering Dept.

1152. The gentlemen who opened those tenders are all connected with the Engineering Department?—Yes.

1153. Was that usual in the opening of tenders?—It was usual to have two or three persons, and those who could afford the time were selected.

The managing heads of Departments could not always spare the time to be present

1154. It was not always the practice to have one of the managing heads of the Department, either the Minister, Deputy Minister, or the Secretary, for instance?—No; because the time could not always be spared.

Tenders opened the day named in the advertisement.

1155. This certificate seems to show that the tenders were opened the day named in the advertisement?—Yes.

1156. I understood you to say upon a previous occasion that the practice was to allow a few days to elapse before opening them; am I right?—Yes.

Does not know why departure was made from the practice of allowing a few days to elapse before opening tenders.

1157. Do you know why that practice was not followed on this occasion?—I do not.

The usual practice was not followed.

1158. This was different, then, from the usual practice?—Yes; the tenders were opened at four in the afternoon.

1159. I notice, by some correspondence between Mr. Fleming and Mr. Purcell, that the terms of the tender were changed after the receipt of it by the Department; can you explain that? The penalty or bonus is raised from \$10 a day to \$500 a day?—I am not aware that the tender was changed; the contract is \$10.

**Railway Con-
struction—
Contract No. 25.**

1160. I notice a letter attached to the tender which says that Purcell is willing to raise the bonus to \$500. Does that affect the value of the tender in any way?—No.

1161. It did not alter the terms of the contract?—It did not.

1162. Have you the contract No. 15?—Yes.

1163. Can you produce it?—This is an original; I will produce a copy of it.

1164. Have you the correspondence showing what led up to the introduction of another person into the contract besides Purcell?—I have here a letter dated 30th of May from Mr. Purcell to the Minister of Public Works, asking that Hugh Ryan be associated with him. I now produce it. (Exhibit No. 56.)

Letter from Purcell asking that H. Ryan should be associated with him.

1165. I notice in this tender of Ryan's that many of the figures have been altered, both schedule of rates and the amounts as moneyed out. Have you any means of knowing that it was in that shape when it was opened beyond the certificate signed by Mr. Fleming?—No; I have no means.

1166. Has this contract been fulfilled by the contractors?—The work has been executed.

Work has been executed.

1167. Are the contractors finally settled with?—No.

Contractors not finally settled with.

1168. Is there a dispute existing between the contractors and the Department?—There is a dispute.

1169. Did the executed works exceed the estimated works on this contract?—Yes.

Executed work exceeded estimated very considerably.

1170. Largely, or only in a trifling degree?—Very considerably.

1171. Do you remember upon what item the principal excess was?—Excavation.

Excess principally on excavation.

1172. Of what material?—I do not wish to speak from memory. The Commission would obtain this information from the engineers more direct.

1173. And more correctly?—Yes; more correctly than I can give it, speaking from memory.

1174. Was there a re-measurement of the executed quantities upon this contract—I see that the Chief Engineer recommends it in the interests of the public?—Yes.

Re-measurement of executed quantities.

1175. What was the general result of the re-measurement? Was it to verify the previous measurements, or to show that they were too low or too high?—The re-measurement did not agree with the first measurement, and at this moment they have been referred to the engineer who made the first measurement for report.

Re-measurement showed results less than the first measurement.

1176. Do you mean that they were less than his measurements?—They were less than the first measurements.

1177. Who made the re-measurement?—Mr. L. G. Bell, Engineer.

1178. Who made the former measurements?—They were made by a staff of engineers under Mr. McLennan.

1179. Who gave the certificates upon those previous measurements; were they by the staff or by a single engineer?—I cannot remember.

**Railway Con-
struction—
Contract No. 25.**

Matter referred to engineer who made first measurement for explanations.

1180. You say that this measurement by Mr. Bell has been referred back to the person who made the previous measurement?—Yes.

1181. You do not mean Mr. Hazlewood?—No; it has been referred to Mr. McLennan.

1182. Is Mr. McLennan still in the employ of the Department?—No

1183. But you expect him to make a report for your information?—We expect he will defend his previous measurement.

1184. Then, is the matter referred to him with that view—that he may defend it?—It is referred to him with the view of receiving any explanations that he may offer.

1185. Can you remember in round numbers the difference in value of the work as certified by him and by Mr. Bell?—I would rather not speak from memory.

1186. Was Mr. McLennan dismissed, or did he resign, or how otherwise did he leave the service?—Mr. McLennan has only lately left the service.

In summer of 1880, McLennan's services dispensed with.

1187. I was not asking about the time; I was asking about the manner in which he left it?—During the last winter Mr. McLennan was out on the survey, and on the completion of the survey this spring or summer his services were dispensed with.

1188. Then he had completed any work upon which he had been engaged for the Government before he left the service?—Yes; he had completed his survey.

Some explanations have been given by him.

1189. Has he given any explanation of the difference in quantities as ascertained by him, and by Mr. Bell?—He has not done so—not completely.

1190. Has he not completely given you any explanation, and if so is it by correspondence which you can produce?—Yes; he has, by correspondence.

1191. Which you will produce, or a copy of it?—Yes.

1192. Can you give the certificates of engineers showing first when the excess occurred on this contract beyond the amounts of work estimated at the time of the tenders?—Yes.

Not the practice of Department to initial alterations in tenders.

1193. Do you know whether there is any recognized practice in the Department that upon the opening of tenders, if any of them appeared to contain alterations these alterations should be initialled, or noted in some way, by the persons who opened the tenders, so as to prevent subsequent alterations, or suspicion of them?—It is not the practice.

1194. I notice in this tender of Purcell's that alterations have been made upon at least three items after it was first prepared: "solid rock excavation," "rock excavation" and "ballasting"; do you remember whether it happens that the final increase or decrease in quantities is principally upon these items, or any of them?—It is on these items.

1195. Have you the certificate of re-measurement of Mr. Bell, or a copy of it, that you can produce, showing the difference between that and the previous measurement?—I can produce a copy of it.

1196. And the final measurement by Mr. McLennan?—Yes.

1197. Can you produce the contract with Sifton & Ward, No. 14, or a copy of it?—I now produce a copy of it. (Exhibit No. 57.) **Railway Construction—Contract No. 14.** Copy of contract with Sifton, Ward & Co.
1198. Can you produce the bond given by way of surety for this contract, or a copy of the bond?—I now produce a copy of it. (Exhibit No. 58.)
1199. Have you a copy of the specifications for contract 15 to produce?—I now produce a copy. (Exhibit No. 59.) **Contract No. 15.**
1200. Have you a copy of the bill of works for contract 25 to produce?—I now produce it. (Exhibit No. 60.) **Contract No. 25.**
1201. Have you the Minute of Council authorizing the operating of the telegraph line by Oliver, Davidson & Co.?—I now produce it. (Exhibit No. 61.) **Telegraph Construction—Contract No. 4.**
1202. Have you any notification, or copy of it, from the engineer, or any one in your Department, to Oliver, Davidson & Co. concerning the operating of this line?—Yes; and I now produce a copy of it dated June the 10th, 1876. (Exhibit No. 62.) **Railway Construction—Contract No. 33.**
1203. Have you the advertisement for the tenders upon which contract 33 was awarded?—Yes; I now produce it. (Exhibit No. 63.) **Advertisement for tenders.**
1204. Have you copies of the correspondence between the Department and Mr. Robinson connected with his contract for ties on the Pembina Branch?—Yes; I now produce them. (Exhibit No. 64.)
1205. What is the number of your next contract concerning the construction of the road between Lake Superior and Red River?—No. 41. **Contract No. 41.**
1206. What is the subject of that contract?—The construction of a line from English River to Eagle River. **English River to Eagle River.**
1207. Which is the eastern terminus?—English River.
1208. Is that the terminus of the work under contract 25?—Yes.
1209. About what length of line does this work cover?—About 118 miles. **118 miles in length.**
1210. Who were the contractors?—Purcell & Co. **Purcell & Co., contractors.**
1211. What is the date of the contract?—March 4th, 1879. **March 7th, 1879, date of contract.**
1212. Was this work let by public competition?—Yes.
1213. Have you the advertisement for tenders?—Yes; I produce it. (Exhibit No. 65.)
1214. I see by the advertisement that other work than this was included in the advertisement for tenders?—Yes. **Other work included in advertisement for tenders.**
1215. Were all the tenders for this work received by the Government before the time named in this first advertisement?—No; the time was extended. **Time for receiving tenders extended.**
1216. Was the date for the extension inserted in any newspapers before the time had elapsed named in the first advertisement?—Yes.

**Railway Con-
struction—
Contract No. 41.**

Time extended
after second ad-
vertisement.

1217. Were all the tenders which were considered by the Department in reference to this contract received before the time named in the second advertisement?—No; the time was again extended.

1218. Was this extension advertised before the time named in the second advertisement had expired?—Yes.

List of tenders.

1219. Have you any statement or report showing the relative positions of the different parties who tendered, after the tenders were opened?—There is a printed copy of a report by Mr. Fleming, containing a list of the tenders received. (Exhibit No. 66.)

1220. This report which you have produced numbers seventeen tenders in this work. I notice in the Blue Book dated 1880, and purporting to give information on the same subject, that twenty tenders were received: can you explain this discrepancy?—In the Blue Book there are two columns; in the first column there are seventeen tenders. These are the seventeen tenders given at page 4 of the return.

1221. Then there is no discrepancy?—There is no discrepancy.

1222. What does this column relate to in this Blue Book?—Tenders for work to be completed by the 1st of July, 1882, and ready for through trains by the 1st of July, 1881.

1223. Then the seventeen tenders mentioned in Mr. Fleming's report do not relate to this particular condition?—No.

Contractors:
Marks, Ginty,
Purcell & Ryan.

1224. Was the contract let to the persons who made the lowest tender?—The contract was made with Messrs. Marks, Ginty, Purcell & Ryan.

Lowest tenderers:
Marks & Conmee.

1225. Who made the lowest tender?—Marks & Conmee.

1226. Persons are named in the contract who are not named in the tender?—Yes.

Letter from
Marks & Conmee
to Minister sug-
gesting the asso-
ciation with
themselves of
Purcell, Ginty &
Ryan.

1227. Do you know why that was done or what led to it?—A letter dated February 13th, from Marks & Conmee to the Minister, says:

“In the event of section A of the Canadian Pacific Railway being awarded to our tender, we will associate with us in the contract Messrs. Purcell, Ginty & Ryan, the contractors for the section east of the one in question, and all preliminary arrangements made by them with the Government respecting our tender will be satisfactory.”

1228. Was that what led to the introduction of the new parties?—Yes.

Tenders based on
estimated quanti-
ties and schedule
of prices.

1229. Were these tenders based upon estimated quantities and schedule of prices to apply to those quantities?—Yes.

1230. The moneying out of these quantities and prices gave the information which would show the relative position of the tenders?—Yes.

Return of corres-
pondence to Par-
liament.

1231. Has the correspondence between the Department and persons who have made tenders for this work been the subject of a return to either House of Parliament?—Yes.

1232. When was the order for the return made?—16th February, 1880.

1233. Was the correspondence returned?—Yes.

1234. Do you know when?—March 31st, 1880.

**Railway Construction—
Contract No. 41.**

1235. Is there any correspondence on the subject that you are aware of besides this mentioned in this return, between the Department and any persons who made tenders for the work?—No; there is no other correspondence.
1236. I see that this return purports to contain among other things "copies of all departmental reports respecting such tenders, Orders-in-Council and correspondence not heretofore brought down." Do you know whether there was any correspondence brought down before that report which would give us information upon the subject?—The correspondence referred to as not having been heretofore brought down is the correspondence which I have just produced.
1237. Attached to Mr. Fleming's report?—Yes.
1238. Then these two returns embrace everything relating to this, as far as you know?—Yes.
1239. Have you the specifications and bill of works which were supplied to persons tendering for this contract?—I produce the specifications (Exhibit No. 67), and the bill of works (Exhibit No. 68). Specifications, bill of works.
1240. Separate tenders appear to have been asked for, one being upon condition that the road shall be ready for through trains by the 1st of July, 1882, and the other upon condition that it shall be ready by the 1st of July, 1881. Do you know which of those conditions was adopted as the basis for the contract?—They were both adopted. Two-fold condition as to time of completion adopted as basis of contract.
1241. In what way were they both adopted? Do you mean that the contractors were to be paid a higher price if they did it at the earlier time and a lower price if at the later time?—Yes. Contractors were to be paid a higher price if they completed the work by July, 1881; lower if by July, 1882.
1242. Has there been any other return to Parliament concerning this contract, except the report which you have just put in and the Blue Book which has been mentioned?—There was a return giving a copy of the contract entered into. Return giving a copy of contract.
1243. Can you produce one?—Yes; but it is not a return made according to an order of the House, but is made under the Act. (Exhibit No. 69.)
1244. Was the tender of Marks & Conmee, as made by them, adopted as the basis of the contract, or was it altered in any way?—The prices on the tender are not altered.
1245. You mean the prices on the tender which was accepted, or do you mean that none of the prices have been altered? Has the extension been altered?—The extensions do not appear to have been altered.
1246. To what does this remark refer in the report of Mr. Fleming, then,—first column, "as per tender," naming one amount, and in another column, "as revised," naming a different amount?—I refer you to the engineers for explanations.
1247. Have you the original contract in this case, or a copy of it, to produce?—I cannot leave the original with you, but I will furnish a copy of it to be filed.
1248. Is this work now in progress under this contract?—Yes. Work still in progress.
1249. Has there been any dispute between the contractors and the Department about the work or the measurement of it?—No. No dispute between contractors and the Department.

**Railway Con-
struction—
Contract No. 41.**

1250. Do you know whether the progress estimates, as they have been made, show that any of the quantities originally estimated for the purposes of tendering have been exceeded?—I refer you to the engineers on that. I cannot say from memory.

Contract No. 42.

1251. We will leave this contract for the present. What is the next contract relating to construction between Lake Superior and Red River?—Contract 42.

Contractors:
Fraser, Manning
& Co.

1252. Who were the contractors?—Fraser, Manning & Co.

This work sub-
mitted to compe-
tition at the same
time as contract
41.

1253. Was this work submitted at the same time that the last contract was submitted for public competition?—Yes.

Time for receiv-
ing tenders ex-
tended.

1254. Were the times for receiving tenders extended in the same way?—Yes.

1255. And by the same advertisements?—Yes.

1256. Have you any reports or correspondence referring to this contract beyond those mentioned in the returns and reports which you have put in already relating to contract 41?—No.

Morse, Nicholson
& Marpole the
lowest tenderers.

1257. Who made the lowest tender for section B.?—Morse, Nicholson & Marpole.

1258. Have you their tender?—Yes; I produce it. (Exhibit No. 70.)

Contract No. 41.

1259. Can you produce the tender of Marks & Conmee as to section A?—Yes; I produce it. (Exhibit No. 71.)

Tenders based on
estimated quanti-
ties and schedules
of prices.

1260. Were the tenders in this case based on estimated quantities, and a schedule of prices to be applied to those quantities?—Yes.

1261. And is it by moneying out those prices that the relative positions of the persons tendering is ascertained?—Yes.

Contract No. 42.

1262. This tender of Morse, Nicholson & Marpole appears to be made on the form of tender B. In the report of Mr. Fleming I see a list of names under the form of tender C; have you that form of tender C to produce?—I have not got it here.

Contract based on
form of tender B.

1263. Can you say whether the contract was based on the form of tender C?—On the form B.

Morse, Nicholson
& Marpole did not
get the contract
because they
withdrew their
tender.

1264. Under form B you say that Morse, Nicholson & Marpole were the lowest tenderers; did they get the contract?—No.

1265. Why not?—They withdrew their tender.

1266. Have you the correspondence which shows that withdrawal, or which led to it?—A copy of their letter to the Department is printed on page 17 of the return called "tenders for works."

Andrews, Jones
& Co., next lowest
tenderers.

1267. Who made the next lowest tender?—Andrews, Jones & Co.

1268. Have you that tender?—Yes; and I now produce it. (Exhibit No. 72.)

1269. Did these parties get the contract?—No.

They failed to
make deposit.

1270. Why not?—They failed to make the deposit required.

**Railway Construction—
Contract No. 42.**

1271. Have you any correspondence or documents showing this withdrawal or failure on their part?—The reasons and correspondence which led to the rejection of this tender are given in two reports to Council, dated 3rd and 5th of March. These reports and Orders-in-Council will be found at pages 23 and 24 of the Blue Book.
1272. Are you personally aware of the circumstances connected with the rejection of this tender, beyond what appears in the Blue Book?—No.
1273. From whom did you receive the next lowest tender?—From Fraser, Grant & Pitblado.
1274. Have you their tender?—Yes; I now produce it. (Exhibit No. 73.)
1275. Was the contract awarded to these parties?—Yes.
1276. The tender of Andrews, Jones & Co. appears to have been to finish the road for through trains in July, 1881, while the tender of the parties who got the contract is to finish it a year later; do you know whether any difference in value was attached to the tenders on that account? What I mean is this: was it not considered in the Department that finishing the section at an earlier date was worth a higher price than finishing it at a later date?—Yes.
1277. It appears that the contract of the present contractors is over \$200,000 more than the next lowest tender, and requires the road to be finished a year later than the other offered to do it. Do you know of any other reason for not giving it to the lowest tender except that they had failed to deposit the security?—I know of no reason except the one which is given in the report to Council.
1278. Did you personally take any part in the discussion about this matter as to the propriety of refusing the extension of time which was asked for by Andrews, Jones & Co?—No.
1279. Was the contract awarded to Fraser, Grant & Pitblado?—Yes; and some additional names.
1280. Have you any correspondence, or copies of it, relating to the introduction of new names?—Yes; I now produce a letter. (Exhibit No. 74.)
1281. Do you know the addresses of Andrews, Jones & Co., to whom an extension of time was not given to make the deposit?—Mr. Andrews, of Newburg, N.Y., Mr. Jones, of Brooklyn, N.Y., and Mr. Drake, of St. Catharines.
1282. Did you ever hear any question raised about the responsibility of these parties?—No.
1283. Do you know the names and addresses of the persons whose tender was accepted?—On the tender Mr. Fraser gives his address as New Glasgow, Nova Scotia; Mr. Grant, Truro, N.S., and Mr. Pitblado, Truro, N.S.
1284. Have you the original contract for section B?—I have, but I would rather produce a copy of it to be filed.
1285. Is this work in progress?—Yes.

Reasons and correspondence relating to the rejection of their tender given in Blue Book.

Fraser, Grant & Pitblado next lowest tenderers.

To them contract awarded.

Their tender named July, 1882, as the time for finishing contract while the time fixed by tender of Andrews, Jones & Co., was July, 1881. A money value attached to finishing the contract earlier.

Failure to deposit security, sole reason why contract not given to lower tenderer.

Witness took no part in the discussion respecting propriety of refusing extension of time to Andrews, Jones & Co.

Letter relative to introduction of new names by Fraser, Grant & Pitblado.

No question regarding responsibility of the personnel of Andrews, Jones & Co.

Work in progress.

**Railway Con-
struction—
Contract No. 42.**

No disputes be-
tween contractors
and department.

1286. Have there been any disputes between the contractors and the Department on the subject of the work?—No.

1287. Have any returns of executed works been made which show an increase over the quantities estimated at the time of tendering?—I cannot speak from recollection.

Both Morse & Co.
and Andrews,
Jones & Co. made
deposits.

1288. Did Morse and Co., or Andrews, Jones and Co. make any deposit with their tenders, as far as you know?—Yes.

1289. Are you aware whether those deposits were retained by the Government, or returned in either case?—I must refer to the office.

1290. Have you any certificate by the persons who opened those tenders as to the contents of them?—Yes; I now produce it. (Exhibit No. 75.)

30th January last
day for receiving
tenders.

1291. What was the last day for receiving tenders on this contract?—The 30th of January.

Opened 2.30 p.m.,
30th January.

1292. When were the tenders actually opened?—At 2.30 p.m. on the 30th of January.

Witness does not
know why the
time usual to ob-
serve between re-
ceiving and open-
ing tenders was
not observed on
this occasion.

1293. Do you know why the time, that you have spoken of on a previous occasion, that was allowed between the date of receiving tenders and the date of opening them, was not allowed in this case?—I know of no reason.

Witness present
when tenders
were opened.

1294. Were you present at the opening of those tenders?—Yes.

Irregular tenders.

1295. I see by this certificate signed by you as well as the engineer that some of the tenders were considered irregular; can you name the persons who made the irregular tenders?—The first one was from Macdonald & Falardeau—no cheque.

1296. The irregularity was the absence of the cheque?—Yes.

1297. That means a cheque given by way of security?—Yes.

1298. Was that tender afterwards allowed to compete with the others?—No.

1299. Have you that tender here?—I have not.

1300. What was the amount of the cheque required with each of these tenders?—Five thousand dollars.

1301. Do you know whether the amount of that tender was less than the one which was adopted?—No; it was more.

1302. What is the name of the next irregular tender?—A Labarge & Co.

1303. What was the irregularity there?—The cheque was not marked "good" by the bank.

1304. The condition was a marked cheque to accompany the tender?—Yes.

1305. Was that tender allowed to compete with the others?—No.

1306. What was the amount of that tender?—\$2,398,215.

1307. Was that amount lower than the price of the tender which received the contract?—No; it was higher.

**Railway Con-
struction—
Contract No. 42.**

1308. What is the next irregular tender?—It was from Baird & McLean.

1309. What was the irregularity?—No cheque.

1310. What was the amount of the tender?—\$3,115,000.

1311. For section B?—No; for section A, too.

1312. Was that lower than the tender which was accepted?—No; it was higher.

1313. The next irregular tender?—R. Nagle & Co.

1314. What was the irregularity?—It was received after time.

1315. What was the amount of it?—\$2,226,613.

1316. For which section?—For section A.

1317. Was that lower than the tender accepted?—No; it was higher.

1318. Then none of these tenders which you consider irregular was lower than the tenders accepted?—No.

None of the irregular tenders were lower than the tender accepted.

1319. In your Department what do you call that document which you have produced?—Schedule of tenders.

1320. Would that be considered a departmental report?—It is; it is signed by officers of the Department.

1321. You say that the Blue Book was a Return to an Address of the House of Commons, dated the 16th of February, 1880, and that the order required also copies of all departmental reports respecting such tenders; was this report embodied in that return, do you know?—It was not.

Schedule of tenders not in Return to House of Commons because when Return was made the schedule was not signed.

1322. Why not?—When the return was prepared, the report had not yet been endorsed.

1323. Who had charge of the document at that time?—This paper was kept in a safe with the cheques, and, therefore, it was not sent to the record room in time to appear in the return of which the Blue Book is a printed copy.

1324. Do you mean that it was an oversight—that it was overlooked—or do you mean that things in the safe ought not to be embraced in the return?—There is no reason why it should not have been embraced in the return, but it was locked up in a safe with the cheques and was probably overlooked.

Moreover it was overlooked, being in the safe with the cheques.

1325. Have you another return showing the result of all these tenders compared with each other?—Yes.

1326. Is this embraced in the printed returns?—Yes, substantially.

1327. Does the Department continue to deal with Fraser, Manning & Co, respecting this contract, or has there been any change since the making of the contract?—I will answer that question later, after reference to the office.

Contract No. 13.

1328. Can you now produce a copy of the contract with Sifton & Ward, No. 13?—Yes; I now produce it. (Exhibit No. 76.)

Contract with Sifton, Ward & Co.

**Railway Construction—
Contract No. 33.**

Kavanagh, Murphy & Upper. 1329. Can you produce a copy of the contract No. 33, with Kavanagh, Murphy & Upper?—Yes; I now produce it. (Exhibit No. 77.)

Contract No. 49.

1330. Can you produce a copy of the contract No. 49?—Yes; I now produce it. (Exhibit No. 78.)

Contract No. 42.

1331. Is paper No. 43 H a copy of the actual contract, No. 42?—It is.

1332. Does it contain the agreement about substituting other persons for the original contractors?—No.

Securities and Payments on Account.

OTTAWA, Saturday, 21st August, 1880.

TOUSSAINT TRUDEAU'S examination continued :

By the Chairman :—

1333. Can you state now the particulars of the securities given with the tenders or with the contracts, and which might have been forfeited to the Government by reason of the default of the persons giving the securities?—I cannot at this moment, but I can get a statement prepared.

1334. Can you furnish a statement in regard to each contract, showing the sums paid each fiscal year to the 30th of June, 1880, under each such contract?—I shall prepare a statement of that also.

1335. And also for the month of July, 1880?—Yes.

1336. Has there been as yet any estimate of quantities based on the several bills of works to be executed in the future, in order to complete each contract as late as the 1st of August, 1880?—We are getting that estimate prepared.

1337. Are you aware of any other matter relating to contracts 41 and 42, or either of them, which will assist us in our enquiry?—Nothing occurs to me at this moment.

Contract No. 48.

1338. What is the number of the next contract for the construction of any portion of the Pacific Railway?—No. 48.

Contractor : John Ryan.

1339. Who is the contractor?—John Ryan.

Subject of contract : first hundred miles west of Red River.

1340. What is the subject of the contract?—It is the first 100 miles section west of Red River.

1341. And for what work?—For grading, bridging, track-laying, half-ballasting, station building, &c.

Work let by public competition.

1342. Was this work let by public competition?—Yes.

1343. Have you the advertisement asking for tenders?—I will produce a copy of it later.

1st August, 1879, last day for receiving tenders.

1344. Can you name the date mentioned as the last for receiving tenders?—The 1st of August, 1879.

1345. Have you the specifications or bills of works upon which these tenders were to be based?—Yes; I will produce copies later.

**Railway Construction—
Contract No. 48.**

1346. Are the specifications and bills of works attached to the contract?—Yes.

1347. Have you the contract or a copy of it?—I have the original contract here but I will produce a copy to be filed. Will produce a copy of contract to be filed.

1348. Have you any report showing when the tenders for this work were first opened?—Yes; but I cannot produce it at this moment.

1349. I notice that there are two sets of specifications attached to this contract: one called "general specification," and the other "special specification:" were they both furnished to persons tendering?—Yes. General and special specifications furnished to persons tendering.

1350. Who made the lowest tender?—Mr. Hall.

Hall lowest tenderer.

1351. Have you the original tender here?—Yes; and I now produce it. (Exhibit No. 79.)

1352. In the Blue Book of 1880, I notice at page 34 two columns relating to this and other tenders, one being headed "total as per tender," the other "total as revised:" will you explain why any revision was necessary?—The column headed "total as per tender" is a list of the tenders as received; the column headed "total as revised" contains the same tenders, deducting the fencing and one-half of the ballasting. Distinction between tenders and revised tenders.

1353. Is that deduction made to apply to all tenders?—Yes.

1354. Is there any condition permitting the Government to make such deduction, either in the specifications or bills of works, or was it the subject of a subsequent arrangement?—In the fourth clause of the special specification called the Colonization line from Winnipeg, in Manitoba, I find these words: Clause giving Government power to make deductions.

"These quantities may, in actual execution, be diminished, and the contractors will be paid accordingly, but on no account must the assumed quantities be increased."

1355. Is it under that clause in the specifications that the right to make this deduction from the work is assumed—as far as you know?—Yes; and also under the fifth clause of the same contract attached to the general specification.

1356. Did this deduction affect in any way the relative positions of persons tendering, as far as you know, so as to affect the awarding of this contract?—It did not. Deduction did not affect awarding contract.

1357. Then I understand that the contract was awarded to the same person who would have been entitled to get it if that revision or deduction had not been made?—Yes.

1358. Do you know whether before the opening of the tenders it was arranged by the engineer or in the Department that this deduction was to be made?—Yes; for I find in a letter addressed to Mr. Pope by Mr. Smellie, in the absence of the Chief Engineer, the following paragraph:— Arranged before opening tenders that deduction was to be made.

"The Engineer-in-Chief, before leaving for England at the end of June, wrote a memorandum instructing me to say that, on the reception of tenders and on making a statement of their amount, the whole of the item for fencing and half of that for ballasting should be deducted." Letter from Smellie to Pope (acting Minister).

**Railway Con-
struction—
Contract No. 48.**

Hall, the lowest tenderer, did not get the contract.

Because he was not prepared to make the deposit.

Hall sent for immediately tenders were opened.

Hall from the first doubtful if he could find capital.

Witness informed Hall that he must make deposit within a few days.

Informed Hall of the probability of there being deductions.

1359. Does Mr. Hall, the person who makes the lowest tender, get the contract?—No.

1360. Why not?—Mr. Hall wrote a letter to the Department stating that he was not prepared to make the deposit.

1361. Is that the letter referred to on page 44 of the Blue Book?—Yes.

1362. Can you say when he was informed that his was the lowest tender, and that he was entitled to the contract?—I can state from memory that Mr. Hall was sent for immediately after the tenders were opened.

1363. Did you see him?—Yes.

1364. What took place between you and him in reference to this matter?—It was a general conversation on his ability to execute the work.

1365. Did you inform him that he would be entitled to the contract if he was prepared to fulfill the conditions?—Yes.

1366. What was the result of the conversation?—He wished for time to consider it, and finally sent in this letter dated 8th of August.

1367. Yes; but for the present, speaking of the conversation, did he inform you then that he would be ready if he had time or any other delay or favour granted, or was it an unequivocal statement that he would not be able to fulfill the conditions?—From the first he appeared to think that he could not find the capital necessary.

1368. Do you know the man yourself?—I never knew him before I saw him that day, and I have not seen him since.

1369. Did you state to him that he would have to be ready with the deposit at once, or did you name any time within which he must make it?—My recollection is that the conversation never reached the point of when he would have to make the deposit. Mr. Hall appeared to doubt whether he could make the deposit at all.

1370. Are you aware that he was informed that he would be obliged to make the deposit at once?—I am aware that he was informed that he would have to make a deposit within a very few days. The words "at once" used in Mr. Hall's letter must not be understood to mean that I asked him to make the deposit during his first interview.

1371. Did you inform him at what time, or about what time, he would be required to make that deposit?—I informed him that he must make the deposit within a few days.

1372. Then you think the conversation did reach a point at which the time for making the deposit was mentioned?—It reached that point on my side.

1373. Did you inform him that there was any alteration in the specifications?—He was informed of that both by myself and by Mr. Smellie.

1374. By Mr. Smellie, in your presence?—No; not in my presence.

1375. As to what you know of your own knowledge, you say that you informed him that there was an alteration in the specification?—I informed him that there would probably be no fencing and only one-half the ballasting.

Railway Con-
struction—
Contract No. 46.

1376. Do you remember whether you said "probably" or "positively"?—I do not.

1377. Was any other person present at this conversation besides yourself and Mr. Hall?—I do not recollect.

1378. Could you tell about the time of that conversation?—I have no note of it. It must have been before the date of Mr. Hall's letter to the Department.

1379. Can you not tell more nearly than that?—No.

1380. Do you remember whether at any time before this 8th of August you had a conversation with Mr. Ryan on the subject of this tender?—No; I had no conversation with Mr. Ryan. Had no conversation with Ryan.

1381. Do you know whether Mr. Hall was aware who had made the next lowest tender?—I do not.

1382. That was not alluded to in any way in your conversation?—It was not.

1383. Did you see this letter from Mr. Hall, of the 8th of August, about that time?—Yes. Hall's letter to Department; his reason for withdrawing tender.

1384. Were you surprised to find that he made the reason for withdrawing the necessity for making the deposit at once, and the fact that an alteration had been made in the specifications?—I do not recollect whether I was surprised.

1385. Did you take any steps to let him know that some time would be given to make the deposit?—Mr. Hall quite understood that a few days would be given him.

1386. Then, did you understand from this letter that he was giving his reasons for withdrawing in good faith?—I thought so at the time and I think so now.

1387. I ask if you think that the reasons which he gave were really his reasons—the necessity for making the deposit at once and the alteration in the specification?—I think that his reason was that he had no capital. Thinks Hall had no capital and that he ought not to have tendered.

1388. And that he ought not to have made the tender?—Yes.

1389. Did he deposit any security?—Yes.

1390. How much?—\$3,000. He deposited \$3,000.

1391. In what shape?—In the shape of a cheque on a bank.

1392. Do you know whether his deposit was returned to him?—It was returned to him. Deposit returned.

1393. How much more did the Government agree to pay the next lowest tenderer for the same work?—\$46,190. \$46,190 more than Hall's tender paid.

1394. And in the face of the fact that the Government were obliged to pay that extra price and your impression that he ought not to have made the tender at all, was the deposit returned to him?—Yes.

1395. Have you now before you the report of the opening of these tenders?—The report is mislaid, but I will search for it and endeavour to procure it hereafter.

1396. On page 46 of this Blue Book it is mentioned in a report by the acting Minister of Railways and Canals that Mr. Hall was notified

**Railway Con-
struction—
Contract No. 48.**

on Monday the 4th, and came to Ottawa on the 7th of August, 1879; do you know how this information was obtained by Mr. Pope?—Mr. Pope probably had before him a copy of the telegram sent to Mr. Hall.

1397. Then you think that a telegram was sent to him?—Oh, yes.

1398. Why do you think that?—Because it is my recollection of the matter.

1399. Do you remember now whether at the time of the conversation between you and Mr. Hall, of which you have spoken, you had any information that Mr. Ryan was in the city at that time?—I do not.

Order-in-Council authorizing return of deposit to Hall.

1400. Was any Order-in-Council passed concerning the return of the deposit to Hall, and, if so, when was it passed?—An Order-in-Council, dated August 12, 1879, was passed. A copy of this Order-in-Council is given at page 46 of the Blue Book.

1401. Was the contract awarded to the next lowest tenderer?—Yes.

1402. Did he enter into the contract?—Yes.

Work under progress.

1403. Is the work under contract now in progress?—Yes.

No dispute between contractor and department.

1404. Has there been any dispute between the Department and the contractor as to the quantities or quality of the work?—No.

1405. Is there any other matter within your knowledge connected with the letting of this contract which you think would help us in this enquiry?—Nothing occurs to me at this moment.

1406. Do you know whether any list of any of the tenders relating to this contract was made public before the contract was awarded?—No.

Not aware whether any list of tenders was made public before contract was awarded.

1407. Do you know whether any person outside of the Department had any list of the tenders, about that time?—No.

1408. Do you know whether any list was said to have been published in any newspaper before the contract was awarded?—I do not recollect. I did not pay much attention. I did not enquire

Nor of the publication of any list.

1409. You were not made aware that any list was said to have been published in a newspaper before the contract was awarded?—I do not recollect that I was.

1410. Did you ever afterwards see in any newspaper a list which had been published before the contract was awarded?—I have no recollection of that.

1411. Have you any reason to think that information respecting the persons who had tendered for this contract or their prices was given by any person in the Department to any person outside of the Department before the contract was awarded?—No; I have no reason to think so.

Work not completed.

1412. By this contract the work was to be all finished by the 19th of August, of this year; has the Department been informed, by telegraph or otherwise, that it is fully completed?—The work is not completed.

Some fault found with contractor respecting the progress made.

1413. Do you know if it has been considered in the Department that he has made proper progress, or is any fault found on the subject?—

**Railway Construction—
Contract No. 48.**

Some fault has been found and he is being urged to go on with the work.

1414. Is the work much in arrear or only slightly, do you know?—The Chief Engineer is now on the work investigating this question.

1415. And you have not sufficient knowledge of it to answer?—Not to answer definitely.

**Railway Ties—
Contract No. 59.**

1416. What is the number of the next contract?—No. 59.

1417. Is that in Manitoba?—It is for the supply of 100,000 ties in Manitoba. For supply of ties.

1418. Who are the contractors?—Whitehead, Ruttan & Ryan. Contractors:
Whitehead, Rut-
an & Ryan.

1419. Has the contract been fulfilled?—Yes.

1420. And paid for?—Not wholly.

1421. Is there any dispute between the Department and the contractors?—You will obtain that information from the engineers.

1422. Mr. Ruttan, in giving evidence a few days ago, said that he had received a final certificate of the ties being delivered and had settled with the sub-contractors upon that basis; that subsequently an engineer required the ties to be re-inspected, and that some were then culled: do you know why the new inspection was considered requisite?—I must refer you to the engineers for that information.

1423. You have no report here on the subject?—No.

**Railway Construction—
Contract No. 66.**

1424. Is there any other contract for construction in Manitoba?—Yes; contract 66.

1425. With whom?—With Bowie & McNaughton. Contractors:
Bowie & Mc-
Naughton.

1426. Was this work let by public competition?—Yes.

1427. Have you the advertisement asking for tenders?—Yes; I now produce it. (Exhibit No. 80.)

1428. Can you now produce the advertisement No. 48?—Yes; I now produce it. (Exhibit No. 81.)

1429. Have you the specifications and bills of works upon which these tenders were based?—Yes; they are the same as those attached to the contract. Report showing
when tenders
were opened.

1430. Can you produce the contract?—Yes; but I would rather give a copy.

1431. Have you any report showing when the tenders for their contract were opened and the result of them?—Yes; I now produce it. (Exhibit No. 82.)

1432. Was this contract let to the persons who made the lowest tender?—Yes. Contract let to
lowest tenderer.

1433. Is this contract, with the accompanying papers, correctly reported in the paper marked 19 S, of 1880, as far as you know?—Yes.

1434. Then no copy of it will be required. Can you produce this tender?—Yes; I now produce it. (Exhibit No. 83.)

**Railway Construction—
Contracts Nos.
48 and 66.**

Tender based on a schedule of prices.

No correspondence with persons other than Bowie & McNaughton.

Contract No. 66.

No dispute.

3rd May, 1880, date of contract.

1435. Have you the tender upon which the last contract was awarded—Ryan's?—Yes; I now produce it. (Exhibit No. 84.)

1436. Was this tender based upon a schedule of prices to apply to the estimated works?—Yes.

1437. And the moneying out of these prices and works shows the relative positions of the persons who tender?—Yes.

1438. Has there been any correspondence between any of the other persons, besides those who obtained the contract, as to the propriety of awarding the contract to Bowie & McNaughton—in other words, have there been any complaints from any of the persons who made the rejected tenders?—No.

1439. Is there any correspondence upon a similar subject in reference to tenders for contract 48, besides that which is reported in the Blue Book?—No; there is no correspondence.

1440. Has any dispute occurred, within your knowledge, between the Government and the contractor as to the work on contract 66?—No.

1441. What is the date of the contract?—The 3rd of May, 1880.

1442. Is there any matter connected with the letting of this contract which you think would enlighten us in our enquiry?—No.

1443. Do you know if the progress is satisfactory up to this time, or have you any information on the subject?—The Chief Engineer is now on the line, and there is no report from him yet.

1444. Have you contract No. 23 which you can produce—that of Sifton & Ward for cross ties?—No; we have not got it yet.

1445. Will you produce it as soon as possible and give it to the Secretary; we wish to take it with us to Manitoba?—A copy will be prepared.

1446. Can you produce contract 32 A, or a copy of it; it is for station houses at Sunshine Creek and English River?—I will produce a copy of it later.

1447. And also contract No. 26, for the engine house at Fort William?—I will produce a copy.

1448. Have you contract No. 40, for engine house at Selkirk?—I have the original here, but I would prefer to give you a copy.

1449. We have before asked for contract 48; have you that ready now?—It is not ready yet.

1450. Have you contract 59, for ties on section 14?—I have the original, and will supply a copy.

1451. There was some correspondence in connection with the contract No. 33 (Kavanagh and Upper), have you that ready now?—We are now preparing it.

1452. Have you the correspondence concerning Mr. McLennan's inaccuracies in measurements on section 25?—It is not ready yet.

1453. There was an additional agreement concerning contract 42, by which other persons were substituted as contractors; have you that?—It is being copied.

Railway Construction.

1454. Then there is a report of the engineers, or other officers opening the tenders for contract 48, which you say has been mislaid; have you found it yet?—No; we have not found it.

**Pemb. Branch.
Worked by Government.**

1455. Is the Pembina Branch now worked under a lease with any one; if not, how is it worked?—It is worked by the Government.

1456. Is it by contract with any person?—No.

1457. Has there been at any time an agreement by which it was worked by contractors?—Yes.

Worked at one time by contractors.

1458. How was that contract ended?—It was cancelled by Order-in-Council dated 20th January, 1880, to take effect on the 10th of February, 1880.

Contract cancelled by Order-in-Council, 20th January, 1880.

1459. Is there any dispute between the Government and these contractors in respect to that contract?—The contract is not settled, but it is in a fair way of being settled amicably.

1460. Have you the original, or a copy of contract No. 43 to produce?—I can give you a copy.

WINNIPEG, 8th September, 1880.

**Telegraph Construction—
Contract No. 1.**

JOHN SIFTON, sworn and examined:

SIFTON.

By the Chairman:—

1461. Where do you live?—In Winnipeg.

Lives in Winnipeg.

1462. Have you been interested in any contracts on account of the Pacific Railway?—I have.

1463. What was the first contract in which you were interested?—Contract No. 1, telegraph construction.

First contract in which he was interested, No. 1.

1464. In what way were you interested in that?—I was contractor, or one of the contractors.

1465. Who were they?—David Glass, Michael Fleming and myself.

Contractors: D. Glass, Michael Fleming and witness.

1466. What was the name of the firm?—Sifton, Glass & Co.

Sifton, Glass & Co. style of firm.

1467. Were there only those three persons interested?—Those are all.

1468. Were there only those three interested all the way through the contract?—That is all. In fact I was the only one interested in it towards the end.

Witness the only one interested towards the end.

1469. You acquired the interests of the others afterwards?—Yes.

1470. The contract was let after tenders were asked for by public competition?—Yes.

1471. Were you in Ottawa at the time the tender was put in?—I was.

Was in Ottawa when tender was put in.

1472. Were you there for any length of time upon that occasion?—I think about a week.

**Telegraph Con-
struction—
Contract No. 1.**

Tender in Flem-
ing's hand-writ-
ing.

Fleming's busi-
ness pursuits.

Fleming, Glass
and witness in
Ottawa on the
last day for re-
ceiving tenders.

Tender made out
on last day or day
before.

The partnership
arrangement
made before start-
ing for Ottawa.

Did not finally
settle amounts
and time of com-
pletion before see-
ing Chief Engi-
neer.

Character of in-
formation want-
ed from Chief En-
gineer.

Understood that
the advertise-
ment left it op-
tional to tender
for the whole line.

Tender applicable
either to whole
line or one sec-
tion.

Thinks there was
no discussion
with Fleming on
the day the ten-
ders were finally
received.

1473. Were you there on the last day for receiving tenders?—I was.

1474. In whose writing is this tender, Exhibit No. 5?—Mr. Fleming's.

1475. What was Mr. Fleming's occupation at that time?—He was express agent and manager of the telegraph in Sarnia for the Montreal Telegraph Company, and he was carrying on a private bank at the same time.

1476. At Sarnia?—Yes, at Sarnia.

1477. Was he in Ottawa at that time?—Yes.

1478. And Mr. Glass?—Yes, and Mr. Glass; we were all there.

1479. You were all there at the time the tenders were finally received?—Yes, I think so. I was, and I think we were all there. I could not be very positive, but my impression is that we were, because I think we were only in time to make out the tenders. I think they were put in just the day before.

1480. Are we to understand your recollection to be that the tender was made out upon the last day, or the day before?—Yes.

1481. Had you arranged between yourselves that you would unite your interests before you went down there?—Yes.

1482. It was not an arrangement made on the spot?—No.

1483. Had you considered the subject as to the amounts, or time of completion, or any of those details before you went down?—We had had some consultation before we went there, but we had not finally completed it as we had to see the Chief Engineer, and get some explanations, but we had made out a sort of rough estimate before we went down.

1484. What kind of information did you want from the Chief Engineer?—There was no specification, and we wanted information as to the probability of it being all let in one contract or in sections, or what was meant by "light poplars" such as were mentioned, or timber in use—such information as contractors always require from those who have supervision of the work.

1485. Did you get then from Mr. Fleming any verbal explanations which were not in the advertisement?—I think not, only so far as letting to one party was concerned. He could not give us information on that subject, for that would be a matter for consideration after the tenders were opened by the Government.

1486. Did you understand that the advertisement called for one tender for the whole line if a person wished so to tender?—I did.

1487. And did you understand that you made your tender on that basis?—We understood that we made the tender on that basis or on the basis of any one section.

1488. Was Mr. Fleming in Ottawa upon the day the tenders were finally received?—I think he was.

1489. Did you discuss the matter with him that day?—I do not think that it was discussed. I do not think we discussed the question at all on that day. I think the tenders were made out the day before

Telegraph Construction—
Contract No. 1.

and finally fixed on. I do not think that we spoke of tenders that day. I know we were not stopping together, and I do not think I saw him that day until the afternoon. I do not remember positively. There was no discussion any way on that day.

1490. Do you mean the day on which they were finally received?—Yes.

1491. Did you consider that you would take any one of the sections at the mileage rate at which you offered to take another section for?—No.

1492. What sections would you require different prices for?—The prices were stated. There was so much for prairie and so much for woodland, and on the terms of our contract we had been willing to accept any section.

Prices were stated for prairie and for woodland, and they were ready on terms of contract to accept any section.

1493. That was the only distinction you made—so much for woodland and so much for prairie?—I think it was. I have never seen the tender since it was put in, and that is several years ago.

1494. You understood then, if they wished to give you the British Columbia section, the Thunder Bay section, or any other, that the only distinction you wished to make was so much for woodland and so much for prairie?—That is my recollection of it, but I cannot speak positively of it. The question with regard to the British Columbia end is that there was some of it very heavily timbered, but I do not remember whether there was anything specified in the tender about that or not. I have never seen the tender from the time it was put in until to-day. Our idea was to get the whole work, and in the event of not being able to get that to get what we could. That is the way we felt about it.

Not positive if this was so with the British Columbia end.

1495. Look at the tender again and read it through, and then point out any portion of it which you think amounts to a tender for any particular section of it?—I presume that clause thirteen would be a special offer for that piece of the line for which we had the contract.

Clause 13 construable as an offer for the piece of line awarded.

1496. With that exception there is no other offer for any particular section?—I do not make out anything else. My remembrance of it is that there was nothing else. The reason for that offer was, that that section was considered to be so very much easier built than other portions of the line.

1497. Did any one of you three gentlemen take a more active part than the others in negotiating this arrangement with Mr. Fleming or anybody else?—Not up to that point.

1498. You mean up to the time of putting in the tender?—Yes.

1499. Were you present the day the tenders were opened in Ottawa?—I was.

1500. Were you at the opening of the tenders yourself?—No.

1501. Were you informed that day of the result?—No.

1502. How soon after it were you informed of the result?—We all remained over, I think, for two days—the day that the tenders were opened and the following day. Then Mr. Fleming said it would be quite uncertain when, and might be some days, before he could give information about the matter, and my two partners went home and left me there. I remained for about two weeks but I got no further information.

Learned that some time would elapse ere information regarding awarding of contract could be given.

**Telegraph Con-
struction—
Contract No. 1.**

Trudeau, eight days after contract was opened, said he had better go home.

1503. You mean after the opening of the tenders?—Yes, I got no further information on the subject, and either Mr. Fleming or Mr. Trudeau, I do not know which, in a conversation that we had, said that I had better go home, it was not very far off and they would let me know; but there were other parties apparently lower than us on the line and no decision had been arrived at.

1504. How long was that after the opening of the tenders?—I think it was eight or ten days. I think I said I was there about two weeks altogether.

1505. Do you recollect how long it was after the final receipt of the tenders before they were opened?—I could not tell anything about that; I do not know where they were opened. I suppose they were opened the next day, but we could not get any information on the subject.

Several days after final receipt of tenders elapsed ere he was told that there were other tenderers lower.

1506. Was it about the next day after the final receipt of the tenders that you were informed that there were other persons lower than you?—No, I think it was several days.

1507. How long were you there altogether on that occasion?—About two weeks, or a little more. I was there about two days before the tenders were put in and the balance of the two weeks after.

1508. You say that you think you stayed about ten days after the tenders were opened?—Yes.

1509. What time would that leave from the day they were received to the day they were opened?—I said I took it for granted that they were opened the day after they were received. I really do not know when they were opened.

1510. How long was it after the tenders were put in when you were informed by Mr. Trudeau or Mr. Fleming that there were others lower than you?—I do not know. I think it was about the time I said I went home—several days after. I cannot remember.

Both partners present when he asked for information from Fleming.

1511. At the time that you asked for further information from Mr. Fleming was any one of your partners present?—Yes; I think that they were both present.

1512. Did you have more than one interview with Mr. Fleming?—I do not remember having more than one interview.

1513. Where was that interview?—In Mr. Fleming's office.

1514. What was the subject mentioned at that time?—It was just to gather what general information we could before putting in our tender, of what the requirements would be.

Fleming gave no particular information.

1515. Do you remember what information he gave you?—No; I think he did not give us any particular information on the subject at all.

Character of timber to be used as poles.

1516. Then what did you understand to be the character of the work as specified?—We understood that such timber as could be got along the line, every place, was to be used for poles. That was understood definitely, and was stated in the contract.

Described in advertisement.

1517. What was stated in the contract would not be information to you at the time of tendering?—No; it was stated in the short adver-

Telegraph Con-
struction—
Contract No. 1.

tisement that was published. I do not know whether there is a copy of it attached to your papers or not. I did have a copy of it at one time, but I do not know whether I have it now.

1518. Was the whole character of the work to be of a temporary kind?—So far as the poles were concerned it was, but so far as the wire and instruments and clearing of the land were concerned, they were to be complete. The wire and instruments were to be of good material, and the clearing of the land was to be of such a character as to admit of their going on with the building of the railway on it.

Character of wire and instruments. Clearing to be such as to enable the road to be gone on with.

1519. What about the erection as well as the material of the poles?—There was nothing stated about the manner of erection. We considered that in that matter we were more interested ourselves than anybody else, as we had to keep the line up. If we did not keep it up we would not get paid for it.

Nothing stated about manner of erecting poles.

1520. Do you mean that the mode of securing them would only be such as would answer your own interest?—No; but what would answer our interest for five years would answer the interests of the Government or anybody else, and we were supposed to deliver the line over to the Government in good working order. If we had not the poles well secured we could not do that. We understood that they were to be put up as well as they could be under existing circumstances. The poles would not stand very long.

The contractors as much interested as Government in having poles put up well.

Poles would not stand very long

1521. Why?—Because they would rot.

1522. What kind of timber were they?—In nearly every instance they were poplar. I have obtained a few miles of cedar and tamarac poles at considerable extra expense to save the trouble of putting them in again.

Poplar in general.

1523. How long will poplar last before it rots?—About three years.

Poplar last three years without rotting.

1524. Was that a material approved of by the engineer?—The contract approved of it; it said "the material on the line."

Contract stipulated "material on line."

1525. Look at the original tender and say upon what day it was finally prepared?—It must have been prepared on the 22nd of July, the date it bears.

Tender completed on 21st and prepared on 22nd July.

1526. Do I understand you to say that that was the day upon which this document was first completed?—No; we had this document completed the day before we signed it.

1527. Then you think it was first completed on the 21st of July?—I do.

1528. Why was the date of the 22nd put in?—Because that was the day on which it was handed in.

1529. Was it handed in?—I think it was.

1530. Why do you think that?—I think it was handed in to Mr. Braun. I am not positive, but I think I handed it to Mr. Braun myself.

Witness handed tender to Mr. Braun.

1531. Do you remember whether your partners were present?—No, I do not.

1532. Where do you think you handed it to Mr. Braun?—It would be in his office if I handed it to him. In all cases when I put in tenders in Ottawa, I have handed them to Mr. Braun.

**Telegraph Construction—
Contract No. 1.**

Alterations in figures made before tenders handed in.

1533. Then you think it was on the 21st of July this document was first prepared; can you say when the alterations were made in it, in the figures—or rather the amounts for section 1?—They were made before it was handed in.

1534. Can you say whether the alterations were made on the 21st or 22nd?—I cannot now, but I think I will be able to establish it.

1535. How do you think you can establish it?—By looking over my memoranda, I fancy I can find out what was done.

1536. You think you have a memorandum showing when the change was arrived at in your minds?—The change was made just when we were finishing it. When we were copying it I made the change on the rough copy that was made up before Mr. Fleming copied it. He had another copy of it in his possession. He had copied it before I saw him in the morning.

Cause of change in figures.

1537. Can you remember what it was that led to the change?—Yes; the fact of this section having lighter timber than any other section between here and Fort Pelly.

1538. As you had it originally, before the alteration was made, it was lighter was it not? You say as to the whole line that the average cost was to be \$629 per mile for woodland?—Yes.

1539. And you had this section for \$529 originally?—Yes; it was already lighter by one-sixth.

1540. Can you explain why you found it necessary to reduce it \$20 still lower than it was?—I think that it required to be reduced that much lower to bring it equal with the other sections.

Change not made in consequence of information received by contractor between 21st and 22nd July.

1541. This last change appears to have been made between the 21st and 22nd of July; did you get any information between the 21st and 22nd July as to the character of the work which induced you to take off that much from the price?—No.

How price was arrived at.

1542. Then why, if you had no new information upon the subject, did you find it necessary down at Ottawa, the day before putting in the tender, or the day of tendering to reduce it by \$20 a mile or thereabouts?—It was just this way: where there are three men making a contract together they generally differ in their opinions. I objected to the price being put in there at first, but my partners would not consent at the time. They gave way finally to me before we put in the tender, and consented to make the change. We had a good deal of discussion on that matter.

1543. Do I understand you to say that before this was finally altered you had always wished to have it at the present price, \$492 per mile for woodland?—Yes.

1544. And for the prairie you wished to have it \$189, and they wished to have it \$209?—Yes.

1545. Do you remember where that discussion took place between you and your partners at which the final change was made?—Yes.

1546. Where was it?—In Ottawa in a room of the Russell House where we were making out our tenders.

Telegraph Con-
struction—
Contract No. 1.

1547. Was it upon the day of putting in the tender?—I could not state whether it was on the day of putting in the tender or the day before.

1548. Do you remember how you were first informed that your tender would be accepted or acted on?—It was either by telegraph or letter, I do not remember which, a considerable time after this; we had given up all hopes of having anything to do with it when we got the notice.

Informed of ac-
ceptance of ten-
der either by tele-
graph or letter.

1549. Before that time were you aware that Mr. Dwight was the party named as likely to get the contract?—No; but I did not expect to get the contract. I had disabused my mind of the whole thing; I expected that it was given to somebody else.

1550. Mr. Farwell was not interested with you in this contract at all?—No.

Farwell not in-
terested in this
contract.

1551. Was he down there assisting you with this contract?—No.

1552. Whose handwriting is that in the letter of the 14th of October, Exhibit No. 2?—It is Mr. Glass's.

Letter of the 14th
October, in Glass's
hand-writing.

1553. Were you in Ottawa at that time?—No.

1554. Then at the time the contract was finally arranged for, you were not in Ottawa?—No; I was not,

When contract
was finally set-
tled witness not
in Ottawa.

1555. Who was acting for the firm then?—Mr. Glass.

Glass acted for
firm.

1556. Mr. Glass alone?—Yes.

1557. Do you remember consulting among yourselves about the price for maintenance for this particular section?—No; I do not remember.

1558. Was there any consultation between the members of the firm before the contract?—I do not remember anything about it. My impression is that there was not any consultation, but I could not say that positively.

1559. What is the occupation of Mr. Glass?—He is a lawyer.

Glass's occupa-
tion.

1560. Do you remember when you made your tender whether for the maintenance of the line there was any particular provision or understanding among yourselves—among the firm?—We had so much to talk about on that matter that it is impossible for me to remember, but I think there was. We had discussed the matter very fully, but I cannot remember it so distinctly as to say. We discussed very fully the maintenance of the line on the different sections, and the cost of getting material and supplies to the different houses on the sections. We figured for a long time over that and discussed it very fully.

1561. Did you consider that any particular portion of the line would be more expensive to maintain than another?—Yes.

Thought that one
portion of line
would be more ex-
pensive than
other to maintain.

1562. Which portion did you think would be most expensive?—We thought that the portion between Lake Nipissing and Lake Nipigon would be most expensive, and the next would be between Thunder Bay and Red River.

To wit: between
Lake Nipissing
and Lake Nipi-
gon.

1563. More expensive than in British Columbia?—Yes.

**Telegraph Construction—
Contract No. 1.**

Next most expensive section, British Columbia. 1564. And which would be the next most expensive?—The British Columbia end would be the next.

Next to that the prairie region between Edmonton and Pelly. 1565. And which would be next?—The prairie region between Edmonton and Pelly.

Contract 1, the least expensive section. 1566. And the least expensive of all would be your section?—I thought it would.

About 25 per cent. cheaper.

1567. What rate would the expense of maintaining it bear towards the Edmonton and Pelly section? Would it be 50 per cent. less expensive, or how much?—I think it would not. The difference would be between 15 and 25 per cent. It is a matter that a person would require to think over some.

1568. At that time you did consider that some sections would be more expensive than others?—At that time we had considered the matter very fully and figured out what we thought to be correct.

1569. Could you say now pretty nearly what would be the difference between the cheapest section—the one you got—and the most expensive section?—What really would be the expense of doing that and what we calculated on at the time would be two different things.

1570. I want to know what was operating on your minds at that time of the transaction?—I could not tell you. We considered this the cheapest section, but I could not come near the calculations we made at that time. I do not know that we made any difference with regard to the maintenance of the whole thing, but we thought that would be the easiest section to maintain at that time.

1571. You say you do not remember that there was afterwards a discussion between the Department and Mr. Glass, acting for the firm, as to the amount that ought to be paid for maintenance?—I do not know anything about that; I was not there, and I know nothing at all about the discussion.

At time of tendering understood, among witnesses and his partners, that some sections would be more expensive to maintain than others.

1572. Do I understand you to say this: that at the time you made your tender it was understood among the partners that some sections would be more expensive to maintain than others?—Yes.

1573. And if you received only those sections you would require to be paid more for maintaining them?—I do not know what conclusion we came to with regard to that, for really our idea in the first place was that we would get the whole line. We had no other idea. Then when we were offered one portion of it I objected to taking it at all, because I was engaged at that time in other matters. Mr. Glass went down to Ottawa and then wrote back to me, stating what arrangements he had made, and we agreed to go in.

When making original tender understood they were to have receipts of line.

1574. When you made your original tender had it been discussed between you as to whether you should receive any of the profits of the line, or work it at all besides maintaining it?—We understood that we were to have the receipts of the line, I think.

1575. At the time you made your original tender?—I think so, but I am not sure now.

But tender says nothing about this.

1576. If you did so understand it, how was the idea communicated to you?—I could not tell you. Does the tender say anything about it?

Telegraph Com-
struction—
Contract No. 1.

1577. No; it does not?—I could not give you an answer on that question. I do not remember what our ideas were at that particular time; I do not remember it distinctly.

1578. Do you keep your correspondence about business matters filed away, or do you destroy them?—Some of them I keep, and more of them I destroy. If there is anything on this matter that I can refer to I will do so.

1579. For instance, there is the letter of Mr. Glass to you from Ottawa?—Yes; he either telegraphed or wrote to me from Ottawa, and my impression is that I have that.

1580. I understand that this arrangement as to the taking of the contract was made by Mr. Glass in your absence, and that you and he did not discuss the details of the final arrangements; that you left it to him to act?—Yes.

1581. Then I suppose you had made no estimate about what the profits would amount to if you operated the line as well as maintained it?—No.

No estimate had been made as to what the profits would amount to if they operated the line.

1582. You had never made any calculation of that kind?—No.

1583. If you had never made any calculation about what the profits would amount to, how could you consider that to be an element in the transaction on which you would base your figures?—I do not know that I can answer that question. So far as the first question you ask is concerned, I think the probability is that after or before that we had considerable talk about the profits of the line, but I really could not tell which.

1584. There was nothing said about it in your original tender?—No; I think there was nothing said about it before that.

Nothing said about profits in original tender.

1585. At the time you made the tender it was not an element in your calculations for the contract?—No, it could not; because there was nothing said about it in the advertisement.

They were not an element in calculations for contract.

1586. While you were in Ottawa, about the time of receiving the tenders, did you see any person in the Department besides Mr. Fleming?—Yes; I saw Mr. Trudeau and Mr. Braun.

Saw Fleming, Trudeau & Braun.

1887. Any one else?—No.

1588. Neither Mr. Mackenzie nor Mr. Buckingham?—I saw Mr. Buckingham frequently on the street.

Saw Buckingham in the street, but did not converse with him on the subject of the tender.

1589. Had you any conversation with him on the subject?—No; I had no conversation with anyone on this subject, except Mr. Fleming, until after the tenders were put in, and then the conversation I had was with Mr. Trudeau and no one else.

After tenders in, conversed with Trudeau only with the view of discovering when decision would be arrived at.

1590. Did you converse with him more than once?—Yes, I went in there every day half-a-dozen times to find out when they were going to decide it, and whether he had any information about the contract or not, but I did not go there for information of any other kind. That was the place I expected to get the information from.

1591. Do you remember whether you were informed that a fortnight, or anything like that, would elapse from the receipt of the tenders before they were opened?—I do not remember.

**Telegraph Construction—
Contract No. 1.**

1592. How long do you think you were in Ottawa at that time?—I think I was there about two weeks altogether.

1593. And upon being informed that there were other persons lower than you, you went home and dismissed the matter from your mind until you were informed later in the year that your tender would be accepted for a portion of the line?—Yes.

Announcement that they had got contract reached witness before the other partners.

1594. Do you remember whether this communication from the Department was to you individually, or who it reached first?—I think it reached me.

1595. Where were you living?—In London.

1596. Do you remember the time that was first named for the completion of this contract?—No.

Asked for extension of time, which was granted.

1597. Do you remember that you asked for an extension of the time?—Yes.

1598. Was it granted?—Yes.

1599. Was it completed within the extended time?—Yes.

Information that tender was accepted contemporaneous with Braun's telegram to Sifton & Glass, London.

1600. Mr. Trudeau has given us a copy of a telegram of 6th October, 1874, to Sifton & Glass, London, signed "F. Braun, Sec.:" do you know whether that was about the time that you were informed that your tender would be accepted?—Yes.

1601. Do you remember any discussion upon receipt of that telegram, between you and your partners, as to whether you had tendered for a particular section or not?—No.

Does not know who answered the telegram.

1602. Do you know who it was that answered the Department?—I do not.

Consultation of partners before answer sent.

1603. Do you remember whether you and your partners consulted together before an answer was sent—at London?—Yes.

Aware then how much of line was included in section 1.

1604. Were you aware at that time how much of the line was included in section 1?—Yes, we were thoroughly aware of it.

1605. At that time?—Yes.

1606. Do you mean when you answered that telegram on the 7th?—Yes.

1607. The Department has given us a copy of the telegram dated the 8th, signed Sifton, Glass & Co., which asks this question: "Does section one extend from Garry to Edmonton?" Now, as a matter of fact, section 1 extends from Garry to Pelly—that is 250 instead of 800 miles?—I knew all the time that Pelly was the right terminus, but one of the partners held that it was all the way to Edmonton. He had forgotten the information he had, I suppose.

1608. Then this telegram was sent to satisfy your other partners?—Yes, while we were discussing the matter in London.

Witness first moved up to Manitoba in April, 1875.

1609. When did you first move up to Manitoba to live?—In April, 1875.

The other partners went up in November.

1610. Did either of your partners come up about the time of this contract being entered into?—Yes, we came up in the November before. The three of us came up together and built the line down from here to Selkirk in November and returned again.

1611. Which side of the river is it built on?—On the west side.
1612. Did you furnish the wire and other materials, as well as do the work?—We bought the wire from the Government.
1613. Where was the wire when you bought it?—At Winnipeg, and we were charged $3\frac{1}{2}$ cts. above market price, and did not know it at the time.
1614. How long was it after you had entered into the contract before the line was marked out for you by the engineers?—Some time in November part of it was marked out. The line from here to Selkirk did not require to be laid out, as it ran along the great highway. It was not on the line of railway. Some time the last of November or the 1st of December, 1874, they gave us the line running west from here.
1615. On November 9th, 1874, you appear to have telegraphed to Mr. Fleming in these words: "Direct engineer to point out works; we wish to go over the whole line at once to know what is to be done." You think it was about a month after that when they marked out the line?—They were at work on it before that about a month. Before that we were unable to go west from Red River on the located line.
1616. You think an extension for the completion of the line was granted?—Yes, I know it was. I got a letter from Mr. Fleming.
1617. A letter of the 9th July, 1875, asks for an extension to the 1st of October, 1876?—Yes.
1618. In your tender of July, 1874, you offer to finish this section in November of 1874?—Yes.
1619. Did you expect to be able to do it all in four months?—Yes, if we had got it at that time of the year we could have done it. That was on the understanding that we should get the whole line, as we would have put on a very much larger force. It is only a matter of force doing any of that work.
1620. Your offer to build it in 1874 was based on the understanding that you would have the whole line?—Decidedly that was the understanding on our part, but I may say here that at that time there was supposed to be but very little timber on that line, and it turned out that there was considerable.
1621. Do you operate the line now?—Yes.
1622. Is there any arrangement between you and the Government as to rates?—No.
1623. Do you charge what rates you think proper?—We charge the same rates to the Government as to the public.
1624. Is there any arrangement between you and the Government as to what rate you charge the public?—No.
1625. And you charge the public whatever rate you think proper in your own interest?—Yes; the plan that I adopted in that was: I consulted with other telegraph men and got their ideas about what would be, under the circumstances, a fair rate for the public on this line. The rate that would benefit the public would benefit the owner, and I put it at that price.

**Telegraph Construction—
Contract No. 1.**

Line built on west side of river.

Wire bought from the Government.

Charged $3\frac{1}{2}$ cts. above market price.

Part of line marked out either at end of November or beginning of December.

November 9th, telegram to Fleming to have works pointed out.

An extension for completing line was granted.

Letter 9th July, 1875, asks for extension to Oct., 1876.

In tender of July, 1874, offered to finish in November, 1874.

If they had got the contract when they tendered, and got it for whole work would have finished by the time given in tender.

Contractor operates line.

No arrangement as to rates.

The Government had to pay same rates as public.

No arrangement as to rate public charged.

Basis of charge.

**Telegraph Construction—
Contract No. 1.**

Aware there had been complaints about the way line was managed

1626. I suppose you are aware that there have been complaints about the way in which the line has been maintained?—Yes, I am aware of that, and I am also aware that our line has been kept up more uniformly and has been in operation more days in the year than the line right alongside of the railway. Those complaints have generally come from interested parties.

Will have the line another year.

1627. Are you still interested in the matter?—I still have the line, and will have it another year.

1628. Do you keep books showing the receipts and expenditure connected with it?—Yes.

1629. Would you tell, if we wish to know, about what is the expense of maintaining it a year from your books?—I think I could, though the accounts generally run from one year into another. In fact it costs nearly as much one year to maintain it as another, as I have to keep a certain number of men, whether they are idle or not—repairers and operators—and then the renewing of the line makes it cost more occasionally. I have renewed half of it already by putting in new poles, and the balance I must put in before my time expires.

Three years the average life of the poplar pole.

1630. What is the average life of the poplar pole?—About three years. There are places where we have put in dry poplar and they last much longer. When the fire runs through the bush the poplar is killed, and though it remains standing it dries up and the bark falls off. If you cut them about two years after they have been killed they will last a great deal longer than green poles.

Killed poplars last longer than the green poles.

Character of land over which line runs.

1631. Is it generally dry land over which this line runs?—It is generally dry. There is more than half of it dry, but there is a great deal of wet land.

1632. Do you mean ordinarily wet land, or bog?—From the Narrows of Lake Manitoba to Mossy River it runs through low land, and a very large part of it swamp. Of the sixty miles there are, perhaps, ten to twelve of swamp.

1633. Westward from Mossy River, what proportion of that is swamp?—West of Mossy River in the first fifty miles there is, perhaps, half of it swamp.

1634. And then westward from that?—It is all dry land.

1635. Is it wooded?—It is very fine land; most of it is timbered, and the rest of it prairie and small poplar.

1636. Are there any settlers there?—There are a few settlers. Wherever you find water courses there are a few scattered settlers. Between Selkirk and the Narrows, something over 100 miles, there are only about five miles of muskeg, but there is a good deal of wet land. For the last two years we have got, west of this town, a place that five years ago was as dry as the street, now there are three feet of water on it. That is at Baie St. Paul. If the line were deflected so as to go around those swamps it would strike gullies that would be more impracticable for railway purposes.

**Railway Construction—
Contract No. 13.**

1637. What was the next contract in which you were interested?—The next was contract 13, at the Thunder Bay end of the road.

1638. Was that let by public competition?—Yes.

**Railway Construction—
Contract No. 13.**

1639. What was the original extent of line covered by contract 13?—
I do not remember.
1640. Do you remember to what point the western terminus went?—
I think it was to Lake Shebandowan. Western terminus at Lake Shebandowan.
1641. Did you go there yourself and look after that work?—No; I
was on this end—on contract 14—and my brother and Mr. Ward were
at the other end. I was not over the whole of the other end myself. Did not go over whole section.
1642. What was the name of the firm?—Sifton & Ward. Name of firm:
Sifton & Ward.
1643. Who were the persons interested?—The contractors were my
brother, Mr. Frank Ward, of Wyoming; Thomas Cochran and J. H.
Fairbanks, of Petrolia, and myself. Mr. Farwell afterwards became
interested with us in the line. Personnel of firm.
1644. Afterwards?—After the contracts were obtained—both of them.
1645. Was the work on both of those sections advertised for at the
same time?—I do not remember whether they were asked for at the
same time or not. Does not remember whether work on contract 14 and 13 were advertised for at same time.
1646. Was there any understanding between the persons who became
the nominal contractors and those other gentlemen who became inter-
ested afterwards, that if you got the contract they would become inter-
ested?—Between Thomas Cochran, Mr. Ward and myself there was.
Mr. Fairbanks came in after the contract was got, and Mr. Farwell
came in after that again. How firm was made up.
1647. Do you know whether there was any understanding between
Farwell and Fairbanks, and your firm, that they should become inter-
ested afterwards?—I do not know that there was any understanding.
1648. You were not a party to any understanding?—No; I think I
was the person who tendered. Witness the person who tendered.
1649. Was Farwell down at Ottawa at the time of tendering?—No;
he was not at Ottawa, and did not know that I was tendering. Farwell not aware of his tendering.
1650. Was he down at the time you got the contract?—No; he
knew nothing about it until he saw that the contract was awarded to
me, through the newspapers, and he telegraphed me (I had been
acquainted with him for a number of years) to know whether he could
not come in with me on the work I had got. Then we opened a cor-
respondence. When he saw that witness had got contract telegraphed him to ask whether he could not come in on the work.
1651. Had you been over that part of the country to ascertain the
probable expense of the work, so as to know how to tender?—I had
been over part of it. I had been over half of the work on the Fort
William end, and about twenty miles of this end. Had been over a large portion of the work.
1652. And was it from the knowledge you obtained in that way that
you were able to form some opinion of the prices which you mentioned
in your tender?—Yes. And was thus able to form an opinion as to prices.
1653. Was it acting upon the information you obtained in that way?
—Yes; and my brother had been over all the section on the east end.
1654. The line was changed after some of the work had been done,
was it not?—Yes; at Sunshine River it was directed towards the north,
but I could not give you any of the particulars of it. Line changed; but witness can give no particulars.

**Railway Construction —
Contract No. 13.**

1655. You did not take any active part in the management of that portion of the contract?—No; nothing further than going down occasionally and having a look at the books. It was entirely in the hands of my brother and Mr. Ward. Mr. Fairbanks was there part of the time, and so was Mr. Cochran.

1656. Mr. Cochran was mentioned as one of your sureties at the time you tendered?—Yes.

Heard there was a lower tenderer.

1657. Do you know whether any other person tendered at a lower rate than you did for this work?—Yes; I heard that there was some person from Nova Scotia, or somewhere down the country. I do not know anything positively about it only from the fact that there was a delay in deciding the matter on account of there being a lower tender. If the party would accept we would not get it.

1658. Do you know if any parties named T. A. Charters & Co. were connected with it?—No.

1659. Or G. W. Taylor?—No.

1660. Are you aware of any communications between any one on behalf of your firm with either of those parties?—I am certain there were no negotiations with any person belonging to our firm. I was the person who did all the business for them.

Remembers being informed of a change of line at Sunshine Creek.

Negotiations took place as to the terms on which that change should be made.

1661. Do you remember being informed that there was a change in the direction of the line at Sunshine Creek?—Yes.

1662. Were there any negotiations between any one on behalf of your firm and the Government, as to the terms upon which that change should be made?—There was, but I could not say anything about it.

1663. Who were the parties who negotiated those terms?—They were my partners.

1664. You would not be able to say anything about the change of the line which made a difference in the rock cuttings?—No.

1665. Had you an engineer of your own on that end of the line?—We had a part of the time.

Taylor engineer for contractor for part of time.

1666. Who was it?—One Taylor, I think, an engineer who had been in the employ of the Government. I think there were two engineers there. I do not remember their names, and I cannot give you anything particular on that subject.

Matter settled.

1667. Are you aware whether the matter is settled between the contractors and the Government about section 13?—I understood it was.

1668. You believe there is no dispute now between you and the Government?—I believe there is no dispute.

In consequence of delay in locating line men had been idle and work delayed.

1669. There was a charge made for the delay in locating this end of the line on contract 13; some of the men got there before the line had been laid out, and there was a claim for compensation; do you know the particulars of it?—I do not know the particulars. I know of the men having been idle and the work detained.

Marcus Smith employed to settle consequent claim; some allowance made.

1670. Mr. Marcus Smith was employed to settle that claim, and there was some allowance made?—Yes.

1671. Did your partners discuss the bearing of the quantities given at the time of tendering as to whether they would affect the gain on the transaction or not?—Yes; the quantities were a matter of very grave discussion in tendering.

**Railway Construction—
Contract No. 13.**
Quantities matter of consideration when tendering.

1672. How was it understood by the contractors? Were the quantities supposed to be nearly correct, or given for the purpose only of adding up to ascertain the amount of a tender?—We supposed that they were nearly correct.

Quantities supposed to be nearly correct.

1673. What led you to suppose so?—From the fact that any contracting we had ever done before on the Grand Trunk, the Great Western and the Canada Southern, the quantities were very nearly right. Almost in every case they are behind, but not enough to make a very great difference; but in this country where there was so very much rock they might make a very grave difference. A person might calculate on having only a very small quantity of rock where there would be a large quantity, and they might be deceived and have a poor contract.

Reasons for supposing that contract was correct.

1674. What effect has that upon the tendering?—In our case our experience in the past had been that the quantities were so nearly correct that it did not have any effect. We assumed that it was very nearly correct and would not make any great difference.

1675. Did this estimate turn out to be as nearly correct as the estimates on those other roads?—I could not tell you about 13 as I am not sufficiently posted to give you any definite information. On 14 I know what it was, as I managed my own work.

1676. What is the next transaction in which you were interested?—**Contract No. 14.**

1677. Was that submitted to public competition?—Yes.

1678. Do you know who made the lowest tender?—I do not.

Does not know who made lowest tender.

1679. Do you know any of them who were lower than you?—No; but I have heard that some person up north, near Collingwood, was lower. It appears to me that the name was Robinson.

1680. No; they were J. Wallace & Co., of Dunbar. Did you know them?—No.

1681. And you had no negotiations with them?—No.

1682. Was the management of this contract left principally with you?—Yes.

Management of this contract principally in witness's hands.

1683. Who were the parties interested in this contract?—The same parties who were interested in the other.

Personnel of company the same as in contract No. 13.

1684. In the same proportion?—No; I think there was a difference with Fairbanks. I think he had one-fifth in the contract at Thunder Bay, and one-sixth in this. I do not remember exactly how it was.

1685. Wallace & Co. appear, by a return made by Mr. Fleming, to have put in the lowest tender; do you know anything about those parties?—No.

1686. Had you any negotiation with those parties?—No.

1687. Do you know of any between your partners and them in relation to this contract?—No; I do not.

**Railway Construction—
Contract No. 14.**

Considered quantities given in bill of works to be correct.

Grounds for supposing quantities correct.

Quantities to be executed greatly in excess of estimate.

Excess arose from deviations in line.

Contractors had an engineer employed.

Who got copies of plans and profiles from Government engineer.

Contractors making claim on Government.

Nature of claim.

1688. Do you know whether you and your partners, in making this tender, considered the quantities given in the bill of works to be nearly correct, or otherwise?—We did certainly think so.

1689. Why did you think so?—We thought so from the fact of our experience in the past and the fact that they had surveyed this line.

1690. What experience had you?—We had had contracts, as I said, on the Grand Trunk and some on the Great Western and Canada Southern. I, myself, have been engaged in the excavation and work of that kind for twenty years, in county works and all kinds of works.

1691. Was there anything in the advertisement for tenders to lead you to understand that this was based upon a different system from the others?—I do not remember anything.

1692. How did it turn out? Did the quantities which were required to be executed exceed the bill of works, or were they lower than the estimate?—They turned out to be about 60 per cent. in excess of the estimate. In some instances they were 300 per cent. and more. For instance, in solid rock the estimated quantity was 10,000 yards, if I remember rightly, and the actual quantity was from 30,000 to 35,000 yards. In loose rock the estimate was about 3,000 yards, and there were over 30,000 yards executed. Then the earth work went 50 per cent. over what was estimated.

1693. Did all that excess in the rock work arise from the deviations of the line?—Yes.

1694. Was it not partly from the alteration of the grade?—I could hardly say whether the grade was changed or not. I could find out by referring to the profiles.

1695. Had you an engineer employed on your own behalf?—Yes.

1696. Did he make plans and profiles of his own, or did he get copies from the Government engineers?—He got copies from the Government engineers.

1697. Who was the engineer you had employed?—We had three: the first year we had a young man named Henry Hollingshead, from St. Paul, who had had considerable experience on the St. Paul and Pacific. Then we had Mr. Molloy, who had been for a time engaged with the Government here. He came here in the employ of the Government, but was dismissed. After him we had Mr. Lynch who is now in charge of part of section B for the Government.

1698. Where are the plans and profiles that you had at that time?—I do not know where they all are; I have got some of them.

1699. I understand that you are making a claim against the Government for something in connection with this particular contract?—Yes.

1700. What is the nature of the claim, generally, without going into particulars at present?—The nature of the claim is, in the first place, for delays; and in the next place we claim that on account of the delay, and our men having to go away, that wages were raised and we were entitled to a charge for the excess in wages that we had to pay. In the next place we have a claim for an extra ditch, an immense canal, that was dug some four or five miles along the road, and the engineers made us wheel the material from that into the centre of the road, some

eighty-five feet, and only allowed us the price of off-take drains for it. The engineers here have recommended that we be paid the price of side ditches for it. We claim that we should have not only the price of side ditches but a charge for bringing it the extra distance. Instead of having to bring it only ten feet, which the ordinary berm of the road calls for, we had to bring it eighty-five feet. It was not such earth as could be moved with teams. If it was we would not have asked anything extra for it, because we were obliged to remove earth from borrow-pits any reasonable distance to the middle of the road-bed, but this had to be wheeled over bogs and muskegs eighty-five feet from the berm of the road out of the ditch. Then we were stopped working at one time in the fall when we were getting ready and had transported some of our supplies on the line; and there were fresh surveys made north and south to see if it would not be better to change the road. We were obliged, in consequence, to move back our supplies.

**Railway Construction—
Contract No. 14.**

Nature of claim.

1701. Where was this?—It was thirty miles east of the Julius Muskeg. It was thought to be a great barrier at that time, and they wanted to move the line, and we were put to the expense of removing our supplies and a small building that we had put up. Then we had the road changed very much, and very much to our disadvantage, which I think can be shown by competent men who have examined and seen it.

Julius Muskeg.

1702. Going back to the telegraph contract, one of your partners was Mr. Glass?—Yes.

**Telegraph Construction—
Contract No. 1.**

Glass one of partners.

1703. Did he propose to you to enter into the partnership, or did you make the first overtures to him?—I really am not positive.

Not aware whether he made first overtures.

1704. Are you aware whether he had ever been engaged in any such work?—No; he never was.

Glass had never been engaged in any such work.

1705. Remembering that now, does it lead you to any impression about the first offer?—My impression is that he made the proposition to me. I think I could answer that question more fully to-morrow or some other day.

Witness's impression that Glass made first offer.

1706. Do you know now the price that you ask for telegraph messages over section 1?—Yes; it is one dollar for a message of ten words from here to Pelly, and extra, I think it is 7 cts.

Tariff over section 1.

1707. I think you said you had a statement by which you could give some idea of the receipts and expenditure?—Yes, I will prepare any information of that kind that I can give you.

**Railway Construction—
Contract No. 14.**

1708. About this contract 14, do you remember if you were at Ottawa about the time the contract was awarded?—I was there at the time the contract was awarded.

Was in Ottawa when contract was awarded.

1709. Do you remember that there was one tender ahead of you, that of Wallace & Co.?—I think I was there in connection with contract 13, getting that fixed up, when we were notified that 14 was open for us.

1710. To that dollar that is charged for a message over your part of the line, you must of course add something for the part over to Edmonton; how much is that addition?—I do not know how much that is. It was up to five dollars at one time.

**Telegraph Construction—
Contract No. 1.**

**Telegraph Construction—
Contract No. 1.**

1711. You do not control the sections west of Pelly?—No; I think it is a dollar from Pelly to Battleford. In other words, it would be double as much from here to Battleford as from here to Pelly. I think that is the present rate. I have nothing to do with the other line except settling up with them and receiving their messages.

**Railway Construction—
Contract No. 14.**

1712. You say you think you were at Ottawa regarding section 13, and at that time you also negotiated the closing of the contract for section 14?—Yes; I think so.

Ward with witness when contract for 14 closed.

1713. Was there any other partner there with you?—Yes; I think Mr. Ward was there with me.

1714. Why do you think Mr. Ward was with you?—He was there to sign the contract, I think. I think my brother and he were there.

Date of contract.

1715. The contract for section 14 is dated the 3rd of April?—They were both there at that time.

Contracts Nos. 13 and 14.

How information as to tenders having been awarded reached witness.

1716. Do you remember how you were informed that your tenders on those two sections would be accepted?—I do not remember how we were informed of 13, but I remember how we were informed of 14. Mr. Trudeau informed me when we were settling about the securities and finishing up about the other contract, or getting it ready. He said that the House was about being dissolved, and the time that had been given to somebody else for putting up securities had elapsed, and they wanted the contract closed before the House prorogued. He said: "If the contract is awarded to you, can you put up the security at once?" I said "Yes, immediately—before night if necessary." He said: "Well, I will see you again." I called in again.

Contract No. 14.

1717. The same day?—I think it was the same day,—it was either the same day or the next morning, and he said the contract had been awarded to us.

1718. That was in 1875?—Yes.

1719. Did you furnish the security then immediately?—Yes; I think it was done within the next day or two before the House rose. I left to come to this country on the 7th of April.

Trudeau informed him.

1720. Mr. Trudeau thinks that was a contract awarded by Mr. Mackenzie, and he says that he has no way of knowing how you were informed of it. That is my recollection of his evidence. Your recollection is that it was Mr. Trudeau who informed you?—Yes; that is my recollection of it. I am pretty clear about that. It is five years ago and I might be mistaken, but I am pretty sure about it, as I recollect the conversation that took place about putting up the security, and that is what brings it to my mind.

1721. He told you that the persons who had made a lower tender had not put up the security?—He either told me, or it was understood, I cannot exactly say which.

1722. Understood by you?—Yes.

Understood from Trudeau that the lowest tenderers had not put up security.

1723. Can you say how you came to that understanding?—It must have been from conversation with Mr. Trudeau, as I had no conversation with any person else on the subject.

**Railway Construction—
Contract No. 14.**
Witness's brother also in Ottawa at the time.

1724. You say that Ward was the only partner of yours that was down there at that time?—No; my brother was there.

1725. Do you know R. J. Campbell, of St. Catharines?—No.

1726. Or Wallace & Co?—I do not know any of them.

1727. Do you know anything about the change of grade at the east end of section 14?—Yes.

1728. Was there a change of grade which increased the quantities considerably there?—Some places, I think, the quantities were increased, and in other places I think they were decreased. I think we had better decide that by looking at the profiles. I will get whatever information I can on the subject.

Effect in quantities of change of grade at east end of section 14.

1729. You said you had been over the line of country generally before the contract was awarded on 14?—The first twenty miles.

1730. Had you been over the country south of that at all?—Not much; just a little east of here.

Character of country south of contract 14.

1731. How far south?—About fifteen miles.

1732. That would be just starting from Winnipeg then, and not with a view to railway construction?—No.

1733. You do not know how that country would compare with the located line for railway construction?—There is not much difference, only one has timber on it and the other has not, but they are both level.

1734. Do you remember what was the time for the completion of contract 14?—In 1876, I think.

1735. It was not nearly completed then the 1st of August, 1876?—No; it was not.

Contract to have been completed in 1876. It was not nearly completed in August, 1876.

1736. Do you remember when the letting of the next section east of that, namely section 15, was made?—I do not remember, but I think it was in 1877.

1737. Was there much of section 14 unfinished in January, 1877?—Yes; considerable of it.

1738. That was six months after the time for its completion?—Yes.

1739. What was the cause of the delay?—The first occasion was delay in not having laid out the work in the first place, and when we came on here the work was not ready.

1740. How much of it had been done? Was the line located on the ground at all?—Yes, but there was no work laid out.

Line located but no work laid out.

1741. Do you mean that they had not cross-sectioned it?—There were no cross-sections done, and no engineers here to lay out the work when we came.

No cross sections and no engineers to lay out work when the contractors went on the ground.

1742. How long was it after you came before the work was laid out so that you could proceed?—I came here prepared to go on with the work in the latter part of April or the 1st May. I had a large number of men and horses coming into the country. We brought our own teams; and I advertised for men in St. Paul as we came through, and employed an agent to hire men and send them on to me, expecting that everything was ready. We had about sixty teams and 1,200 men, and we kept them some time. We could not pay them, but we boarded them, and we

Witness prepared to go on with work by 1st of May.

**Railway Construction—
Contract No. 14.**

Men left because no work ready.

had to pay some of our foremen's expenses. After a while the men went away and reported that there was no work going on, and no work ready. The consequence was it was impossible to get men in again that summer. We could have employed any number of men at \$1.75 per day then if the work had been ready; but they all went out of the country again. We had to raise the wages to \$2 per day to try and bring them back, but even that did not bring them, for wherever the men went back to the United States, all the way to Chicago, it was reported that there was no work going on so that laborers were afraid to come. After that we had to pay very high wages to induce them to come in, and could not get over half the number we wanted. We were in a position to have done all the work that summer had it been laid out for us; and it was the best season we have had since for work. We made every effort on our part, but the engineers only came on to lay out the work in June.

Raising rate of wages failed to bring them all back.

Contractors in a position to have done all the work that summer had it be laid out for them.

1743. When they come on to lay out the work were you able to proceed then, or did they require to lay it all out before you began?—No; they allowed us to commence five miles back from the river. The line was located that five miles but they thought of changing it, consequently we had to commence five miles out from the base of our supplies. We had to build a road to get out our supplies which, after the real location was made, was of no use to us at all, for we could have commenced at the river.

Having commenced to lay out work engineers proceeded eastward.

1744. After they commenced to lay out the work at that five mile point they went eastward and located in an easterly direction?—Yes.

Engineers kept ahead of contractors until December when a difficulty arose regarding Julius Muskeg.

1745. Did they keep ahead of your work then, or did they impede you in any way?—They kept ahead of us until the following December when that difficulty arose about the Julius Muskeg.

1746. Is that where they laid the ditch eighty-five feet from the roadway?—Yes; they gave us notice not to proceed further east than the Julius Muskeg, and that stopped our work all winter.

Twenty-five miles from where they started to the Julius Muskeg.

1747. How far was it between the five mile point from which you started and the Julius Muskeg?—About twenty-five miles.

Until line at Winnipeg end located contractors not permitted to work on more than this length for nearly a whole year.

1748. So that this was the only length upon which you were permitted to work until about a year after you got the contract?—Yes; until the time that they located this end. They located the five miles at this end some time during the latter part of the summer.

About August permitted to work westerly towards the river.

1749. Then they did not permit you to work westerly towards the river?—Yes, they did in the latter part of the year—perhaps in August or somewhere about then.

The part of line on which work not permitted the Julius Muskeg.

1750. Then the portion of the line that they would not permit you to work on was east of the Julius Muskeg—was it?—Yes.

Advantages which would have attended permission to work on the Julius Muskeg.

1751. Would it have been any object to you to have been allowed to work east of the Julius Muskeg?—Yes, for the reason that we could have got our supplies over; and we intended and had made arrangements to have our supplies taken across the muskeg in the winter, as we could not get them through in the summer. It consequently delayed us a whole year.

**Railway Con-
struction—
Contract No. 14.**

1752. Why did you wish to get your supplies over the Julius Muskeg in the winter?—Because we had plenty of work there that could be done.

1753. What was the object of your getting the supplies over at that time?—The Julius Muskeg was frozen in the winter, and we could get our supplies over without any difficulty. We were obliged, the next summer, to build a corduroy road eight miles long before we could get in our supplies, for we could not commence until the spring because we had no notice where the line was to be.

Julius Muskeg frozen would have made a good bridge in winter for getting over supplies. Had to build a corduroy road.

1854. Could you not have got your supplies over the Julius Muskeg on the ice at all events?—We did not know where to put them. They were running one line to the north and one to the south—trial lines, and we did not know which one would be adopted.

Why under circumstances ice bridge on Julius Muskeg not used.

1755. How wide is this Julius Muskeg?—Four miles across, and then there is a small piece of dry ground, and then another piece of muskeg about a mile and a-half wide.

Width of Julius Muskeg.

1756. When you speak of supplies what do you mean?—We mean provisions for the men and teams principally, as well as preparing shanties to live and work in. We build them in the winter and get them ready along the line every two miles or so. Then our timber making which we had to get out in the winter was stopped.

What is meant by supplies.

1757. What was the timber for?—Bridges.

1758. And for trestle work?—Yes; there was a great deal of trestle work. The principal part of our timber was east of the Julius Muskeg, and we had men on that work at that time.

A great deal of trestle work.

1759. In getting out timber for your work how far north or south of the line would you have to go for it as a rule—to get all that you wanted?—Two miles, perhaps. Not more than that.

Timber procurable within two miles of line.

1760. Could you not tell within two or three miles where the line was to be located east of the muskeg?—No.

1761. Do you mean that you were not able to get out any timber at all that winter?—No; we stopped operations at once.

Uncertainty as to location of line stopped operations.

1762. If you could have told within two or three miles where the line was to be located, could you have gone on with the timber operations?—Yes; but the drawing of timber out of the way in a wet country like that is a pretty serious matter. They went off two or three miles on one side, and then they abandoned it and struck the other side.

1763. Do you say that the location was so uncertain that you could not tell within two miles where the line was to be finally built?—Yes; and the very fact of the notice that they gave us would show that they were uncertain as to the point.

1764. Is your evidence that they did not facilitate the getting in of supplies by any qualification of that notice, but that you were just told to stop?—Exactly.

1765. I believe there was a condition in your contract that if they were to stop your work at any time you were to have an additional period, equivalent to the delay, in which to complete the contract, if it was delayed by the stoppage?—Yes.

Special condition in contract with respect to stopping work.

1766. Did you get that additional time?—I presume we did, but not any more.

Got additional time.

**Railway Construction—
Contract No. 14.**

Nature of arrangement by which contractors ceased to work.

1767. What was the nature of the final arrangement, by which you ceased work on the line?—We completed the line to the last two miles or mile and a-half. That end of the road was re-located; the line was changed; and that is the point that increased the rock cutting so much.

1768. Did it curve to the north or to the south?—It curved to the south.

1769. And that increased the rock cutting?—Yes; that increased the solid rock cutting.

1770. What was the nature of the arrangement by which you ceased to work?—I may say that they never located this piece of line until very lately. It was not completed.

1771. You mean the altered location?—Yes; so far as that is concerned it was the only location for us, because they would not lay out the work until it was re-located and this point was decided.

Correspondence respecting work on re-location.

1772. Then this curve to the south was really the first location on which you were permitted to do any work in that locality?—Yes. In September, 1877, we were anxious to get ready to do that work, for there appeared to be some idea that there was rock on it, although we could not tell where the location was to be; but if there was rock cutting to be done we were anxious to have some approximate estimate of it, so that we could prepare ourselves for that class of work. The material for drills, steel, powder and everything that was necessary for that kind of work had to be brought into the country. I wrote to the district engineer on the 15th of September, 1877, asking him for an approximate estimate of the quantities of rock at the east end, and gave him our ideas what we wanted, &c.,—that we wanted to get in supplies. On the 25th of September he regretted that he was unable to give me any information on the matter at all as it was still not located. On the 17th of October he notified us that the work on that part of the section would be set out for us at once—that it was re-located. We then had to get our stuff in by teaming it from Fisher's Landing.

1773. Where is Fisher's Landing?—This side of Crookstown, on the Red River, about 150 miles from here.

1774. Did you bring it to Winnipeg?—We brought it to Winnipeg and then teamed it out on the road.

1775. Why did you not bring it to Winnipeg a good deal earlier than that?—Because we did not know whether we would want it or not until we received that letter in October. It was then impossible to get the stuff in by water, and there was no railway. It cost us some five hundred dollars more to get it in there by teams than it would have cost to get it down by boats.

At end of 1878, Marcus Smith came on work and said they would not have it done in time.

1776. That is down to October, 1877?—Yes. We went on to work then as fast as possible, and carried it on until the end of 1878, when Mr. Marcus Smith, the acting Chief Engineer, came over the line and said that we were not likely to get it done within the time that they were going to allow us to do it in.

Marcus Smith said they had not force.

1777. Did he say this to you?—Yes he said this to me. All of it, he said, would be done except the last two or three fills at the end. He said that there would be no difficulty in doing it, but we had not the force. We told him we would do it as fast as it could be done; and

would get the force that was necessary. He evidently felt inclined that Whitehead should have the filling of these voids, and he suggested that we should make arrangements with Whitehead to do the balance of the fills.

**Railway Construction—
Contract No. 14.**

Marcus Smith's suggestions as to balance of fills.

1778. Who else was present at the time he said this?—Mr. Farwell was present at the time; and my brother was present at part of the conversations. We finally consented to try and make an arrangement with Mr. Whitehead.

1779. You consented to Mr. Smith; Mr. Whitehead was not present then?—No; Mr. Whitehead was not present then; but we consented to Mr. Smith. I think part of his concern to get it into Whitehead's hands was that if Whitehead was delayed with his contract he would have a claim against the Government with respect to getting in his supplies.

Reasons operating on Marcus Smith's mind.

1780. Had you any other reason beside that as a probable reason why Mr. Smith desired Mr. Whitehead to get the contract?—I had other reasons. Mr. Whitehead had complained of that work not having been done.

1781. Complained to you?—Yes; complained to me.

1782. Was that all? Did he just make the complaint to you?—That was all unless what was generally talked about, that that work was in the way of his contract.

1783. Talked about between you and Whitehead?—No; it was generally talked about between outsiders. We had an interview with Whitehead and we made him an offer for the work.

Made Whitehead an offer for the fills.

1784. Did you go to him, or did he come to you?—I think that the meeting between us was arranged by Mr. Marcus Smith, or Mr. Rowan, or some of the Government officials. I think it was a kind of a mutual understanding that we should meet and talk it over, and we made an offer of 37 cts. a yard to Whitehead. He did not seem inclined to take it for that, but offered to do it for 40 cts. It was delayed some time and Mr. Smith said positively that if we did not make arrangements with Mr. Whitehead and have this matter settled, that the Government would have to take the contract out of our hands.

37 cts. a yard.

Whitehead offered to do it for 40 cts.

Smith said unless arrangement was made with Whitehead, Government would have to take contract out of their hands.

1785. Who was present when he said that?—Mr. Farwell was present.

1786. And who else?—I do not know who else was present.

1787. Marcus Smith and you and Farwell were present?—I do not know whether we were both together at the time, but I know that he made the same statement to the two of us.

1788. Did he make the same statement when Farwell and you were present?—No; Mr. Farwell was not present when he told me. He told us that unless we made an arrangement with Whitehead the Government would have to make some arrangement themselves and cancel our contract.

1789. About what time was that?—That was in September, 1878. We made arrangements, subject to the approval of the Government, with Mr. Whitehead at his price—40 cts.

This was in September, 1878.

Arrangement made with Whitehead subject to approval of Government at 40 cts.

1790. Was there anything else beside the earth price mentioned?—Yes; he was to do the balance of the rock. There was 1,000

Whitehead also to do balance of rock.

**Railway Construction—
Contract No. 14.**

yards or so to be finished in the cuts, that were required to be put into the fills, and he took that at our price.

Contractors lost by giving this work to Whitehead.

1791. Was there any loss or gain to you by his taking it from you?—Yes; there was a loss to us.

The earth filling the best paying work they had.

1792. What did you lose in that particular arrangement with Mr. Whitehead?—We lost on his getting the work. That was the best paying work we had, the filling of the earth work.

1793. He got 40 cts.; what was your price?—Our price was arranged by the schedule of prices, according to the distance which the earth had to be drawn. We had 26 cts. a yard for all earth up to 1,200 feet, and extra haul after that.

1794. At what rate?—I do not remember without looking at the specification. I see by the specification that it was one cent per cubic yard for every 100 feet over the 1,200.

The Government paid Whitehead.

1795. Who paid this extra price between 26 cts. and 40 cts. to Mr. Whitehead?—The Government. We gave him an order to have the Government pay him for the work as it was estimated.

1796. As between you and the Government was the difference between the 26 cts. and 40 cts. charged to you?—No; they do not estimate that work to us at all.

1797. I understand that if you did the work you were to get at least 26 cts.?—Yes; and an additional cent per yard for haul, and he was to do it for us at 40 cts. without any extra haul.

Contractor's price higher than Whitehead's.

1798. Do you know which amounted to the larger sum, 40 cts. per yard without extra haul, or the 26 cts. per yard with extra haul?—Our price was the larger at 26 cts. per yard and the extra haul.

The Government therefore get the work cheaper, and this is the ground of one of the claims of contractors.

1799. So that the Government got this work done, as a whole, at a lower price by Whitehead than they would have got it done by you?—Yes.

1800. Is that difference one of the items of your claim against the Government?—Yes.

1801. You say you can furnish the particulars of this claim?—Yes.

No other claim on account of transfer to Whitehead.

1802. Is there any other claim that you have against the Government on account of that change of the contract from you to Mr. Whitehead, besides this earth work?—No.

1803. The rock work does not come into the question?—No.

When change made no understanding respecting relation of contractors to transferred work.

1804. When you made this change at the suggestion of Mr. Smith was there any understanding as to whether or not the Government should end the matter with you, or whether it should still be considered afterwards between you and the Government?—There was no understanding of the kind.

No understanding between contractors and Whitehead.

1805. Was there any understanding between you and Mr. Whitehead?—No understanding whatever.

1806. There was a document drawn up between you and Mr. Whitehead?—Yes.

1807. Have you a copy of it?—I do not think I have. There is a copy of it with the Government.

**Railway Con-
struction—
Contract No. 14.**

1808. Is this a correct copy of that document now handed to you?—I think it is right, but I cannot say without comparing it with the original.

1809. Will you produce this as a true copy, subject to correction, if it is not a correct one?—Yes. (Exhibit No. 85.)

Copy of agree-
ment between
contractors and
Whitehead.

1810. Do you know anything of the grade of the formation level at the east end of the line, whether it was higher or lower after section 15 was let than it was intended to be when you first took it?—I do not know from recollection, but I can tell by the profiles. I have the two profiles, the first and the last.

1811. Did the Department at any time before this conversation with Mr. Smith complain that you were not finishing the work as fast as you ought to have done?—Yes.

1812. When was that?—I do not remember now, but I have the date of it.

First notified that
work was not
being done by
letter.

1813. Was it by letter?—Yes; it was by letter.

1814. Can you produce it?—I am not sure that I can produce the letter, as I think Mr. Farwell has it with the other documents, below. I can produce the answer we sent to the Government.

1815. In your answer did you call attention to the delays that caused you to be behind?—Yes; and I think that they communicated those facts to the District Engineer, and asked for his explanations, and his explanations corroborated what I stated in my communication

In answer men-
tion was made of
the delays which
threw the work
behind.

1816. What I mean is this: were you led to understand by the silence or action of the Government, after your explanation, that your conduct was satisfactory?—Yes; I certainly was.

Led to believe
that Government
thought their
conduct satisfac-
tory.

1817. Then you did not understand that after the explanation they were still complaining that you were not getting on fast enough?—No.

1818. Was the time that Mr. Smith came up and threatened to take the contract out of your hands the first occasion after your previous explanation that you were informed that the Government were not satisfied?—Yes.

The next notifica-
tion that Govern-
ment did not
think work satis-
factory made
through Marcus
Smith.

1819. Were you surprised at the position taken by the Government at that time?—Yes; very much surprised, because on account of that piece not being located we could not get the plans ready to work on.

Surprised at
course taken by
Government.

1820. Did you say so to Mr. Smith: that you thought it was unreasonable that he should insist on taking it out of your hands?—We told him that we could finish it as fast as any person else could do it, and that we were anxious to do it. My brother felt it was a great object to keep it as he considered it was the means of making some profit out of the contract, which we had not made before.

Told Smith that
they could finish
work as fast as
any one could do
so.

1821. Did you explain to Mr. Smith that the delays were not your fault, and that it was unreasonable to take the work out of your hands?—Yes, decidedly, we took that position.

Explained to
Marcus Smith
that the delays
were not their
fault.

1822. You said that you were not to blame for the delay?—Certainly, we took that position—that we were not to blame for the delay—that the Government had delayed us.

Contractors took
position that they
were not to blame
for delay.

1823. What was his reply to that?—That he was acting under instructions.

Smith replied
that he was act-
ing under instruc-
tions.

**Railway Construction—
Contract No. 14.**

Had contractors got as much time as Whitehead they would have made \$150,000 thereby.

1824. Did he say that he was acting under instructions?—He is a peculiar man. Sometimes he will talk a good deal on some subjects, and sometimes he will not say much. He said: "The last extension that you have got from the Government is run out now and I must have this thing done." He was anxious while he was there that some arrangement should be made that would be final about that end of the work, and, as I said before, I think the reason of that was to get out of trouble with Whitehead more than anything else. Had we got half the time that Mr. Whitehead got to do the work it would have been \$150,000 in our pockets.

Explanations as to delays.

1825. Do you mean that if your time had been extended as a favour as long as his time was extended as a favour you would have reaped a much larger profit?—Yes; we did not ask for time, because we felt, whatever the opinions of the engineers on the subject were, that our delays, caused by the Government, were equal to the time that we took over the contract. The first year of the time we considered as lost to us by the work not being ready for us, and when we were stopped at the Julius Muskeg, that delayed us another year. Being stopped during the winter it prevented us from working the following summer, and we were also stopped on the east end.

Marcus Smith's threat made in September, 1878.

1826. When do you say that that threat of Mr. Smith's was made to you?—It was made in September, 1878.

Smith remained until arrangement with Whitehead was consummated.

1827. Did he remain up there until you and Mr. Whitehead finally consummated the arrangement?—He did.

1828. Was it done shortly after this conversation?—Yes; I think, perhaps, a couple of weeks elapsed, it could not have been more. It was early in September.

1829. In round numbers, can you say about the amount of your claim for this filling done by Mr. Whitehead?—I have not figured it out. I have got the amounts and the distances. Perhaps it would be better to leave it until to-morrow as I could not go within a good many thousand dollars one way or the other.

No understanding with Mr. Smith as to claim.

1830. Was there any understanding between you and Mr. Smith, as to whether, if this arrangement was made, you should have any claim against the Government, or whether your claim should be ended?—I never had any understanding at the time.

1831. You were not asked in any way to end your rights?—No; not by any means. Mr. Farwell got up the agreement after the matter had been talked over. I was out on the line principally; but after the arrangement was made he got up the agreement and Mr. Rowan and Mr. Smith, I think, had consultations over it.

Wording of agreement.

1832. This agreement between you and Mr. Whitehead contains these words: "Upon the completion of all the other works on contract 14, and final settlement made out between the Government and Sifton, Ward & Co., irrespective of the work to be done by the said Joseph Whitehead, as aforesaid." Now that might bear the construction that the Government might settle with you for all the rest of the contract, and that thy might assume the responsibility of this work being done by Mr. Whitehead without increasing or reducing your work at all?—I never had any such understanding as that. We had a large amount of security in the hands of the Government at that time, and some per-

**Railway Construction—
Contract No. 14.**

centage; and we got the final estimate without waiting until that work could be done.

1833. Was it your intention that whatever claim you had should be kept alive, and that this agreement between you and Mr. Whitehead was not to end your claim for the eastern portion of the line?—That was my understanding of the whole thing.

Witness understood that his firm's claim should remain alive.

1834. This agreement you say was prepared by Mr. Farwell?—By Mr. Farwell and Mr. Whitehead, and submitted to Mr. Rowan or Mr. Smith, I cannot say which.

Agreement prepared by Farwell and Whitehead, and submitted to Rowan or Smith.

1835. It was prepared without any lawyer?—There was no lawyer connected with it. We never had a lawyer employed on our work, if we had it might have been better for us.

Agreement prepared without a lawyer.

1836. At the time that Mr. Smith made this threat and induced you to agree with Mr. Whitehead, what amount of force had you on hand which you could have applied to this particular work at the end of the section?—We could have put all our force on to that.

1837. But you had unfinished work at the time?—Yes; but it was a small amount.

1838. What force had you at that time?—We had about 500 men at that time.

Contractors had a force of 500 men, a number sufficient in witness's opinion to finish the work.

1839. Did you consider you had force enough then to finish this work that Mr. Whitehead afterwards had?—Yes; it would have taken a very small force to have done that work; it would have been done altogether by cars. All we had to do was to get in the machinery, a train of cars and steam shovel.

Had not train of cars but could have got them.

1840. Had you the train of cars?—No; but we would have got them.

1841. Mr. Whitehead had them on the other contract?—Yes.

1842. Would you explain your contention about item No. 1, against the Government?—Item No. 1 is in reference to the first part of that item \$1,291.50, expenses of boarding men while they were waiting for work to be laid out when they first came on the contract in May and June. The next item in that claim is for wages to the engineer and foreman who were hired by the month, \$380. The next item was a road we had to make that became useless after the line was located, for the first five miles east from the river, \$584.62. The next item was the increase of wages to the men we had during the four months following. We had all the men we could give work to in the spring at \$1.75 per day, but when these men left the country we were obliged to rise wages to induce men to come back.

Explanation respecting witness's claim against Government.

1843. That was owing to the delay caused by the Government?—Yes.

1844. Your contract contains a clause that if you were delayed by the Government you should get an extension of the same period; was not that intended to be a full compensation for the delay?—It might be under ordinary circumstances.

Under ordinary circumstances clause in contract respecting extension of time would provide compensation for delay.

1845. But was it not intended as full compensation at the time that you entered into the contract; did you understand that the delay would be compensated by a similar extension?—Yes; but we did not want

**Railway Con-
struction—
Contract No. 14.**

anything except that extension. We did not want any compensation for delays after the work commenced.

But the work was not ready in the first place.

1846. Then why do you ask 25 cts. a day for the work of the first year?—Because when we came on here the work was not ready for us. We were not delayed, that is they did not stop us; but they never had work ready for us.

Wages rose in consequence of action of Government.

1847. Why should you charge 25 cts. a day increase for the work of the first year?—In consequence of the action of the Government the wages went up.

1848. What was the action of the Government which caused the wages to go up?—As I said the work was not laid out when we brought in the men, and they went back to the United States and reported that there was no work, and we could not get men back again without raising the price of wages that much higher.

1849. Now if in the following year the country had been full of laborers, and wages had gone down 25 cts. you would not expect to have to take off 25 cts. or to give the Government credit for it?—No.

1850. And why would you not expect it?—If through the action of the Government the wages were reduced we would be very happy to give them credit for it, but under ordinary circumstances we take our own chances.

1851. You think then that the price of wages was raised in consequence of the action, or the inaction of the Government?—Yes; and I think Mr. Rowan will bear me out in it. I felt very sore on the matter at the time, as we knew how it would pinch. I made representations to the Government at the time on the subject.

Julius Muskeg,
Item No. 2 of
claim.

1852. Then item No. 2 concerns the Julius Muskeg alone?—Yes.

1853. And that is for making a ditch outside of the railway line?—Making a ditch outside of the railway line, and bringing the earth in to make the road-bed with.

1854. Does your contract require you to bring in any earth from the outside of the line?—A general clause of our contract is that for hauls of 1,200 feet we shall get nothing extra.

1855. Does that include borrow-pits?—Yes; but this is not a borrow-pit.

1856. Why was not this a borrow-pit?—Because it was a ditch, and borrow pits are made in places where we can haul the earth with teams. We would not make a borrow-pit where we could not draw with teams for the Government or anybody else. If they got the stuff alongside of the road they sometimes increase the ditch, but they do not increase the berm, and we get it wherever we can wheel it; but this ditch was put there for another purpose.

Point involved in this part of claim.

1857. If this ditch at the distance of eighty-five feet could be treated as a borrow-pit along your contract, then you would have no claim?—No.

1858. Then the question is whether it is properly a borrow-pit or a piece of extra work?—Yes; you are aware that the contract specification says that the berm, when we get the clay out of the ditch, is to be ten feet. Now when you come to make it eighty-five feet and have to wheel that into the roadbed with barrows all the way for five miles along the

line, you can see that the difference would be very great. In the first place a berm of ten feet is a very large amount, and you have got to base your calculations in making up the contract on the width of the berm.

1859. You had agreed for ten feet?—Yes.

1860. What is the width of the ditch?—The average width would be four or five feet.

1861. So that taking the average from the bottom of the slope to the centre of the ditch under your contract it would be about twelve feet?—Yes.

1862. And had you to draw it eighty-five feet?—About seventy-three feet average, and the worst of all, this ran through swamp—part of the Julius muskeg and over a mile of it in another muskeg, which made it impossible to use teams in any of it. We had to make gangways across the road and wheel the stuff by hand. Earth had to be wheeled an average of seventy-three feet.

1863. What kind of gangways?—Plank on trestles. We ask in addition to the regular price 9 cts. extra per yard for handling that dirt.

1864. What would have been your regular price?—Our regular price would have been, if it was constituted a side ditch, 26 cts., and we ask 9 cts. extra. But the fact is the engineers have called it an off-take ditch and have estimated it to us at 23 cts.

1865. Is that the price of your off-takes?—Yes. The specification says that the off-take ditches shall be dug right and left of the road to drain the country.

1866. In your contract are you obliged to haul the material of the off-ditches at all?—No.

1867. Are you obliged to put the material into the road?—No; only six feet from the edge of the berm.

1868. But in this case the engineers required you to move it from the ditch and put it into the line?—They required us to move nearly 100,000 yards of it. Their engineer makes it something less than that. Required to move 100,000 yards from the ditch.

1869. What in your opinion would it be worth just to move that material irrespective of the excavation?—I think that the actual cost of moving that would be from 12 cts. to 15 cts. a yard.

1870. So that in your claim you are not getting as much as if it were an entire extra?—No; if we put the stuff out on the edge of the ditch, and the Government asked us to move it into the road-bed after it was put there, they would have to pay us 26 cts. per yard for it.

1871. Supposing it was an extra item altogether outside of the contract, what would be a fair price for it?—I think it could be moved into the bank for 15 cts. per yard.

1872. And this was moved and put into the line?—Yes.

1873. What sort of foundation was there for the plank that you say that you had to wheel it over?—We had to make trestles for them—ten or twelve for each runway. Had to make trestles for the plank for the barrows.

1874. Then was the track on which you wheeled your barrow an artificial support altogether?—Yes.

**Railway Con-
struction—
Contract No. 14.**

Work stopped
January 7th, 1876,
east of Julius
Muskeg, to 22nd
April.

Particulars of
claim in hands of
Government.

Part of claim for
work which had
to be undone.

Reasons why wit-
ness thinks clause
as to extension of
time does not
cover his case.

Delays during
certain periods of
the year would be
more damaging
than at other
periods.

If work stopped
during winter
supplies cannot
be got in.

Spring the period
during which de-
lays do least harm
to contractor.

1875. In January, 1876, you say the work was stopped east of the Julius Muskeg to the 22nd of April following?—Yes.

1876. Was that the time in which you would have moved your supplies but for the stoppage?—We had moved some then that we had to move back again. All this item is for work that had to be undone.

1877. Have you given the particulars of all this claim to the Govern-
ment?—Yes.

1878. Just as you have described it now?—Yes; they have the particu-
lars of every item of the claim.

1879. Is not that such a delay as was contemplated by your agree-
ment?—Yes.

1880. Then why should you ask for anything more than an extension
of time?—We ask for work that we had to undo. We had supplies
there and we had to bring them back.

1881. That was not work on the line?—It was work for the line.

1882. Your contract you say has a clause to this effect: that if you
are delayed at all after the work has once commenced it shall be duly
compensated by giving you a corresponding time in the shape of an
extension. Do you understand that to be a condition of your contract?
—Yes.

1883. When the Government stopped you in January, 1876, for a
particular period, is it not within your contract, according to your
opinion, if you get an extension for a similar period afterwards?—No.
For instance, we were only stopped there for four or five months, or some-
thing of that kind; but it prevented us from getting material across
there, and so stopped us from working the whole of the following year.
We had commenced operations, and had our supplies there, and had to
move them back again, and I never understood any such thing as that
as coming within that clause.

1884. You mean to say this: that a stoppage at some period of the
year would be more damaging to the contractor than at other periods in
delaying the work?—I think that if by their action they have caused
work to be done that is of no advantage to the contractor in carrying
on the contract, the mere fact of getting an extension of time does not
repay him, as he only gets the extension of time to enable him to com-
plete his contract. I do not see that that is compensation for anything
by which they have caused an extra expense.

1885. Are there some periods of the year when the delay would be
more damaging to the contractor than others?—Yes.

1886. Which are the most damaging periods of the year for delay to
occur in?—The fall would be the most damaging period with us, because
if we are stopped during the winter it prevents us from getting in
supplies. As soon as sleighing comes we get over this wet country
easier than any other way.

1887. If in some periods of the year delay is more damaging to the
contractor than others, it must follow that there are some periods in
which delay is less damaging to the contractor than others?—Yes.

1888. What period would be the least damaging?—The first three
months in the spring would be the least damaging to the contractor,

**Railway Construction—
Contract No. 14.**

Next item of claim: change of line.

because he could not do much of anything at that time. The next item is for a change of the line from station 1010 to station 1700, after we took the contract. It was moved from a dry ridge, workable at all times with ploughs and scrapers, into a leveller part of the country and altogether through swamp, where no team work could be done except for a mile of it. On the first located line on which we took the contract there was a large portion of it dry, in fact I had let a sub-contract to a St. Paul firm at a very reasonable rate between those stations. He and his partner were here making arrangements for men when the change took place and they threw up the contract. It cost us considerably more to do that work through there than we received for it—when we could have got it done for less than our price had the change not been made. I think I can establish before you, on the evidence of practical men and engineers, that the price we asked—5 cts. per yard of an advance—is reasonable on that change.

1889. Under which clause of your contract do you claim an increase of price, when a change is made from one location to another?—Clause 7.

1890. At the time this work was given over to Mr. Whitehead, under your arrangement, had you the plant necessary to do it?—No; not on the ground.

Did not have the necessary plant when work was given over to Whitehead.

1891. What sort of plant did you require?—An engine and train of cars and a steam-shovel.

1892. What would be the first expense of those items on the ground?—From \$20,000 to \$25,000.

1893. What would have been their value after doing the work?—They would have been worth what they cost, with the usual wear and tear taken off—say 20 to 25 per cent.

1894. So that you would have lost \$6,250 on the value of the plant?—Yes.

Value of wear and tear of plant, \$6,250.

1895. What do you lose, supposing you have to bear the loss of the work altogether?—\$150,000 in round numbers.

Estimated value of loss of work, \$150,000.

1896. That is upon one item of earth?—Yes.

1897. Upon what length of the line was that?—A very short length of line—only a mile and a-quarter.

1898. You say that you lost \$150,000 upon the earth item alone; between the price of 26 cts. with haulage and 40 cts. without haulage?—Yes.

1899. Was this at Cross Lake?—Yes; three fills; this side of Cross Lake.

Site of work, near Cross Lake.

1900. At that portion of the line was the earth hauled from borrow-pits?—Yes.

1901. A long distance?—Yes.

1902. By your contract was the earth to be hauled or could the voids have been filled with trestle work?—They could have been filled with trestle work.

According to contractor voids might have been filled with trestle work.

1903. Was it decided before you arranged with Mr. Whitehead whether they should be filled with trestle work or with earth?—Yes;

Before arrangements with Whitehead it was

**Railway Con-
struction—
Contract No. 14.**

decided that the voids should be filled with earth. it was decided they were to be filled with earth, and we had done part of all the fills.

1904. On this mile and a quarter?—Yes.

1905. Was this only raising the embankments?—No; it was the completion of them. There were gaps that were not filled out—one almost entirely filled and the other two were gaps.

1906. When you speak of a mile and a quarter, do you mean the gaps?—No; I mean the full extent.

1907. So that the actual work would really be upon a much shorter length than a mile and a quarter?—Yes; about 1,500 feet.

1908. As I understand you, the earth to fill these gaps was drawn from borrow-pits?—Yes.

Earth drawn
from distant
borrow-pits.

1909. But it was at such a distance that the extra haulage made it very high-priced?—Yes; this was the nearest place that the earth could be got.

1910. And it was settled that it was to be filled by earth instead of trestle work before you made the change to Whitehead?—Yes.

1911. Did you make any estimate of the probable value of this work before you consented to change to Whitehead?—We did.

1912. Did you tell Mr. Smith about the difference in the cost of it under the new arrangement as compared with the previous arrangements with you?—I do not know that there was anything said about it.

1913. Did you call his attention to the fact that you would lose money by it?—I do not know whether there was anything said about losing money by it, as I understood we were to get our prices.

Nature of claim.

1914. Is your claim the difference in the cost between his contract price under the new arrangement and the price you were to be paid under the old contract?—That is all.

1915. You do not claim for loss of profit at all?—No; we claim that Mr. Whitehead is our sub-contractor with the permission of the Government.

1916. And you only ask the Government to pay you what they have saved by letting Mr. Whitehead do the work?—That is all.

1917. Could you have procured the plant that was necessary to do the work, and finished it as soon as Mr. Whitehead?—We could have done it much sooner. We had the means to procure the plant immediately and could have done it much quicker, because we had nothing else to attend to, and he had other works.

1918. As a matter of fact, when did he finish that portion of the line? It was on the 13th or 14th of September that you agreed with him?—It was done this last year—1879.

1919. More than a year afterwards?—Yes.

1920. So that he could not work over that piece to help him on section 15 until last winter?—No.

1921. And you could have finished it sooner if you had been allowed to do so?—Yes; we clearly understood that we would not be allowed to finish it in the time it was necessary.

**Railway Construction—
Contract No. 14.**

1922. In making up the estimate of prices that you say you will be able to furnish us, you can state the price of the over-haul?—Yes.

1923. The length of the over-haul did not effect the price paid to Mr. Whitehead?—No.

1924. But you say that notwithstanding that the engineers have mentioned the length of the over-haul?—I have got it from the engineers. Claim founded on measurement of over-haul made by Government engineers.

1925. Is it from that you make up your claim?—Yes.

1926. And not from the measurement of any person who measured it in your own interest?—No.

1927. Do you know how it is that the Government came to measure the distance of the over-haul?—No; it may have been because I asked them for the information. All that they would have to do is to look at the profile and make it up from that.

1928. The profile would not tell the length of the over-haul?—Yes it would.

1929. You mean the profile of the borrow-pit?—I mean the profile of the borrow-pit in connection with the profile of the line. The two together would show it. I just asked for the information and I got the exact figures.

1930. You did not get them verified?—No; but if it is necessary I can get it done by an engineer.

WINNIPEG, Thursday, 9th September, 1880.

**CARRE.
Exploratory
Survey—
Party M.**

HENRY CARRE, C.E., sworn and examined :

By the Chairman:—

1931. What was the time of your first connection with the Pacific Railway?—I was telegraphed for when I was on contract 14 of the Intercolonial Railway, in the latter end of May, and started the 1st of June, 1871, as near as I can remember. Working on contract 14, Intercolonial Railway, when telegraphed for by Fleming.

1932. Do you mean telegraphed for to go to Ottawa?—Mr. Fleming telegraphed to me asking me to leave the Intercolonial Railway and join the staff of the Pacific Railway, as he was unable to procure enough men to take charge of the parties.

1933. Did you come on then at once?—I came on at once to Ottawa about the 1st of June. Goes to Ottawa, 1st of June, 1871.

1934. To what place did you go?—Some time in the middle of June I left Ottawa for Thunder Bay in charge of a party to run a line between the height of land and English River, from Lac des Isles to Lac Seul. There was a plan published on which the lines were all laid down, but I lost my copy of it in the fire. I ran until the end of September, when I wrote to Thunder Bay to Mr. Rowan, telling him that I was out of provisions, and that I would have to leave the 1st of October, if he did not send on more supplies. The provisions did not come, but I kept the work going until the 10th of October, when I backed out and returned to Thunder Bay. On the way we had to patch up our old canoes, and I got home without dinner for my party. Leaves Ottawa for Thunder Bay in charge of a party to run a line from the height of land to English River. Out of provisions by September. Returns to Thunder Bay, 10th October, 1871.

**Exploratory
Survey—
Party K.**

First engaged as
the head of ex-
ploring party,

K party.

1935. In what capacity were you first engaged?—In charge of an exploring party.

1936. What was the distinguishing number or letter of the party?—I think it was K.

1937. The survey was from Lac des Isles westward?—Yes. When I arrived at Thunder Bay I received instructions to remain out all winter, but my men deserted.

Thirty-three men
under his charge.

1938. How many men had you under your charge at that time?—Thirty-three men.

1939. In what capacity were they employed?—I had a transit man, leveller, assistant leveller, rod man, two chain men, and the rest were axe men, packers and canoe men.

System of supply.

1940. Do you remember the system that was adopted for supplying the parties at that time?—Yes. We wrote to Thunder Bay for our provisions and got them sent out on the line. There was a commissariat officer employed. Capt. Robinson was employed at that time.

1941. Was he stationed at Thunder Bay?—No; Mr. Jones was employed there.

1942. From what point did you get your supplies?—From Thunder Bay.

Starts with a
month's provi-
sions (estimated).

1943. Did you take out enough supplies for a long period, or did you take only a small supply and write for more?—We started with what was supposed to be a month's provisions, and paddled up the river until we came to Dog River, where we made calculations ourselves, and came to the conclusion that we would be eaten out of provisions before we arrived at our starting point. John Fleming was to go east, and I was to go west.

John Fleming to
go east; witness
west.

1944. Who was John Fleming?—A brother of Sandford Fleming.

1945. Had he charge of a party?—Yes.

1946. Was he an engineer?—Yes.

1947. Then were you not on the same road?—We were to start from Lac des Iles, and he was to go east and I was to go west.

1948. Was it a common starting point for different directions?—Yes.

1949. Was this getting of supplies for a month the system generally adopted with those exploring parties?—Mr. Rowan started us with supplies.

Rowan, engineer
in charge of sur-
veys, had his
headquarters at
Thunder Bay and
Pic.

1950. Was Mr. Rowan the engineer in charge?—He was in charge of the surveys.

J. Fleming turns
back, and Carre
having taken his
provisions goes
on.

1951. And were his headquarters at Thunder Bay?—Yes, and at Pic. There were parties going in at Pic and others at Red Rock. Mr. John Fleming then consulted with me and we came to the conclusion that when we arrived there we would have to turn back with all hands and get provisions. So he said he would turn his party back and I could go on. I took all his supplies and went on with my party to my starting point.

1952. Do you say that your supplies did not take you more than half way to your starting point?—No. Then when I got to the starting point I was out of supplies in a week.

Exploratory Survey—Party K.
Out of supplies.

1953. Speaking of those supplies: who had the responsibility of determining the quantities that each party should take?—Mr. Rowan and Capt. Robinson. They did everything, and I was never consulted in anything.

Rowan and Robinson responsible for the quantities of supplies given to each party.

1954. You were not consulted and you took such supplies as they sent to you?—Yes, just what they sent me. I think I had run about four miles of line when we were out of some supplies—flour, as well as I can remember—and then Capt. Robinson came through with a few Indians and some provisions. Then we were supplied from time to time along the survey.

1955. What was the nature of the work that you were doing at this time?—The country was totally unknown. No white man had ever been through it. A line was laid down on the best plan that was in existence at that time, and we were given a general bearing to run upon and find a practicable line, if possible, for the preliminary survey.

Nature of work.
Country unknown.

1956. You mean in exploration?—A preliminary survey is just running a line as close to where you think a railway can be located as possible.

1957. For railway purposes?—Yes.

1958. Was it an instrumental survey?—Yes; it was all done astronomically with the transit. Observations were taken every five or ten miles to prove our course. We worked on latitudes and departures just as a ship sailing on the sea, so as to find our position. We got our latitude from the stars.

Worked astronomically.

1959. Had there been any other survey over that same country before that?—No white man had ever been through it so far as we could hear.

1960. Then it was an exploration, and preliminary survey together?—Yes; it was the first survey to find the character of the country.

Object: to find character of country.

1961. Who gave you that general direction line?—Mr. Sandford Fleming.

Directions given by Sandford Fleming.

1962. Had you any instructions, either written or printed, at that time, as to the manner in which you should conduct the party?—There were printed books of instructions issued to the staff.

Printed instructions issued to the staff as to how the line should be run.

1963. Would the staff include yourself?—Yes.

1964. So that there were printed instructions given to you?—Yes; as to how the line should be run.

1965. Did they give you any direction also as to the quantities of supplies to be used on the work?—I do not think so, except in this: we had to keep ourselves down to a certain number of pounds weight of personal luggage. I do not remember anything of going into details of that kind. Mr. Rowan and the commissariat officer had the whole charge of the Commissariat Department.

1966. Was there a commissariat officer with each party?—There was a sub-commissariat officer.

A sub-commissariat officer with each party.

**Exploratory
Survey—
Party K.**

1967. Who was the commissariat officer with your party?—I cannot remember his name now, it is so long ago. There was one man came out and he was dismissed.

1968. Look at Appendix "D" in the special report of 1874 and see if that is a copy of the instructions that were given to you?—It is. When I said that there was nothing about the supplies in it, I meant that there was no scale of rations or quantities. Of course the arrangement was to be made with the commissariat officer, but Mr. Rowan took all of that in his own hands.

Witness, engineer in charge.

1969. Then what were you called so far as the engineering force was concerned?—I was engineer in charge.

Reasons why witness did not act on section 4, of instructions.

1970. Section 4 requires the engineer in charge before starting for the survey to obtain a complete list of supplies, and if any article appears to him to be wanting, or superfluous, he shall at once confer with the commissariat officer, and before leaving for the survey, he shall arrive at a perfect understanding with respect thereto?—Mr. Rowan told me in this case that he was coming with me out to the starting point, and that he would see me started, and that I had nothing whatever to do until I got there. So when I got out as far as the Kaminitiquia portage he came out there and then started me on ahead, with Capt. Robinson to look after the supplies. Capt. Robinson went out as far as Dog Lake Portage, and then he went back and said I could go on myself. There I was until I took stock on Dog River. Neither John Fleming nor myself knew what supplies we had; and when we took stock and calculated it for ourselves we found that it was not sufficient.

1971. Then you had not been furnished with a list of the things you were taking with you before you started?—No; after we were thrown on our own resources altogether—after Mr. Rowan had left us and after Capt. Robinson had backed out at Dog Portage, and said he would stay there and guard the men from deserting us, we had only paddled one day on our journey. He left us at the first camp.

1972. Your party, you say, was composed of thirty men?—Thirty-three, all told.

1973. And you started out with this party without knowing the quantity of supplies you had?—Yes. Mr. Rowan said he would send everything through and be with us himself.

1974. Did you consider that that was according to those instructions?—He was my superior officer.

1975. Did you think it was according to instructions?—No; it was not.

Acted contrary to instructions. But considered he could not help himself.

1976. Then in doing that do you think you acted contrary to instructions?—Yes, I suppose I did; but I considered then I could not help myself.

1977. But you did so, you say, at the suggestion of your superior officer?—Under the orders of my superior officer.

Took stock at end of third day.

1978. Was it at the end of the second day's paddling that you took stock?—No; it was at the end of the third day. We came out to Des Isles River, and it was the third night when we took stock.

**Exploratory
Survey—
Party K.**

1979. When you took stock, for what time did you consider you had supplies for your party?—Just enough supplies to land us at the starting point—the two parties. Not more than seven days' supplies.

1980. What time would it have taken to reach the starting point?—Three or four days.

1981. So that you had really not more than seven days' supplies according to your recollection of it now?—No.

1982. And the supplies would, at the end of that time, have become insufficient to go on with?—Yes; with only one party I only ran five or six days until I was out of provisions.

1983. Was it the end of the third day when the party was divided and John Fleming gave you all his supplies to add to your own?—Yes; and then I went on four or five days' travel and four or five days' running the line, and then I was out of provisions.

1984. Were provisions forwarded to you then?—Capt. Robinson came through with one canoe and six or seven Indians and some provisions.

1985. How long did that supply last?—I really cannot remember. Unfortunately, I lost my accounts in the woods, and all my papers on contract 15; the papers were burned.

1986. How long did you stay out that season?—I returned about the 15th of October to Thunder Bay. Returns to Thunder Bay 15th Oct., supplies having given out.

1987. Did you return to Thunder Bay because there was no more work to be done, or because you had not supplies to go on with?—It was because I was out of supplies. I had written to say that I would return on a certain day unless the supplies were at a certain point, or unless the mail canoe was sent to say for certain that they would be there.

1988. Was the work stopped on that particular survey in consequence of the want of supplies?—Yes; I backed out then. Work stopped in consequence.

1989. If supplies had been forwarded would the work have gone on?—Yes; it would have continued.

1990. How much longer?—I do not think I would have been sitting here to-day if it had gone on longer. When I got back to Thunder Bay I was told by Mr. Jones, who was the commissariat officer there, that instructions had been sent out to the woods for me to remain out all winter, and supplies had been forwarded. I waited for those instructions to come back. The canoe that had been sent out with the supplies returned about the 22nd or 23rd of October. They had the greatest trouble to get through and back.

1991. To get through where?—To the place where they had deposited the provisions for me. The ice was forming fast.

1992. If you had had all the supplies that you required before you turned back, how long would the work have been proceeded with?—It would have gone straight ahead if I had had provisions. But for want of provisions would have finished survey about 1st January, 1872.

1993. For how long?—Until I would have finished my survey.

1994. When would that have been?—I think I would have finished about New Year's.

**Exploratory
Survey—
Party B.**

Started again with a new party having hired new men.

1995. Do you know when that work was finished which you failed to accomplish for want of supplies?—I had to start again with a new party as I had to hire new men. My own men would not go back again. I had to go out by the Dawson route to Lac des Mille Lacs, and remain there until the lakes all froze up. Then I had to explore a line through from there myself to join my own line, and we had to pack all our provisions and everything in. We struck the old line on Christmas Eve. It was well on in January before I had everything back on the end of the line where I had left off.

From the middle of October to end of December time lost.

1996. I understand you to say that from about the middle of October to the end of December the time was lost, and no work was done for want of supplies?—Yes; I was returning to Thunder Bay and working my way back during that time.

1997. If the supplies had been forwarded as required would not that time have been lost?—No; not a day would have been lost.

1998. Would you have been at work instead of on the road?—Yes.

The whole thirty-three men under pay during that time.

1999. Were these men under pay during that time?—Certainly.

2000. The whole thirty-three?—Yes; because they were working their way back to Thunder Bay where I paid them off. Then I had to engage a new party, and there were a few days lost between the time I paid off one party and engaged another.

2001. But with the exception of those few days the time was lost, all the party being under pay?—It was lost except what time the men were packing in provisions. I was hauling in provisions myself, and my staff were hauling in provisions on sleds.

2001½. But the surveying was not going on?—No. When I got back to the point where the canoe had left the provisions in the fall, I found three bags of flour, four bags of pork, two kegs of syrup and some other little things, and these would have been the only provisions that I would have had for thirty-three men had I remained.

The provisions sent to him would not have fed the party for more than two or three days.

2002. Do you mean by this that the provisions which they did send in would have been altogether insufficient?—There would not have been more than two or three days provisions. We would have been lost if we had not returned. I verily believe that the whole party would have been starved to death if I had not returned at the time I did. The lakes were freezing up, and we would have had to cut our way through the woods and walk out.

Pay of the party.

2003. Have you any idea of the daily pay of that party?—I was getting \$160 per month myself; the transit man was getting \$100; the leveller \$100, the assistant leveller \$60, the rod-man \$40, the chain men \$30 each, and the remainder of the party were getting a dollar a day each.

2004. Do you mean for the whole month, or only the working days?—The whole month.

2005. For the time that was lost what would be the expense to the Government?—The time lost was from the 10th of October to the middle of January, about three months before I got to work again. The expense for that period would be about \$3,840.

**Exploratory
Survey—
Party K.**

2006. Do you make that as the approximate expense of the party while they were not effective but under pay?—Yes.

2007. Besides provisions?—The provisions are not included in that.

\$3,840 expense of party, exclusive of provisions.

2008. They got this amount in pay and their board in addition?—Yes.

2009. Do you know approximately what the men's board cost per day on that kind of work?—It would be very hard to say on that work, because it costs so much to pack provisions into that country. A man could only pack one hundred pounds seven miles a day and return.

2010. Knowing all that you do about the matter, can you give no information about the probable cost of the men's board?—Every day the cost increases in proportion to the distance the provisions have to be packed in. In some places where we can use canoes, it is much cheaper than where we have to pack supplies on men's backs all the way. I am not able to answer this question satisfactorily under such circumstances.

2011. How long did you work after you commenced again in January?—I worked on until the end of February when I got scurvy and some of my men were also laid up. We lay in the woods, however, until the work was finished up to the end of my section.

When he again commenced, worked on until work was finished to end of section.

2012. When was that?—It was in the middle of March, 1872. I think I was two months at work and I returned to Thunder Bay. On my way back I received instructions to remain out and work ahead from the end of my section until I joined Mr. James who had started in somewhere from a bay on Lake of the Woods. He was to run eastward from Lake of the Woods and I was to run westward from the end of my first survey from Lake Seul to meet him.

March, 1872. While returning to Thunder Bay received instruction to work ahead from end of his section until he struck James, who was to run eastward from Lake of the Woods; Carre to run westward to meet him.

2013. Did you go on with that work then?—I was laid up with scurvy and was being hauled out on a dog train. I was unable to stand; but I asked my party whether they would turn back with my assistant and continue the work. They objected and I had to bring the party in to Thunder Bay.

But forced, through scurvy, to bring his party back to Thunder Bay.

2014. Your health prevented you from obeying the instructions?—Yes; I was unable to stand then, and was not able to walk until the 1st of May.

2015. When did your engagement cease after that work?—I was still under pay.

2016. Then what was the next work you did?—The next year I was sent down on the Baie des Chaleurs to run the Paspebiac Branch of the Intercolonial Railway.

2017. What was your next work on the Pacific Railway?—In 1873 I was sent out on the Nipigon.

In 1873, out on the Nipigon.

2018. In what capacity did you go?—In charge of a surveying party—a similar party to the one I had before. I ran from Red Rock by the north end of Black Sturgeon Lake.

In charge of party; ran from Red Rock to north end of Black Sturgeon Lake.

2019. About what time of the year did you begin?—In June, 1873.

Began June, 1873.

2020. What was the size of your party?—About the same as the former one. It is the general size of such parties. They vary a little

Party same size as former.

Exploratory Survey—

according to localities. Sometimes we have more canoes and less packing, and do not require so many men.

Robinson and Rowan sent party supplies from Red Rock.

2021. Were the supplies managed under the same system—under a commissariat officer?—Capt. Robinson and Mr. Rowan remained at Red Rock, and sent out supplies to us.

Supplies did not arrive in time.

2022. Had you any difficulty on that occasion about supplies?—Yes; I wrote for supplies to have them sent out to me, and they were sent away up the Nipigon River, through Lake Nipigon, and down through Black Sturgeon Lake and along the line. They arrived when I did not want them—when I had nearly finished, and was within a few miles of the point of starting from.

2023. With the experience you had on the previous occasion did you not consider it necessary to arrange about your supplies before starting?—I told them what to send, and how to send them, but the commissariat officer thought he knew better.

Would not go out in 1873 without knowing what commissariat arrangements had been made.

2024. But you did arrange for supplies?—Certainly. I would not go out again in 1873 until I knew what the arrangements were. I told Mr. Rowan that I would not run the risk of starving myself and my party. I then had Mr. Norman McLeod as my commissariat officer, and had him with me in camp all the time.

2025. Did you obtain a complete list of all supplies intended to be forwarded?—I received a list of the different items that would be allowed us, such as flour, pork, &c., rations of so much per day.

2026. Did you obtain such a list as would enable you to judge of what was wanting and what was superfluous?—Yes.

Ascertained that the list of supplies was adequate.

2027. You ascertained that the supplies mentioned in the list would be sufficient?—Yes.

Fault lay in not forwarding these.

2028. Then the fault was in not forwarding them?—Yes; if they had arrived in time they would have been all right.

2029. Were they not forwarded according to your arrangement with the commissariat officer?—No.

2030. In consequence of that was there any delay in the work?—No; we got through without them. I cannot remember exactly what we wanted those supplies for. I think they followed Mr. Mortimer and not me.

2031. Who was Mr. Mortimer?—He had charge of another party.

On recollection, says default in not forwarding supplies applied to another party.

2032. Then, on recollection, do you think the default in not forwarding the supplies was not for your party but for another party?—Yes; if I had known that I was going to be examined on those matters I would have thought them over.

Finished October, 1873.

2033. Can you remember now about how long you were on that expedition?—I finished in October of 1873. It was about the last boat that came into Nipigon for the season that we went out on.

Went back to Ottawa to make up plans and profiles.

2034. How were you engaged after 1873?—I always went back to Ottawa to make up the plans and profiles.

2035. Did you on that occasion go back to Ottawa?—Yes.

2036. And you were occupied there in the office?—Yes; I was occupied in the office until I was sent out again the following spring.

2037. Do you remember what time you went out in the spring?—We always started about the same time—the end of May or the beginning of June.

2038. Then where did you go in 1874?—I came out on contract 15, at Rat Portage. In early summer of 1874 went out on contract 15.

2039. In what capacity?—In charge of the location survey on contracts 15 and 14.

2040. Was that the first survey that had been made there?—Mr. W. E. Jarvis had surveyed a line in 1871. He had started from North-East Bay of Lake of the Woods, and ran through westward to Red River. The fire which destroyed the Canadian Pacific Railway offices at Ottawa had destroyed all record of it. The plan now before you will show the line run by Jarvis, as near as can be described. It is all from my own topography and from information obtained from block surveys. W. E. Jarvis had surveyed this line in 1871, having started from north-east bay of Lake of the Woods and run through westward to Red River.

2041. What was the size of the party you had charge of at the time?—I think there were over forty men in it. Carre's party over forty men.

2042. What work was done under you at that time?—I made the explorations and preliminary surveys, and location or trial location of contract 15 as it is now run, with one or two slight deviations which shortened the line. Then I ran the preliminary survey on contract 14, from Cross Lake to the eastern boundary of Manitoba. Work done by Carre at this time: preliminary and location surveys contract 15; preliminary survey contract 14, from Cross Lake to boundary of Manitoba.

2043. How long were you engaged in that work?—I commenced in July, and I finished in the middle of January following. Engaged in this work from July, 1874, to January, 1875.

2044. That brings you down to January, 1875?—Yes. Then my party was sent out to Shoal Lake in Manitoba to run fifty miles easterly to join from Shoal Lake to Selkirk. Party sent to Shoal Lake, Manitoba, to run thence east to Selkirk.

2045. What time of the year was that?—That was in January, 1875. I was afterwards engaged in taking soundings at Selkirk near the present crossing of Red River. Takes soundings of Red River at Selkirk.

2046. But your party was principally occupied between Shoal Lake and Selkirk?—Yes. While his party constituted as before was engaged between Shoal Lake and Selkirk.

2047. What size of a party had you under your control there?—The same old party.

2048. How long were you engaged in that work?—We did not take long. It was only some fifty miles over a prairie country and we finished it in the middle of February, 1875. Work finished February, 1875.

2049. Then after February, 1875?—I went down to Ottawa then to make up the plans. In the meantime I was asked for the plans and profile of contract 15; when I was about ten or fifteen miles west of Shoal Lake—that is when I had got to Rennie on my trial line on contract 14—I was then asked to come in to Winnipeg and make up the plans. To Ottawa to make plans.

2050. Have you omitted anything in connection with your location survey of contract 15 that you would like to explain?—Yes; I was asked to send in a plan and profile of contract 15, from Rat Portage to Cross Lake, when I had made about fifteen miles of the trial location of contract 14. In December, 1874, asked to send in a plan and profile of contract 15, from Rat Portage to Cross Lake.

**Halfway Loca-
tion—
Contract No. 15.**

How witness made plan which, sent to Ottawa, was the base on which Frank Moberly and party calculated quantities.

2051. About what time was that?—That was in December, 1874. I then started and walked in to Winnipeg and made up the best plan I could. The paper which was given us to plot on while locating contracts 14 and 15 was nothing but unprinted wall-paper, and when it got damp and was worked on for a time the pencil marks would become erased and it would get torn on the small table we used for plotting on so that we had to cut it off in segments for fear of losing it. I brought in those segments and patched them together, put in the topography, and made the plan look as well as I could. That was sent down to Ottawa and the quantities were calculated from it by Mr. Frank Moberly and his party.

2052. You came into Winnipeg to do that?—Yes.

2053. And you brought those pieces with you?—Yes.

By plan able to give a general idea of the country.

2054. When you were in Winnipeg were you of the opinion that you could make the plan correctly from those pieces of paper?—I could give a general idea of the country as far as the plan went.

2055. I understood you to say that you were asked to make a profile?—Yes; the profile that we plotted in the bush. It was plotted every night and brought to me by my assistants to see if it would suit or not. It was a copy of this profile that was made and sent down to Ottawa.

2056. Did you take those pieces of paper when you went to Winnipeg?—Yes; those were the pieces of the plan, and I pieced them together there.

2057. Did you send those pieces prepared to Ottawa, or did you make a plan from them?—No; I made a tracing of the whole line from them on tracing cloth.

2058. So that the tracing would show exactly the same line as the paper would show?—Yes; a connected line.

Tracing made showed centre line of the profile. There were some errors in levels.

2059. Were you of the opinion at the time that your tracing showed correctly the profile of the line as you had located it?—Yes; it showed the centre line of the profile. It was found out afterwards that there were some slight errors in levels, but that was a correct profile of the centre line.

2060. It was only the centre line?—That was all.

In a rocky precipitous country cannot calculate quantities from centre line only.

2061. Is one able to calculate quantities from the centre line only?—Not in a rocky precipitous country.

Exact quantities can be had by sectioning and test pitting.

2062. What must be done in order to get exact quantities?—The line must be cross-sectioned and test pitted. Test pits would be necessary in order to ascertain the quantities of rock.

2063. When you sent this plan to Ottawa did you consider that it gave the information that you were asked to furnish?—Yes; they knew very well how the work was being done. At least they ought to have known, as I sent a report with it. It was known, of course, how I was making the survey.

Used to report to Rowan from time to time.

2064. Were you in the habit of reporting from time to time to Ottawa how you were making progress?—No; but I used to report to Mr. Rowan at Winnipeg from time to time.

Exploratory
Survey.

2065. Was he then stationed at Winnipeg?—Yes.

2066. That took place in 1874?—Yes.

2067. What happened after you had taken the soundings at Selkirk? —After I had finished the soundings at Selkirk I came into Winnipeg, and received instructions then to start a party and run an exploratory survey from North-East Bay to Sturgeon Falls, or some point where Jarvis and James commenced their surveys in 1871, to run easterly to Sturgeon Falls, the head of an arm of Rainy Lake. That was an exploration. It was done with a pocket compass and estimating distances.

From North-East Bay to Sturgeon Falls.

2068. What time of the year was that done?—It was in March of 1875. Mr. Forest was my transit man. I was in charge of the party.

Made March, 1875.

2069. Did you go on this line?—No; I went to Ottawa.

2070. How long did you remain there?—Until the following May, 1875.

At Ottawa until May, 1875.

Railway Location—Contract No. 15.

2071. When you sent the profile of section 15 which you have alluded to, did you make any bills of quantities to send with it?—No; I have told you that Mr. Frank Moberly made up the quantities, and when I got to Ottawa I was asked to schedule them out, put them in schedule form and carry out the quantities, and I did that. It was then found that the quantities were so enormous, that there was such a discrepancy between the amounts and the estimates, that after tenders had been asked for I was requested to see if I could not find a better location. I think the estimate was over 600,000 yards of solid rock, and 40,000 yards of loose rock—I am talking of round numbers—and over 900,000 yards of earth. I was asked if I thought I could not get a better route. I said I thought I could. I was asked whether I would take charge of the engineering of contract 14 or go back on the surveys again. I said I would be sorry to allow another man to go on contract 15 and find a better line than I had found; I would rather try my hand at it again as I knew the country well, and I went back.

Quantities found enormous; asked whether he could not find a better route.

2072. What time did you go back?—In June, I think.

Went back to make another survey on section No. 15, June, 1875.

2073. Then you went back to make another survey of section 15?—Yes.

2074. What size was your party then?—I had then a larger party because I asked for it. I had a transit man and leveller making the exploration ahead, and another party with a transit man and leveller making the location after them. As soon as the exploration party found a good line the location party came along and located it. It saved backing up, and I found it more economical.

Party, how constituted.

2075. Did that keep the parties always moving in the same direction?—Yes.

2076. How long did you continue at that survey?—I finished that line, I think, in December, 1875.

Finished December, 1875.

2077. Was that the line that was adopted finally?—No.

Line not finally adopted.

2078. How many men had you in that party?—I cannot remember exactly now, but about fifty men.

Had about fifty men in the party.

**Railway Location—
Contract No. 15.**

Character of work done in summer of 1875.

2079. What do you call the work that you did that summer?—It was explorations, exploration survey, and location—the whole three were going on together. I was doing the explorations, another party were doing the surveying after me, and the location party came after them again. At the same time I ran another line north of the present line. During October and November I ran a line from the Dalles, north of Rat Portage, through to join the present location, so that there were the two surveys going on that year.

2080. It was not going over the same line again? It was taking in new ground, was it?—Yes; except the first five miles of what we called the south line, which was identical with the present line.

Neither of the two lines Carre ran finally adopted.

2081. Was either of the two lines you ran that summer finally adopted?—Neither.

2082. Did you do any further work about those two lines—for instance, profiles or anything of that kind?—Yes; plans and profiles were made, and calculations were made upon the approximate quantities.

2083. Upon each of those two lines?—On the south line.

2084. Was either adopted?—There was a comparison made. I returned the quantities, as I estimated them, to Mr. Rowan.

2085. Then you estimated the quantities on your work of that summer?—Yes.

2086. Where were you when you estimated the quantities?—In Ottawa.

2087. You went back to Ottawa after the summer of 1875?—Yes.

At Ottawa until May, 1876.

2088. How long did you remain at Ottawa?—Until May or June of 1876. Then I was appointed to construction on the present line—that is on the original line that I ran.

The line located by witness in 1874 adopted.

2089. Was the original line which you located in 1874 the line which was adopted in 1876?—Yes.

**Railway Construction—
Contract No. 15.**

Witness, Engineer in charge May, 1876.

2090. Your efforts of 1875 did not lead to any new location?—It led to the former line being located, but no further survey was made on that line.

2091. In May, 1876, you came out as what?—As engineer in charge of construction on contract 15.

Contract let January, 1877.

2092. Did you come out before or after the contract was let?—Before the contract was let. It was not let until some time in January, 1877.

Began to re-locate contract 15.

2093. Then what was your work after May, 1876?—I had four assistants and I commenced at once to re-locate contract 15. I found that the old stakes had fallen down, lumber had fallen across, and the marks we had made on the rocks in the hasty survey were obliterated. I knew that a number of slight deviations could be made which would improve the road, so I considered it better to at once re-locate the line and cross-section it. In 1876 I re-located the whole of the contract.

Re-located whole contract from June to December.

2094. Was that on the line that was finally adopted?—Yes; the one that they are now working on, with a few little deviations.

**Railway Construction—
Contract No. 253**

2095. How long were you engaged in that work—re-locating and cross-sectioning contract 15?—From the middle of June until the end of the year.

2096. Then did you go to Ottawa as usual?—No; I remained out in the woods that winter in a little shanty about sixteen by eighteen feet.

Remained in woods, winter of 1876-77.

2097. Where was it?—At Lake Deception: I was at different parts of the contract; there were four parties, and I assigned each man his own quarter of the contract, and allowed him to go on with the cross-sectioning.

Shanty at Lake Deception. Four parties. To each a quarter of contract assigned to cross-section.

2098. Who prepared the profiles?—My assistants.

2099. Did each of your assistants prepare the profile of the particular part of the line on which he worked?—As far as the location was concerned. I had four assistants but only two parties, one under the charge of the transit man, and the other the leveller, and each man made either his own plan or profile.

2100. Were there two sets of profiles and cross-section plans, or were there four?—Each party did half the contract, and the profiles were done in two sections.

The profiles done in two sections.

2101. Who ascertained the data on which to make up the quantities of the cross-sections?—Each one of the assistants.

Quantities ascertained by assistants.

2102. Who were they?—G. R. L. Fellowes was one.

2103. Which end did he take?—From Rat Portage to station 480, Sturgeon Falls; Mr. Kirkpatrick had from 480 to about station 955; Mr. Alexander McNab had from 955 to station 1433, and Mr. Waters had from 1433 to station 1911.

2104. Do I understand that these were the individuals who took the measurements of the cross-sections?—Yes; they and their assistants.

2105. And they were responsible for the correctness of them?—Yes.

2106. Is it from the data thus obtained that the quantities are finally arrived at in the office?—Yes.

2107. So that if those data are not correct they will mislead as to the final quantities?—Certainly.

2108. Was it your duty to verify these data so ascertained by your four assistants?—Yes.

2109. How did you verify them?—The centre levels were checked by the former line that had been run; that was the only thing which I could check them by.

Manner of verifying data supplied by assistants.

2110. I am asking you whether, besides the centre line, you had any duty as to the verifying of these cross-sections so ascertained by the four individuals you have named?—Yes, as far as being over the ground, and seeing as far as I could see from the nature of the ground; otherwise I would have had to look through the instrument any time the men looked through it to check the work.

2111. Then your mode of verifying it was by walking over the ground?—Yes; and examining it thoroughly.

2112. That would enable you, if there was any great discrepancy, to detect it, but if there was only a moderate discrepancy, you would not

**Railway Construction—
Contract No. 15.**

be able to notice it?—Yes; I have frequently found out errors that they made in this way.

2113. Did you go over the quantities in the cross-sections to ascertain their correctness?—I did.

2114. Did you come to the conclusion that they had made the cross-sections correctly?—Yes; in some cases I found that they were incorrect.

2115. Were they afterwards rectified?—Yes.

Final returns correct in opinion of witness.

2116. So that their final returns were, in your opinion, correct?—Yes.

2117. Did you sign them as the superior officer?—No; I did not. I returned them, but I did not sign each sheet; I admitted them to be correct.

2118. You adopted them as proper returns to be made to the head office?—Yes.

2119. Was it upon those particulars so sent in by you, and so made by these four individuals, that the quantities in the schedule for tenders were finally prepared?—No; the cross-sections were made, but never calculated up at the time the contract was let.

2120. I understood you to say that all this was done before the contract was let?—So it was. The actual work on the ground was done at the time I have told you, but the cross-sections were not plotted on paper in a form so that you could calculate from them until after the contract was let.

Cross-sections not completed until March, 1877, after the contract was let.

2121. When were the cross-sections completed?—They were completed and sent at once to Ottawa, I think in March, 1877.

2122. That was after the contract was let?—Yes.

2123. When were they ascertained on the ground?—The work was finished in the end of 1876—about the latter end of December.

2124. Do you remember when the last tenders were called for for contract 15?—I think it was some time in August, 1876. A contract was let either the end of 1876 or the beginning of 1877.

2125. Then at the time the tenders were asked for there were no cross-sections taken?—Yes; it had been going on the latter part of the year; it was going on from the fall of 1876.

2126. But the tenders were asked for in August, 1876?—That was the time we were making the cross-sections.

2127. When did you begin to make the cross-sections?—About that time.

Cross-sections began to be made about time tenders asked for.

2128. Then you say that the cross-sections began to be made about the time the tenders were asked for?—Some time about then.

But never calculated up until 1878.

2129. When were these results sent in to the head office that you were speaking of?—The cross-sections were never calculated up until 1878. We never made the calculations right through from the cross-sections. I was asked for an estimate of the quantities then to complete the contract, and I then calculated them from the cross-sections.

**Railway Construction —
Contract No. 15.**

2130. At the time these tenders were asked for, do you know whether quantities which were assumed to be approximate were offered to tenderers for their information?—Yes.

2131. How could they assume to give approximate quantities if there was none of this work done from which to ascertain proper quantities?—The only data in our possession at the time that the quantities were made was the profile of the centre line, and a general idea of the country that was gained from walking over it. There were no cross-sections, no test pits, nothing except the centre line levels.

Data on which approximate quantities stated in tenders were founded.

2132. Would those data give sufficient information to afford anything like approximate quantities to tenderers?—The quantities as I calculated them will, I think, be found to be very close when the contract is finished. There have been so many changes and alterations—changes in the grade and alterations in the alignment and other matters—that the contract as it is now is not at all the contract as it was let, and the quantities calculated then can never be checked accurately with the quantities that are executed.

Changes made in grade and alterations in alignment make it impossible accurately to check quantities originally calculated.

2133. Do you mean that the line has been so much altered?—Yes; there have been changes in alignment, and changes of grade, and in rock ordered to be borrowed. As far as I can understand it, the whole trouble has been the rock quantities. The rock quantities have been used as the test of the cost of the work—it has all been based upon the quantity of rock. The line was located in 1876, and re-located in 1876, and grades were placed on it by myself. I was asked to state how much rock I thought there would be on that contract; I said 300,000 yards. Since that the line has been deviated, and it has heavily increased the rock quantities. The grades have been lowered somewhat and an earth estimate of 113,000 yards found for that alone. Take 300,000 yards for the original quantity of rock, then add 113,000 yards for lowering the grade, and 40,000 yards for changes in alignment, ordered by Mr. Marcus Smith and others, that would bring it up to 453,000 yards; and rock borrowing 20,000 or 25,000 yards as near as I can come to it, which has been estimated for in the original quantities, would bring it up to 478,000 yards, and I think it will be finished for 495,000 yards.

2134. You say that the quantities calculated only from the centre line, were in your opinion nearly correct without any cross-sections?—I think they will prove to be correct enough if these other things are added on.

2135. If the Government were in possession of information which was nearly correct then as to quantities, can you explain how it was that the estimates given to tenderers turned out to be so very incorrect?—If the line had been let alone the quantities would not have been inaccurate. If I make an estimate on a certain line, with certain grades, and the line and the grades are afterwards changed, you cannot expect it to be the same quantities, or the same line, if you lower the grade two feet throughout the cuttings.

If line had not been altered quantities would not have turned out inaccurate.

2136. Do you say the grades were lowered?—They were lowered. In the spring of 1877, I sent down to Ottawa a plan properly plotted, showing all the deviations I had made from the original line in 1874 in the re-location of 1876. I sent down the profile for the centre line and the cross-sections for the whole line, taken through the bush. The

Grades had been lowered.

Railway Con-
struction—
Contract No. 15.

grades were then established in Ottawa, and when I received those grades I found that they had been lowered materially.

2137. Do you mean that having sent down those plans and profiles to enable them to ascertain the quantities, that when you got instructions from Ottawa, you found that they had changed some material part of that arrangement?—Yes.

Rock cuttings and
earth excavations
had been increas-
ed.

2138. What was the part that they had changed?—They had lowered grades, and made more rock cuttings and earth excavation.

2139. Did it affect the earth more than the rock cuttings?—It affected the rock most materially. It was not of much consequence so far as the earth was concerned, because if the earth was not found in the cuttings it was to be got somewhere else:

2140. Do you attribute the great difference between the executed quantities and those estimated at the time of the tendering to the change of grade?—To the change of grade and the change of alignment, which was made afterwards when Mr. Smith went through, and to quantities of rock ordered to be borrowed—some 20,000 or 25,000 yards.

2141. Would your progress estimates show how much difference occurred from these changes?—I do not think so.

2142. Would not a comparison of the quantities executed, with the quantities estimated on the first located line show exactly where the excess was?—Certainly.

How far the
changes have
affected quanti-
ties may be
shown.

2143. So it is possible to show just now how far the changes have affected the quantities?—Yes.

2144. And are there somewhere in the possession of the Department materials for a calculation which will show just where the changes have occurred in all the quantities?—Yes.

2145. Have they ever been ascertained or compared that you know of?—No; not thoroughly. I know myself a good part of them.

2146. Have you ever furnished that information to the Department?—No; Mr. Rowan may know something of it, but it has been furnished to me by my assistants.

2147. Then you have those materials in your custody?—I had them but they were taken out of my hands.

2148. Who has them?—Mr. Rowan and my assistants have them.

2149. You mean that they are now in control of persons who have taken your place on the line?—Yes; the whole thing can be worked out. He cannot tell the quantity of rock until the cuttings are taken out, or whether the cuttings are of rock or of earth.

2150. But you can tell whether the executed quantities on the changed lines exceed the estimated quantities on the proposed line?—Yes.

2151. We are comparing the executed quantities on the actual work with the estimated quantities on the proposed work?—Yes; but we are certain of the work done in the one case, and in the other it is only guess work.

2152. But is it not possible to compare the executed work with the proposed work?—Yes.

Railway Construction—
Contract No. 15.

Garre's original calculations can all be checked.

2153. So that it is possible now, at this day even, to ascertain whether the increase in quantities was due to changes in the line, or whether it was due to a miscalculation of quantities in the beginning?—Certainly; and the original calculations made by me can all be checked, because the work is all in the offices. They are all kept in the level book.

2154. That only applied to centre levels?—Yes.

2155. And that can be verified now?—Yes; and if there is any error in that it can be found out, and then the only thing is estimating the percentage in the cuttings of rock. That was the great trouble to estimate in going through the country for the first time, when it was all bush, bogs and moss on the surface. I say this, that if the original estimate, of which I have the figures, had been taken it would be found that I was right; but the quantities were altered.

2156. Then you have sent in an estimate of the quantities on the line as now located?—Yes; I sent in two since the work commenced.

2157. I think you said that upon your first location some tenders were asked for, but the quantities were so great and the prices so high, that they abandoned that location?—Yes.

2158. Do you remember whether those tenders were called for upon the same grade that they were finally asked for?—No.

2159. Which was the higher grade?—The present grade is the higher one. That was the second set of tenders.

2160. I am asking you, as between the first and third set of tenders, which grade was the highest?—The first set was the lowest grade and the highest quantity of rock; the third set was the highest grade and the lowest quantity of excavation.

2161. Is it your opinion now that at the time the tenders were asked for on the third occasion, and which resulted in a contract, that sufficient information had been obtained to ascertain a fair estimate of quantities?—No; you never could tell a contractor that it was an accurate estimate of quantities.

Insufficient data to estimate quantities.

2162. At that time had there been sufficient information?—No.

2163. How do you consider that it affected persons tendering, the fact of being unable to ascertain accurate or approximately accurate quantities?—It depends altogether upon the prices.

2164. Would it enable them to make fair tenders, or would their tenders be speculative?—It would enable them to give a fair tender as to the comparative cost of each.

2165. Do you consider that a man can give a fair consistent tender without knowing the comparative quantities of different kinds of work?—He need not have a very inconsistent tender; but if he requires to get in an immense quantity of plant, and does get in a large quantity of plant, expecting to have to perform a certain amount of work, and it is afterwards found that he has not got so much of that kind of work, of course he loses by it.

Knowledge of comparative quantities and fair tendering.

2166. Notwithstanding that possibility, can a man give a fair tender?—Not for a lump sum contract.

**Railway Construction—
Contract No. 15.**

2167. But can he on schedule prices?—I think he can; of course the more accurate the quantities are the more closely the contractor can estimate on the cost of performing the work.

2168. If he is not able to estimate accurately the probable cost to himself of any particular work, can you explain how he is able to offer to any person else to do it at a fair price?—I suppose he cannot.

2169. Is it material that when a man offers to do work for another he must ascertain for himself what he can afford to do it for?—Certainly.

Without accurate knowledge tenders must be speculative.

2170. Then without that opportunity is it not a consequence that his tender must be largely speculative, that he must gamble to a certain extent?—Yes.

2171. It cannot be done on a business-like basis?—I do not think he could do it at all on a business-like basis out there.

2172. I am speaking now in the abstract, not of contract 15, or any other contract, but of the theory of the thing; if a person wants work done composed of different items, some rock, some loose rock, some sand and gravel, and different material, and the contractor must take his chance of how much of every item he will be called upon to do, can he tender for it on a business basis?—I should say myself that he could not calculate closely, nor get an estimate of the cost unless he did know the quantities. Inaccurate quantities do not necessitate an inconsistent tender, but materially affect the cost of the work as a whole, the cost of one item as compared with another being based on the state of the labor market, and the difficulty of supplying plant and provisions.

2173. You say that inaccurate information may affect the aggregate cost of the work?—Yes.

2174. How?—Because there may be a greater quantity of high-priced work than was estimated, and a smaller quantity of the low-priced work. For instance, there may be a far larger amount of solid rock in a cutting than he estimated; say that in one cutting there was 10,000 yards estimated as a total, and out of that 10,000 he estimated 8,000 of earth, and only 2,000 of rock, that cutting will cost less than if you reverse it, and say there are 8,000 yards of rock and 2,000 of earth.

2175. Do you say that inaccurate information to the tenderer may cause disappointment to the proprietor?—Yes; that if he does not know much beforehand he knows more at the end of the job.

2176. That is the point I am trying to get at—whether a proprietor is likely to get his work done as cheaply by making the contractor a speculator as to amounts or quantities as if he could give him accurate quantities at the beginning?—I think a contractor would calculate more closely if he knew exactly the quantities than he would if he had to speculate on items. It is very likely that if he knew his business, he would add a good percentage to cover profit and loss, and to make himself sure would have his quantities high.

2177. What result will that have upon the price the proprietor will have to pay?—If accurate quantities can be given it is better for both parties.

Accurate quantities conducive to economy.

2178. Then it is better for the party who wants to have the work done?—Yes, because the proprietor can estimate, and the contractor can estimate; and the contractor has not to put on enough to cover

**Railway Location—
Contract No. 15.**

probable losses by increase or diminution whichever way it will tell against him.

2179. You surveyed on section 15 the line which became the final location?—Yes.

Surveyed two lines in addition to that which became the final location.

2180. Did you make any survey of other lines?—Yes; of two other lines—one to the north and one to the south.

2181. Do you remember when the one to the south joined the main line again—at what common point?—It left the present line at station 290 and deviated to the south, it joined in with the present line again on contract 14 at what was then called the end of the location. I cannot remember the station, but it is about four miles east of Bog River.

2182. Can you, by looking at the published map, find any station names corresponding with those termini?—It deviated about two miles west of Keewatin, and joined it again about station Darwin, as near as I can tell from the map.

2183. Was that line as favourable for building as the one that was adopted?—I consider it much more favourable.

Southern line more favourable for building than the one adopted.

2184. Do you know why it was not adopted?—I do not.

2185. Who decided upon the line to be adopted?—I could not say. I was informed that the present line was adopted.

2186. You were informed from Ottawa?—Yes; after they had made calculations I was informed that the other line had been adopted.

2187. Are you still of the opinion that the southern line is the most favourable?—Most assuredly.

2188. In what respect did it differ from this?—According to the calculations that I made it was cheaper; it had less quantities; the centre elevations as a general thing, in my estimation, would show more accurately the quantities. The calculations on the south line were based on more accurate data than the one line adopted, because there was not so much side hill. The rock was of a different nature, and the facilities for bringing in plant here far superior. For instance, on the average a point could be reached there every three miles from the waters of the Lake of the Woods. On Shoal Lake he would only have a mile of haul from water communication.

Reasons why southern line would have been more favourable.

2189. Irrespective of the facility for bringing in supplies was it a more advantageous route than the other?—I consider it to be so.

2190. Is there less rough country on the southern route?—Yes. Taking Rat Portage as an initial point, in twenty-five miles from that point, going west, I was out of trouble from bad country except little knots of rock at the western extremity of Crow Lake.

2191. Then had you only twenty-five miles of difficult rock country to overcome?—Yes; while there are thirty-seven to thirty-seven and a-half miles of as difficult, or worse, country on the adopted line.

2192. Did you furnish your opinion, or whatever information you had, to the authorities at Ottawa before the decision was made?—Not further than by the plans and profiles which I deposited, and verbal statements of my opinion.

2193. To whom did you make the verbal statements?—To Mr. Rowan.

States his views to Rowan.

Halfway Notation—
Contract No. 15.

2194. You say you think that the southern line was a more favourable one although it curved northward to join the present line near Darwin: do you know whether it would have been more or less favourable if continued westward to a point further south than Selkirk, on Red River?—From all the notes that I can find of the block surveys, and any information I got from those who know the country best, I am decidedly of the opinion that it would have passed through a better country.

2195. Do you mean by going further south than Selkirk?—To go further south than the present line so as to strike some point further south than Selkirk.

2196. Have you any idea of the difference between the expense of constructing that southern line that you are speaking of, and the one that was adopted from Keewatin west to Red River?—I never made any calculations except for thirty-seven and a-half miles of the present line on contract 15, against forty miles on the southern line.

2197. And is that forty miles between Keewatin and Darwin?—No: it is from a point four miles west of Falcon Lake.

2198. You say that thirty-seven and a-half miles on the adopted line as against forty miles on the southern line have been estimated by you on the same data?—Yes.

The southern line cheaper by \$380,000.

2199. What did you find?—I found that the south line was considerably cheaper.

2200. About how much cheaper?—Comparing thirty-seven and a-half miles of one line against thirty-seven and a-half miles of the other, the southern line would be about \$360,000 cheaper.

2201. The adoption of the same length of section 15 on the southern line would have saved \$360,000?—Yes, according to those calculations; and they were based on the four feet hoist of the present line over grades to balance cuts and fills, against a two feet hoist on the south line above grades to balance cuts and fills. I also made an estimate of the southern line on the same sort of grades as the adopted line. I cannot give the result from memory, but I have got the quantities.

2202. Can you give them to us later on?—Yes. It made a great difference in the comparative cost of the two lines.

The line as finally adopted will cost \$275,000 more than the southern line would have cost.

2203. I will ask you again, as there seems to be some uncertainty about this, whether the line as finally adopted will cost \$275,000 more than the southern line, in your estimation, for an equally feasible route?—Certainly.

Southern line a better route.

2204. As easily worked in every way?—Certainly, and a better route, because there was eighty feet less summit to get over.

2205. Does the question of the four feet hoist or the two feet hoist affect in any way the capacity or the maintenance of the road after it is built, in your estimation?—No.

2206. Then what is the point?—It is the quantities.

2207. But the quantities are already taken into account when you deduct this \$275,000, are they not?—Yes.

Two feet and four feet hoists, as they affect quantities.

2208. Then why go back to the quantities? How do they affect the question?—Because there is more of a balance between the cuts and fills in the one than in the other. It is in the quantities of rock

Railway Location—
Contract No. 15.

that the difference in hoist is seen. The two feet hoist to balance cuts and fills made 600,000 yards of rock. The four feet hoist brought it to 369,000 yards. To balance the cuts and fills on the south line brought it up to 416,000 yards of rock as against 600,000 on the other line, but give it a two feet hoist and it brought it to only 311,000 yards.

2209. In speaking of balancing cuttings, you mean, of course, that the material excavated shall fill the embankment?—Yes.

2210. That gave 600,000 yards of rock on the north line?—Yes.

2211. Then in order to save expense it was thought better to raise the grade four feet and reduce the quantity of rock?—Yes.

Grade raised four feet and quantity of rock reduced.

2212. In making an estimate for the southern line to compare it properly with the adopted line, should you not have made them on the same basis?—Yes.

2213. If you estimated on a four feet hoist in the north line, and a two feet hoist on the south line, then did you not make a fair comparison?—No.

2214. Why is it not fair?—Because in case of its being built with trestle work against earth filling, two feet or four feet makes a great difference in the cost of the embankment, but a very small item in the cost of trestle work.

2215. Yes; but is it not balanced on the other side by the quantity of rock, as you have hoisted the grade and reduced the rock cutting?—Yes; the higher the embankment is when the comparison is between trestle against earth work, the more the estimate goes in favour of the trestle.

2216. Perhaps you made your comparison upon trestle work?—Yes.

2217. Then did it reduce the high-priced work—that is, the rock, more than the increase of the earth quantities?—After reducing everything that was reduced, and raising everything that was raised, the result was that one cost \$275,000 less than the other.

2218. You say that according to the calculation you made at that time, which was based upon a two feet hoist of grade on the south line, and a four feet hoist on the north line, there would have been a difference, or saving, of \$275,000 in forty miles of the south line as against thirty-seven of the north line?—Yes.

2219. Could you have made a larger saving and still have made the line equal in value to the Government?—I consider so.

2220. By what means?—By alterations in alignment, and by its being a more favourable country to work through.

Still farther savings might have been made by alteration in the alignment.

2221. Then when you estimated the cost of the southern line did you not do it as favourably as it might have been estimated?—Not as favourable as a comparative estimate would have made it one against the other.

2222. Do you mean that your estimate of the cost of building this southern line for forty miles was at too high a price?—No.

2223. You say you might have made it less by giving it a higher hoist. Would that not have made it less absolutely by lowering the quantities?—It might have been.

**Railway Location—
Contract No. 15.**

2224. Then in forming your estimate as to the cost of this road did you estimate it higher than you thought it would cost?—I cannot understand that.

2225. Why did you not when you were making up your calculation of the lower line at a two feet hoist, make it up at a four feet hoist?—Because I made that calculation on my own responsibility. I was never instructed to give that two feet hoist. I did it because I was certain that that line was the best, and I was anxious to have it adopted. I handed in my figures and allowed the Department to make their own deductions from them.

2226. By making your estimate on the two feet hoist did you not withhold from them your impression that this south line might have been cheaper than the north line?—I said that that was the best line.

How the cost of the south line might have been reduced.

2227. But you did not inform them of the low cost of adopting a four feet hoist?—There were four enormous fills on the south line which swallowed up an immense quantity of earth in the calculations, and had those four been trestled or bridged in some way I consider that that would have materially affected the cost of the road.

2228. Is that the way, then, you would have reduced the cost of the lower grade?—Yes.

2229. How much lower would the four feet hoist basis of calculation make the cost of the southern line for that forty miles than with the two feet hoist?—I could not say without calculating.

2230. A material amount?—It would depend on how it is built.

2231. Have you never estimated, in your mind, as to whether there would be a material difference?—It would reduce the earth filling by using viaducts, and when viaducts are a certain height they are cheaper than earth filling. I am on oath, and I would not like to make any statement of the difference in cost. It is a thing that can only be based on calculation.

The four feet hoist would have made no difference in the gradients.

2232. At the four feet hoist would it have made any difference in the gradients?—No; it is an absolute hoist all the way.

2233. And the ruling grade of twenty-six feet to the mile going east would have been maintained all the same?—Yes.

2234. Have you the calculation upon which you made that estimated difference of \$275,000 at your command?—Yes; I have portions of it. I have got the calculation of the quantities in cuts and fills, but I have not got the structures and other portions. I had them all.

2235. Have you materials now at your command which you could give us to show how your calculation was made?—I have; but it would take some time. I would want the original plan that I put in. It is deposited in the head office at Ottawa.

Witness reported strongly to Mr. Rowan in favour of the south line.

2236. Then you would not be able to give it to us up here?—No; it is a thing that would take some time. The calculations were all made and handed in, and any deductions that were made from them were made outside of anything I did. Although it was not in my province at all, I made certain calculations on certain data that was given to me. I handed in those calculations, and deductions were made from them, but I was not consulted as to the reasonableness of those deductions. I

**Railway Location—
Contract No. 15.**

reported, however, to Mr. Rowan, strongly in favour of the south line, but what he said to Mr. Fleming I do not know.

2237. Who assisted you in making the southern line survey?—
G. R. L. Fellowes—he is still on the line at Keewatin—and William Robinson, who is on contract 42. You remarked that there was a strong desire to know why the quantities were increased beyond the estimates. That is a question that I wish to have thoroughly gone into, so that I may be exonerated from the blame of having made false quantities or errors.

**G. R. L. Fellowes,
his assistant in
making the
southern line
surveys.**

CAMPBELL.

WINNIPEG, Friday, 10th September, 1880.

Contract No. 48.

H. M. CAMPBELL, sworn and examined :

By the Chairman :—

2238. Where do you live?—At Portage la Prairie.

**Lives at Portage
la Prairie.**

2239. How long have you lived there?—Three years and three months.

2240. Are you well acquainted with the locality and the business done there?—Yes.

2241. Do you occupy any official position there?—I am warden of the county, but I am not an official in the town.

**Warden of the
county.**

2242. What county?—The county of Portage la Prairie.

2243. Have you been over much of that part of the country?—Yes; I have been over the whole of it pretty much, from the Assineboine River to Lake Manitoba in that county, including four ranges: 5, 6, 7 and 8.

2244. What is the extent of that country east and west?—Twenty-four miles—four ranges of six miles to the range.

Extent of country.

2245. And north and south between the limits you describe from Lake Manitoba to the Assineboine River?—It would average, I think, about twelve miles. The lake comes in in some places, and the river is crooked also.

2246. About what is the population of Portage la Prairie village now?—We have not taken any census, but we generally calculate it at nearly one thousand.

2247. Is the farming country about it pretty well settled?—Yes; very well settled.

2248. Have you any idea of the population of the county?—I could not tell you the population of the county, but I can tell you the assessment.

2249. What is the assessment?—It is about two and a-quarter millions of dollars.

2250. Do you know what the assessment of the village is?—I do not know.

2251. Where did you come from before you settled at the Portage?—I came from the county of East York, within fourteen miles of Toronto.

**Railway Location—
Contract No. 18.**

2252. Did you reside there long?—All my life.

2253. Then I suppose you are well acquainted with the effect of railways on settlement and business?—Yes.

2254. Do you know whether the location of the railway in the vicinity of Portage la Prairie has been finally settled?—I do not know.

2255. Is there any work being done upon the railway near there?—No.

2256. Not through that county?—No.

County crossed by first hundred miles west of Winnipeg. Plan shows a deflection of line to the south as it approaches Portage la Prairie.

2257. That county is crossed by what is known as the first hundred miles west of Winnipeg, over Ryan's contract?—Yes; the plan which we have of the probable location shows a deflection of the line towards the south as it approaches Portage la Prairie.

The more the line deflects to village the better.

2258. Have you any idea how that deflection would affect the prosperity of the village?—Of course the more it would deflect towards the village the better effect it would produce. After it comes just opposite the village by the town line, between ranges 6 and 7, it then deflects to the south about a mile and a-half. If it were to make that deflection before it comes that far it would be an advantage to the town. It begins to deflect at the town line; if it made that deflection further east, so that the most southern point would be at the town line, it would be a great benefit to the village.

If they deflected further east it would be brought nearer the village

2259. Do you mean that that would bring the railway within a shorter distance of the village?—Yes; a mile and a-half nearer.

2260. Is there anything in the country there which would make an earlier deflection less advantageous to the government?—I do not think so.

2261. You think it could be done further east than where it is said to be done?—I think so, and I have travelled that country.

2262. Do you mean that is a benefit to the town to be deflected even as far south as it is now without going any further south?—That deflection of a mile and a-half is made just after the line passes a point directly opposite the village, to the west.

2263. Supposing that this curve were made further east and went no further south than it is at present supposed to be, would that help the village?—I think it would. It would not go as far south as we would like it, but it would be a little help, in our estimation.

2264. Do you think that that curve would be more advantageous to the village than if the road kept on in a straight line?—If it made the curve it would be of more advantage to the village.

2265. Although going no further south than township 13?—It is at township 13 now, and then this curve goes still south into 12.

2266. How far does it go into 12?—I think it is a mile and a-half; I am not certain.

Projected line not nearer the village at any given point than six miles.

2267. How near does that come to the village?—At the town line it is just six miles north of the village. Then it diverges south about a mile and a-half—still going west of the village, so that I am not

Railway Location—
Contract No. 48.

prepared to say that it is any nearer the village at any given point than six miles.

2263. Do I understand you to say that if the railway goes no nearer to the village than it is now it is an advantage to have it as near as that?—I do not know that the southern divergence of a mile and a-half is any benefit to us.

2269. But, supposing it diverged further south?—Then it would be an advantage to us.

A more southerly divergence would be an advantage to Portage la Prairie.

2270. I understood you to say, in a conversation before you gave your evidence, that it would be better that this line should continue directly west, or north-west, unless it approached nearer to the village than it has yet been proposed to bring it; is that right?—We propose to build a branch, and the shorter the distance we would have to build the branch the more advantageous it would be for us.

2271. Then it is an advantage to have it come within six miles of the village rather than have it go further north?—Yes.

2272. What advantage do you think would be gained for the railway by having the road still nearer the village?—I think it would accommodate more of the farming community as well as the people of the town, because there is a great country lying to the south and south-west which has no other outlet only to come in that direction. And another thing: those to the west and south-west for a certain distance could utilize the Assiniboine River to that point and then tranship by railway.

Advantageous to railway itself to be brought nearer the village.

2273. Did I understand you, before you began to give your evidence to-day, to say that it would be better for the village that the road should continue directly west, and not go south at all unless it went further south than it does at present?—We had an idea that it would be better for us if the road went altogether north; then we would have a chance of getting a road of our own.

2274. You had that idea; have you got it now while you are giving your evidence?—If the road went north of the lake; but as long as it goes south of the lake the nearer it comes to us the better.

2275. You have not the same idea now that you had when you were conversing with me?—No.

2273. You have changed your opinion since that conversation?—Yes; I think when it goes south of the lake the nearer it comes to us the better, and the more people in that locality it will accommodate. The country along the southern part there, on the Assiniboine, is more thickly populated than it is out towards the lake.

2277. Then, in your opinion, it would be no advantage to the village if the road were continued due west or went in a north-westerly direction rather than where it goes now?—No.

2278. Is there anything further that you wish to say as to the location of this part of the line?—All that I would say is, we would be satisfied if we could get the road to what is termed the two miles limit—that is four miles south of the point which it now passes at the town line between ranges 6 and 7. They have come a mile and a-half of that south after they passed west of us. If they would only come two miles and a-half further south we would be satisfied, and it

Railway Location.

Contract No. 48. would accommodate the great bulk of the settlers along through that district.

Engineering and commercial results of taking line further south

2279. Then your suggestion is that they should add five miles to the length of their railway—two and a-half miles to get down and two and a-half miles to get back?—I beg your pardon, it will not lengthen their line that much. When the deputation of us met Mr. Murdoch the engineer some months ago when he was surveying the road, he said it would only lengthen the road a mile and a-half by striking to the south a greater distance to the east and making a curve. They have come a mile and a-half further south already than they supposed at that time, consequently the additional length of the road now would not be a mile and a-half.

2280. But you want them to go still further south?—Yes; we want them to come still further south than they are at present. When we asked Mr. Murdoch to come south to the village at first, he said it would only lengthen the road a mile and a-half. Now the road is a mile and a-half further south than they expected at that time.

2281. And you wish them to come further south?—We do.

2282. Then will they not have to get back again?—Yes.

2283. And will not that lengthen the line?—Yes; but it will be on a long curve, and although we want them to come two miles and a-half further south it does not follow that it would lengthen the road five miles.

2284. How much do you suppose it would lengthen it?—I do not suppose it would lengthen it more than a mile.

2285. Is it a detriment to the village to bring it as far south as they have brought it now rather than continue on a straight line to the west?—No.

2286. I understood from your conversation that it was more detrimental to the village to defect as far south as they have than to carry it directly west or north-west, because you said it would, perhaps, lead to the starting of a rival village within a short distance of the Portage, and if there was to be a rival village it would be better further off; have you changed your opinion on that?—I never feared a rival village; but that was my opinion.

2287. You remember having urged that before us as a reason for being called to give evidence to-day?—Yes.

2288. Is there anything further that you wish to say upon this matter?—I think not.

McILVAINE: SAMUEL McILVAINE, sworn and examined :

By the Chairman :—

Lives at Portage la Prairie.

2289. Where do you live?—At Portage la Prairie.

2290. How long have you lived there?—Since the spring of 1878.

2291. Where did you live before that?—In the town of Meatford, county of Grey, Ontario.

2292. How long had you lived there?—Two years, and formerly in the town of Orillia, and then in the county of Huron.

Railway Location—
Contract No. 48.

2293. Have you noticed the effect of the building of railways upon different localities such as villages and towns?—I have.

2294. Do you occupy any official position in Portage la Prairie?—No; nothing except school trustee.

2295. Are you a property holder?—Yes.

2296. A large property?—I have between three and four acres in the village, a dwelling-house, store, office and lumber yard.

2297. Is the last witness a property holder there?—He is.

2298. A large property holder?—He has three or four buildings.

2299. Then both you and he are interested in the prosperity of the village?—I am; and I think he is also.

2300. Are you aware of the line that is likely to be located for this western end of Mr. Ryan's contract?—Yes.

2301. How near do you understand that it comes to the village?—I think it is about six miles from the centre of the village to where it would strike the nearest point of the railway, due north.

2302. You think the nearest point of the road is due north?—I do not think there is much difference. It curves out from the east four and a-half miles north of the 4th base line; then it turns south-west and across the 4th base line on the town line, running out of Portage la Prairie six miles north of the village.

2303. How do you consider that that deflection towards the south, as far as it is said to be laid out, will affect the prosperity of the village?—I should say that in case we do not get a branch road, or any other road, into Portage la Prairie, but must depend upon the navigation of the river, then the railway, where it is located, will be a detriment to the village.

Without a branch road, line as located would be a detriment to Portage la Prairie.

2304. In that respect you differ from the last witness?—I do.

2305. Why would it be a detriment to the village?—Simply because we would have no railway communication. Of course my argument is based on the railway going where it is now and there being no railway to the village. If we must depend on water communication then rival towns will grow up on the railroad and they will naturally injure the Portage. Then my argument would be, the further from the Portage the better in that respect. Of course, it would not be better for the farming community. Then, again, my reasoning would be, if we are to have a branch road the nearer the main line is to us the better. I agree with Mr. Campbell in that respect.

2306. Is there any reason why you would not get a railroad?—There is. In the first place the Government may not run in there. We would be willing to build a road partly, provided we got the iron from the Government. We might not be able to get a company to run a road that short distance, then in that case we would be debarred from having any railroad. But should we be successful in getting the Government to run a branch in there by us building it—the Government furnishing the iron—then the nearer the main line would come to the village the better, because we would have the shorter road to build.

**Railway Location—
Contract No. 49.**

2307. Then are we to understand your opinion to be that the injury or advantage to the village will depend entirely upon some things that may or may not happen in the future?—Yes.

2308. So that without knowing what is going to happen it is impossible to form an opinion whether it would be injurious to the interests of the village or not?—The chances are in our favour.

2309. I am not speaking of the probabilities, I am asking you whether the advantage or injury to the village by this road depends on something happening in the future which is, at present, impossible to ascertain?—I would say leave it as it is, but if the chances are all against us I would say move it away as far to the north as possible.

2310. I understood you to say the other evening something different from that?—I think not.

2311. Did you not lead us to understand that you wished to give evidence to this effect: that unless this road was diverted further south than it is now intended to be, that it would be better to continue straight on to the west without any divergence?—I say so still, if we cannot get a road into the Portage. I think I always had the idea in my mind that it would be better to keep the road away unless we could get a branch road.

Better for all parties to divert the road further south.

2312. But it all depends upon the possibility of something happening in the future?—Yes; but I have reasons for saying that the road could be diverted still further south and still be advantageous to the whole community and also to the railway.

2313. Then, in your opinion, it would be better to divert the road further south?—Yes.

2314. But it is not your opinion that if that will not be done it would be better to go further north—in other words, that this present projected line gives you half a loaf which is better than having no bread?—No; I think not. I would rather see the road far away from the Portage in case we never get a branch road from it.

2315. But is it impossible to say what is going to happen in the future?—I think we can build the road ourselves provided we get the iron.

2316. Assuming that you build the road yourselves, then would you rather have the road where it is than to have it go further north?—Yes; I think so.

Taking the chances of getting a branch road it is better for the village to have the road where it is rather than farther north.

2317. Taking the chances, then, you think it is better for the village to leave the road where it is, rather than take it due west or further north?—Yes.

2318. That was not the tenor of your views the other night?—My opinion was always, to a great extent, different from that of the last witness in that respect.

Reasons why the line could be taken farther south with advantage to the Government.

2319. Why do you think it could be taken still further south with advantage to the Government?—It will not cost the Government any more to bring it further south, if they allow us to pay for the difference in length. In order to have connection with the road we will have to build a branch line, and if the Government will come down towards us by lengthening their road a mile we will far more than make up for

Railway Location—
Contract No. 45.

that deflection in helping them to build the connection. Then, again, the Assineboine River runs in a south-westerly direction from the west, and comes through a large country that is now being rapidly settled up. They will, for a number of years, have to depend upon the river for an outlet. The point of transshipment would be at the Portage where all the freight would be transferred to the railway, and instead of coming down the river would take the sixty miles of rail to Winnipeg, which I think will more than pay for the extra length of the road. They could secure freight now by striking a town that is already in existence, they would get freight at once in that way, but it would not pay to transship goods from the river up to where the road is now, a distance of six miles.

2320. Do you think that immediate business for the railway will more than compensate them for the extra expense of running the road further south to the village?—Yes; I think so.

2321. Is there anything further that you wish to say upon this subject?—No.

CARRE.

Contracts Nos.
14 and 15.

HENRY CARRE'S examination continued:

By the Chairman:—

2322. You spoke yesterday of two lines having been run for section 15, and that the southerly one would probably be less expensive than the one which was adopted; do you remember whether you had located that southerly line before section 14 was commenced?—No; I had not. Section 15 was commenced in 1875. The staff came up with me the same time that I started to locate that southerly line.

Had not located southerly line before section 14 was commenced.

2323. Then at the time of the location by you of the southerly line, work had been done upon 14, further east than the western limit of that line?—Yes; there was a portion of 14 completed before the location survey of the southerly line was completed.

2324. Then that southerly line of yours could never have been adopted without abandoning some of the work done on 14?—Yes; I stated so in my evidence before the Senate Committee.

The southerly line could not have been adopted without abandoning some work done on section 14.

2325. Have you any idea of how much work had been done upon that portion of the line, which could be replaced by this southerly line?—I could not state. I heard rumours, but it is so long ago that I cannot be certain.

2326. Have you any opinion whether that southerly line was available to the Government at the time you located it?—I think it was. The actual work that I did came into the end of the work that had been done. I ran to the end of the location on 14. My line joined in with the end of the location on 14—the easterly portion, which was then chopped out clear and located.

2327. Have you any idea how much of 14 then done would have had to be abandoned to make your southerly line available?—I remember hearing that there was about \$60,000 or \$65,000 worth of work that would have to be abandoned if the best line had been adopted.

Had heard that about 65,000 worth of work would have had to be abandoned.

2328. In order to save the \$275,000 you spoke of yesterday the Government would have lost \$65,000?—Yes.

Thus, to save \$275,000, Government would have had to lose \$65,000.

**Railway Location—
Contracts Nos.
14 and 15.**

Net saving a little over \$200,000, taking it that the remainder of the line would be equally difficult with the adopted one here.

2329. Do you mean that the highest saving in price would have been somewhere about \$200,000?—Yes; that is taking it for granted that the remainder of that line would be as difficult. I had made no estimate of the full line from Rat Portage to the connection with 14. I made no calculation for that; it was only as to the first forty miles as against the thirty-seven miles on the other line.

2330. The saving in cost to the country which you spoke of yesterday would have to be diminished by the value of the work which would have been done on the eastern end of 14?—It would if they joined in with the south line with 14, near Brokenhead. Had the south line been adopted, running from Falcon Lake direct to Brokenhead, then there would have been a certain amount of work which had been done on 14 that would have been lost.

Had line been adopted as witness ran it there would have been no loss.

2331. So that any gain by this line must be diminished by that loss in order to see how far the country would be benefitted by adopting your line?—If the line had been adopted as I ran it there would have been nothing lost. I ran it to the end of the location, two or three miles east of Bog River, then after that there was another line ran further south.

Forrest and Armstrong ran another line still farther south.

2332. Who ran that?—It was run by Forrest and Armstrong. Without a plan and letters marked on that plan it is very difficult to describe the line intelligently.

2333. You ran the southerly line?—Yes.

Southerly line run by witness struck line finally adopted two miles east of Bog River

2334. Where did that strike the line which was finally adopted on the west-end of your southerly line?—About two miles east of Bog River.

No work had been done east of this point on contract 14, at the time witness located the line.

2335. Had any work been done on 14 further east than that point, at the time you located the southerly line?—No; there had been no work—no construction work.

Therefore not necessary to abandon any work.

2336. Then it would not have been necessary to abandon any work that had been done in order to adopt your southerly line?—No.

2337. Then your previous evidence is not correct on that point—that they would have had to lose \$60,000 in order to adopt your southerly line?—My southerly line, as I understand it, and speak of it, is for contract 15. Then, as far as contract 14 is concerned, there was no estimate ever made. I was asked whether it would have been better to adopt my southerly line for 15, had the line gone south of Manitoba Lake.

2338. I am not directing my questions to anything about Manitoba Lake, or anything west of Red River. I am assuming that those two lines join at a common point two miles east of Bog River for the present?—That is the line actually that I ran, but there was no calculation made up to Bog River.

The saving would have been \$75,000, but the line would have been five miles longer.

2339. Assuming that the point to which you had made your calculation on the southerly line, from there to Bog River, was of the same expense as the east end of 14 westerly to Bog River, then what saving would have been effected by adopting the southerly line?—The saving would have been what I have stated; but in that case the other route would have been five miles longer.

**Railway Location—
Contracts Nos.
14 and 15.**

2340. Have you not already taken that in, in your forty miles estimate as against the thirty-seven?—No.

2341. Is the west link of your southerly line five miles further from Bog River than the last end of section 14 is from Bog River?—I have put it in this way: from Rat Portage to that point, two miles east of Bog River by the present line, 15 and 14 are five miles, or would have been five and a-half miles shorter than the south line between these same points.

2342. Of that five miles you have already estimated over three miles?—Yes, three and a-half miles.

2343. Are you able to say whether there would have been any gain at all to the Government by adopting that southerly line from Rat Portage to two miles east of Bog River?—I have never made an estimate of that portion between the forty-mile station on the south line and Bog River.

2344. Have you been over that country?—No; I have not been on that piece myself. My party ran that line while I was exploring the Dalles line.

2345. Then you have no information that would enable you to judge whether the southerly line as a whole would be better for the Government than the present line?—I have no estimate. I only speak of the southerly line for contract 15 as against the present line for contract 15; but the general character of the country I consider better—it was found to be better.

2346. How do you consider it to be better?—The plans and profiles show it to be better.

Plans and profiles show that the southerly line would have passed through a better country.

2347. Have they shown it to you to be better—have you looked at them?—Yes; I consider it to be better from what I saw and heard from those parties.

2348. Have you any information which would enable you to say whether the probability is that that line would have been better for the Government than the one that has been adopted?—I cannot speak personally.

2349. Who was it saw those plans?—I saw them myself, but I have not made any estimate on them. I consider from the plans that it was a better line, but I was not over the ground and therefore I could not swear to it.

2350. What if the plans are correct?—Then I consider it is better—that it went through a better country.

2351. Better in what respect?—Less swamp; it would save all the work on the Julius Muskeg by going south of it. There have been so many lines run that it is impossible to make a description of it that would be intelligible without a plan.

Less swamp on southerly line.

2352. Then the Julius Muskeg would not have been escaped by the little piece which you did run?—No.

2353. Were you ever over that country through which you say you proposed this line to Whitemouth River, which would have saved the Julius Muskeg?—No.

**Railway Location—
Contracts Nos. 14 and 15.**

Data for his opinion that a southerly line would be cheaper.

2354. How do you get your opinion, when you say it would be cheaper?—From the plans and the reports of the men who ran the line. On this south line there was one portion that was never estimated, that is the mile and a-quarter to Cross Lake—the heavier portion of 14 which Mr. Whitehead built. That ought to have been placed against an equal distance on 15 and 14, until you get out of the rough country, and then it would have made it more difficult still.

2355. You are speaking now of a portion of section 14?—Yes.

2356. That portion which is so expensive in consequence of the fill at Cross Lake?—Yes.

Cross Lake.

2357. Cross Lake is partly on 14 and partly on 15?—Yes; it is a bay of Cross Lake which has cost such an immense sum above the estimate. Take forty miles of 15 from Rat Portage of the present line, and forty miles on my south line, and estimate one against the other, and then I say that there would be a much greater difference and the country would have been easier, or as easy.

2358. Your estimate on the southerly line was for forty miles which ended somewhere about the west end of Falcon Lake?—Yes; and the other has thirty-seven and a-half miles on the present line of 15, but it did not take you out of the difficulties.

A cheaper line could have been had from Falcon Lake to Red River.

2359. Are you able to say whether, from the west end of Falcon Lake to Red River a cheaper line could have been run than from the end of the forty miles west of Rat Portage to Red River?—I consider, from all I have heard and seen of the plans, that it would have been cheaper.

2360. How much cheaper?—I could not say without making an estimate.

Or at least as cheap.

2361. Could you give anything like a round number?—No; I would say at any rate it could have been done as cheaply, without any doubt, as the present line.

The country would thus have the saving on the south line contract 15, more than \$275,000.

2362. Would that have been of any advantage to the Government to have it built only as cheaply?—Yes; because then the whole advantage would have been in favour of the contractors. If contract 14 was built as cheaply, then we would have gained the whole advantage of my calculation on the south line in 15.

2363. And what would that amount to?—\$275,000. I consider it more than that. \$275,000 it showed by my calculations of forty miles against thirty-seven and a-half, but had forty miles on the present line been estimated as against forty miles on the southerly line the difference would have been greater.

2364. Should not the cost of the three miles on the east end of 14 be added to that saving? If you saved \$275,000 upon comparing the thirty-seven miles of 15, against forty miles on the southern line, which took you as far west as Falcon Lake, then that saving of \$275,000 would be increased, would it not, by the actual cost from the end of the thirty seven miles to the west end of 15, to the point forty miles west of Rat Portage?—Forty miles on this line only brought me to the same degree of longitude as thirty-seven on the present line, so that there would be an equal distance from there to Red River.

**Railway Location—
Contracts Nos. 14 and 15.**

2365. Then why did you say that forty miles of your southerly line ought to be compared with forty miles of the present line?—Because it is the rough portion of the country on one line compared with the rough portion of the country on the other line.

2366. Would the westerly end of that forty miles upon the adopted line leave the Government at a point from which they could make as cheap a line to Red River, as from the westerly end of the forty miles of your southerly line?—I think the present line would be more expensive, from all I have seen and heard of the plans. It is through a worse country, from what I have seen of the block surveys and reports of the engineers.

2367. But you have not been able to make a comparative estimate?—No; I have never made an estimate, but there is plenty of data in the office to make an estimate from. I would not like to give anything more than my private opinion, until I had made an estimate. Witness did not make a comparative estimate.

2368. Taking Rat Portage and Winnipeg as objective points on the line of railway, would the south line in your opinion be shorter, and less expensive, than the present line?—The south line would certainly be shorter. South line shorter and less expensive.

2369. And less expensive?—Yes.

2370. By how much?—It would be very hard to say, as there was no survey made. You can see by the plan that it would be shorter. The south line went more directly for Winnipeg.

2371. Now as to section 15, I wish to ask again, did you take any part in making up the quantities which were submitted to the public when tenders were asked for?—I did. Railway Construction—Contract No. 15.

2372. What part did you take?—I was given instructions to take out the quantities from the profile, the centre heights given on the profile, by tables which were provided for me. I used our centre heights, and estimated from those tables. When tenders were asked for section 15, witness was instructed to take out the quantities from the profile, &c.

2373. Where were you at that time?—I was in Ottawa.

2374. Who had prepared those profiles?—I had, with my assistants.

2375. Then it was from your own profiles and the tables that were given to you, that the quantities submitted to the public were calculated?—It was. Quantities calculated from his own profiles and the standard professional tables.

2376. When you speak of tables what do you mean?—Tables calculated which give the number of cubic yards in a hundred feet length, for every height of bank.

2377. Were these printed tables?—Yes.

2378. In general use in your profession?—Yes.

2379. Are they standard tables for such calculations in the profession?—Yes.

2380. And by using those standard tables and your profiles, those quantities were arrived at which were submitted to the public?—Yes.

2381. The profiles giving only the centre line, would not, I suppose, enable you to ascertain the quantities accurately?—No; they would not.

**Railway Construction—
Contract No. 15.**

Cross-sections necessary to the accurate calculation of quantities.

2382. Why are cross-sections necessary to make it more accurate?—Because of the irregularities of the ground.

2383. But if the ground were perfectly level all the way through, I suppose the centre level would be sufficient?—Yes; it would give the correct quantities.

2384. Then the cross-sections were necessary because the surface of the ground was not level?—Yes.

Quantities calculated from cross-sections, January, 1878.

2385. Do you know whether, after those cross-sections were taken, any calculation was made then of the quantities that would be required to be done on the work?—Yes; I made a calculation from the cross-sections in January, 1878.

Prior to this calculation grades lowered on an average two feet.

2386. How do the quantities so ascertained compare with the quantities which had been ascertained before from the centre line?—These were largely in excess, but in the meantime the grades had been lowered, which increased the quantities.

2387. Then the cross-sectioning alone did not increase the quantities, as far as you know? Is that what you mean—that the increase was due to something else than the cross-sectioning?—There was no calculation made on the same line, with the same grades, by cross-sections, because the grade had been changed in the meantime.

2388. In what way had it been changed?—It had been lowered.

2389. Had it been lowered an average depth over the lines or only in places?—I would say it was an average of two feet. In some places it was identical with the old line; in other places it was lower.

2390. But the general result was an average of two feet?—I should call it so.

2391. Do I understand that the location had been changed in some places, before this cross-sectioning calculation, as well as the lowering of the grade?—There were two calculations: the first when it had been changed in one or two places.

2392. The location?—Yes.

2393. Did that materially affect the quantities?—It was a great improvement.

2394. That is a lessening of the quantities?—It was a lessening of the embankment, but it was a slight increase of the rock—scarcely any increase of the rock, because it made a reduction in other places.

Increase in rock cuttings in consequence of the lowering of the grades, 113,200 yards at \$2.75 per yard.

2395. Have you any opinion as to the increased cost of rock cuttings by this lowering of the grade upon the whole of section 15?—We made a rough estimate, and found it to be 113,200 yards.

300,000 yards of rock in accepted tenders.

2396. Do you remember what the approximate estimate was in the tenders for solid rock?—300,000 yards of rock in the accepted tenders.

2397. Then that lowering of the grade increased the actual cost of the road, as far as rock is concerned, by that quantity—113,200 yards at \$2.75 per yard?—It increased the excavation by that, as far as the rock is concerned.

Railway Construction—
Contract No. 15.

2398. Do you know whether the lowering of the grade increased the loose rock excavation?—It increased all excavation in the cuttings.

2399. Did it happen that there was any loose rock to be excavated?—Yes; it certainly increased the loose rock.

2400. Do you know how much?—No.

2401. Did it increase the earth excavation?—Yes.

2402. Do you know by how much, in round numbers?—There was one calculation of Mr. Rowan's—I think it was 224,000 yards. I do not know how he arrived at it. Earth excavation increased by 224,000 yards.

2403. Did you ever make any calculation of it yourself?—I have the notes, but I never made them up in that shape. We put the whole excavation in to complete the contract.

2404. Do you know whether the lowering of the grade had any effect on the excavation of off-take drains?—No. Off-take drains not affected by lowering grades.

2405. It did not affect that item?—No.

2406. Assuming that on the road, or at least on this work, there was to be solid embankment instead of trestle work, how would the lowering of the grade affect the quantity obtained from other places for the embankment, such as borrow-pits?—It would reduce it.

2407. The lowering of the grade reduces that item?—It reduces the quantities required for embankments.

2408. Have you any idea by what amount it would reduce that?—There is no calculation that would give it accurately. I could come at it from my notes, but I do not remember. It seems strange that I should not be able to answer this; but the calculations that were made were made at different times, a year apart, and there were changes in the alignment during that time which altered the sum total of the whole thing, and I cannot take out these portions to see what the reduction or increase would be.

2409. You have never ascertained that?—No.

2410. Assuming that the work on this contract was to be done all solid embankment instead of trestle work, would this lowering of the grade be a saving in the cost of the whole work, or an increase?—I should say that the lowering of the grade was an improvement. Lowering of grade an improvement.

2411. Then the lowering of the grade saved expense to the Government, provided that it was all solid embankment?—I think so.

2412. Have you any idea how much it saved?—I could not say.

2413. Did you ever enter into any kind of calculation upon that subject?—No.

2414. Then you are not prepared at all to give evidence upon that subject?—I could not give anything from any calculation made by me.

2415. Do you consider that the cost of the road, which is now a good many thousand dollars more than the first estimate, is in any way due to the alteration of the grades?—I could not really answer that question from any calculations of my own.

2416. But I understand you to say that it is a lessening of the cost—that the general effect would be a lessening of the cost?—Yes.

Railway Construction—
Contract No. 15.

2417. Then can you not say whether the increase was due to that?—I do not think it was due to that, but I could not say anything without calculating. It has increased the quantities, but whether it has increased the actual cost I could not say.

2418. It has not increased all the quantities; it has lessened the borrowing quantities, for instance?—Certainly. That was a point that was never gone into—the decrease in the earth excavation from borrow-pits to make up embankment; it was never calculated, and there was no allowance made for it.

2419. Besides this change of grade you say that there were some changes in the location of the line?—Yes.

2420. Do you consider that those changes in the location of the line were an increase or a lessening of the cost?—I think they were a lessening of the cost.

2421. Then this increase over the estimated cost cannot be due to those changes?—No.

2422. So that the increase of cost is not due to changes in location, nor to lowering of the grades?—I do not think it is.

2423. In your opinion what is it due to?—It is due to a change—a difference in the way of constructing the road.

2424. What was the difference in the way of constructing it?—Making round timber trestle work.

2425. But there was no trestle work. The change that has actually occurred could not be due to trestle work, because trestle work has been actually abandoned as a material feature of the transaction?—Then there is no great difference between the two estimates.

2425½. What I want to know is, what two estimates you are comparing—are you comparing Mr. Whitehead's estimate of the total cost to complete the contract according to trestle work with the actual cost, or are you comparing two different contracts of solid embankments?—No.

2426. Did you not make an estimate of the works that you thought were going to be done on the line?—In what way?

2427. The last estimate which you submitted was to be largely of trestle work, was it not?—Yes.

2428. Did you not make up that calculation as to quantities?—Yes.

2429. And when the prices were applied to those quantities the moneying out resulted in a tender of somewhere about \$1,600,000 in round numbers, did it not?—Yes; that is with trestle.

2430. After the contract was entered into changes were made: first of all, by lowering the grade, secondly, by change of location; and the result is now that the work is likely to cost from three-quarters to a million of dollars over the estimated cost at the beginning—I am asking you now to what is that increase due in your opinion?—That is the increase of earth banks against trestle work.

2431. That is what you attribute it to?—Yes; I attribute it to the changes in quantities. In that case the lowering of the grades made a difference.

Increase of cost not due to changes in location nor to lowering of the grades.

The increase of 750,000 to \$1,000,000 over estimate due to the abandonment of trestle work for earth embankments.

Highway Construction—
Contract No. 15.

2431. But it made a difference in favour of the Government?—Not as against trestle work.

2432. You say, broadly, the change was because trestle work was abandoned, and earth embankment adopted?—Yes.

2433. Now what was your estimate for trestle work?—My estimate was \$379,000 I think, or something like that.

Witness's estimate of \$379,000 for trestle work.

2434. That was to be the cost if these gaps were to be filled with trestle work in the way you estimate it?—A portion of this trestle work is for culverts.

2435. Do you know how much of that estimate has actually been put upon the road in the shape of culverts or bridges, or in any other shape? That estimate is for the whole amount of the wood work, is it not?—Yes. If I could see the last progress estimate that was sent in I could tell.

2436. Can you give any approximate estimate of what has been actually done of that wooden work on that road?—About \$9,800, and there has been a heavy amount done since.

2437. You have just left the contract?—Yes.

2438. And have you no idea of the amount of trestle work that has been done since?—I have had nothing to do with it since the end of June.

2439. Assuming that \$380,000 represents the amount of trestle work and iron bridges that was originally intended, can you say about how much of that has been dispensed with?—About \$370,000, up to the date of the return of May, 1879.

Amount of trestle work dispensed with up to May, 1879, \$370,000 worth.

2440. I understand you to say that the increase of the actual cost beyond the estimated cost is due to the substitution of earth embankments for trestle work. Now, by abandoning trestle work, \$370,000 of that expenditure was saved, how much was the cost of the earth embankment increased?—I really could not give you any figures.

2441. How much was the estimated cost of the earth work?—The estimated cost of embankment was only taking out the stripping of the rock, and the cuttings.

Estimated cost of embankment of \$70,800.

2442. How much was it?—\$79,600.

2443. In May, 1879, can you say what estimate had been made of the earth work then done, and yet to be done after that time, in the aggregate?—The work done was 82,993 yards, and the work to be done was 530,252 yards.

May, 1879, work done 82,993 yards; work to be done 530,252 yards.

2444. Then what would be the aggregate cost of all the earth work at the tender price?—\$613,245.

Aggregate cost of earth work at tender price \$613,245.

2445. Deduct the estimated cost at the beginning from that?—It would leave \$583,645.

2446. Now that represents the total increase of putting in earth embankments as they will be put in, above the estimated cost of earth embankment as at first intended to be put in?—Yes

Total increase on earth embankments, \$583,645.

2447. Ought you not to deduct from that the estimated cost of trestle work which has been abandoned and saved, in order to say how much the whole cost has been really increased by this change?—Part of the

**Railway Con-
struction—
Contract No. 15.**

evidence that I gave was as to the advantage of lowering the grades in case there was solid embankment.

2448. This \$583,645 represents the total increase in the cost of the earth embankments?—Yes; according to those calculations.

2449. The effect of making that increase was to do away with \$370,000 of trestle work?—Yes; according to that return. That is \$213,645.

2450. Then that sum, \$213,645, represents the actual increase of substituting earth embankment for trestle work?—Yes; according to this return.

2451. Do you think this return as to that item is correct, or is it too high or too low?—I think the total quantity of earth, according to that return, was too small. The calculation of the amount to be done was too small.

Thinks the total
cost of earth work
will exceed
\$613,000.

2452. Do you think the total cost of earthwork will eventually be more than \$613,000?—I think so.

2453. Have you the impression that the executed work when completed, will be more or less than the information given before the Committee?—I think it will be less.

2454. But you think that particular item will be more?—Yes.

Solid rock will be
less than estimate
of May, 1879,
500,000 yards
instead of 525,000
yards.

2455. Then, on the other item, it will compensate for that?—The estimate of May, 1879, for solid rock was 525,000 yards, and I do not think it will exceed 500,000 yards.

2456. Then you think there will be a saving of 25,000 yards of solid rock?—Yes; over that estimate. I did not make another estimate since the one they have adopted here (pointing to the Blue Book). I made one of 516,000 yards, and the last one I made is 513,000; now I do not think it will exceed 500,000 yards, owing to some of the deviations that have been made of late, saving rock.

Saving in rock
accounted for.

2457. Then that saving in the rock has been by a deviation of the line?—It is partly due to deviations in the line, and partly to the cuttings turning out less rock than we had calculated for. And then there are increases in rock quantities due to deviations in the line.

2458. Upon the whole you think the rock quantities will be 25,000 yards less than the May estimate of 1879?—Yes. I do not know why they have adopted this. They have adopted it because it was the largest, as I had another one in of 516,000 yards instead of 525,000 yards.

2459. But you say the 525,000 yards estimate is too small?—That is of rock, which I say is too high.

2460. Assuming 500,000 yards to be right, that would be a saving of 25,000 yards of rock?—Yes.

Amount saved on
rock, \$68,750.

2461. What would that amount to?—\$68,750.

2462. What is your estimate of the total quantity of earth when the work is finished? You say the return is not correct, and I want to see what your estimate is?—I could not say what it will actually be.

2463. You could not say exactly, but you say that is not enough?—It is not enough by the way the work is turning out.

2464. Can you say how much more it ought to be?—No.

2465. I do not understand how you came to those conclusions and made those calculations and not know the amounts?—I made the calculations and allowed 10 per cent. for shrinkage. Now I know that in places it has shrunk more than 10 per cent., but how much more I cannot say.

2466. I am trying to get from you your reasoning about the excess of the cost of the works over the estimated cost at the beginning. You say it is not due to the lowering of the grades, nor to changes in the location, but that it is due to the substitution of earth work for trestle work?—I said that the lowering of the grades was an improvement in case the banks were made of solid earth, but it was not an improvement if the work was to be done with trestles. It was then a loss. It was an increase of the cost.

Lowering grade an improvement if banks were to be made of earth.

2467. That is coming back to the same conclusion, that the abandoning of the trestle work and the adoption of earth embankment increased the cost?—Yes, and lowering the grades; but if it was intended to build it with solid embankments right through, then I say the lowering of the grades was better according to those prices; but had the trestle work plan been adopted, the grades not lowered, and the banks afterwards filled in at what it would cost the Government, I consider then it would be cheaper. The lower the grades to balance quantities the better. Then, again, there is no extra haul allowed in this estimate for all that immense quantity of earth that was to be hauled.

2468. That does not affect the question, because the actual cost is made up without charge for the extra haul, according to Mr. Whitehead's proposition?—Yes.

2469. We are making all this comparison upon the basis of the works to be executed by Mr. Whitehead, so that the extra haul is not an element in the calculation?—No.

2470. Will you explain your opinion of the effect upon the total cost of this work that the changes made since the contract was let would create?—The principal changes in quantities is due to the lowering of the grades, and assuming the increase in the rock excavation due to that lowering to be 113,000 cubic yards of rock, it would be necessary that a decrease of about 565,000 yards of earth required in embankments should be made in the amount of earth to fill up those spaces, so as to balance the cost of forming the embankments at the present contract prices. The comparative cost of filling voids with trestle work, as against earth, is very materially increased by the lowering of the grades. If the intention was to complete the contract with solid earth banks, at contractors' prices, then I consider the lowering of the grades was beneficial; but if built with trestle work such as is now being put in by Mr. Schreiber, and the voids to be afterwards filled in with earth by the Government at the actual cost of performing the same, I think the lowering of the grades would have the effect of increasing the total cost of completing the contract. All depends on the actual cost of filling at a further date, in this last calculation. I would also state that the bill of timber in the bill of works was made before the grades were lowered. It was estimated for a higher gradient than the one that is adopted at present.

Effect on the total cost, of changes made since contract was let.

2471. Would the result of lowering the grade have a material effect as to the quantity of timber that was tendered for?—It would be very slight.

Trestle work.

**Highway Con-
 struction—
 Contract No. 15.**

2472. The difference in quantity, then, would not be material?—It would not be material. The superstructure—the expensive portion of the timber—would be the same. The lowering of the grades would have the effect of shortening the trestle work also, because the cuttings would make more embankment and shorten the voids, leaving less voids to be filled. All these calculations would have to be gone into accurately in order to form an estimate.

**Material differ-
 ence in cost of
 trestle work
 made by depth
 of void.**

2473. In using trestle work to fill voids, does it make a material difference whether the road is a deep one or a shallow one?—It does; a very material difference.

2474. How does that affect the cost of the trestle work?—Trestle work can be formed so as to make it equal to the cost of earth filling. The trestle plans handed to me, on which I based the last calculation, were so expensive that the superstructure alone would form an eighteen feet bank of solid earth at 37 cts. a yard. That I considered to be too expensive a trestle for the purpose.

2475. Then you mean that the superstructure alone would be equivalent to an earth embankment eighteen feet high, or about that, in round numbers?—Yes.

2476. Is the effect of that, in your opinion, that any trestle would be advantageously replaced by earth embankments, provided they were not higher than eighteen feet?—According to that plan, the bents and trestle work would make a twenty feet bank. The superstructure alone would make an eighteen feet bank.

2477. If the superstructure alone would be of the same price as a bank eighteen feet high, inasmuch as every trestle work requires something more than superstructure, would it not be advantageous to do away with trestle work in every void where it was only eighteen feet?—Yes; according to those plans.

2478. Will you explain what you mean about the relative cost of trestles to fill a shallow void, and to fill a deep void?—The superstructure, no matter what the depth of the void, is the same. The difference in cost between a twenty feet and a forty feet trestle bent, in height, is very slight in comparison to the difference in cost of a twenty feet and a forty feet earth bank.

**Where a deep
 void can be filled
 with trestle work
 advantageous to
 do this.**

2479. Do I understand you to mean this: that whenever a deep void can be filled with trestle work it is advantageous to do so?—Certainly.

**Banks ordered
 for certain large
 fillings.**

2480. But if it is a shallow void it would be better to fill it with earth than with trestle work?—Certainly. In this special case there were certain large fillings—water stretches—in which banks were ordered to be put in. In fact I was instructed that they had been allowed, and that those protection walls being allowed, virtually granted earth filling at those points. I was also instructed not to calculate trestle work in those cases.

2481. Did you start to explain this deep filling over water stretches with a view to showing the comparative cost of trestle and earth embankment?—Yes. I say that in this particular case the earth fillings were eliminated out of the calculation that I made upon which Mr. Rowan's calculation was based; that these heavy fillings that would

Railway Con-
 struction—
 Contract No. 15.

have told in favour of the trestle work were eliminated, and the average number of fillings is below the paying price—that is, eighteen feet.

2482. At which points were the deepest fillings made? Can you name some of them?—As it is now?

2483. Yes?—Stations 42, 215, 430, 435, 530, 570, 1445, 1705, 1745 and 1792. Those would be the deepest voids. Localities of deepest fillings.

2484. Do these numbers start from the east or the west?—From the east, and number to the west.

2485. Then station 1792 would be about Cross Lake?—Two miles east of Cross Lake.

2486. Is there any part of Cross Lake on section 15?—Yes.

2487. Is not that a deep fill?—Yes; but that was eliminated. I have not given you any of the water stretches; these are the land voids.

2488. Besides those stations that you have named, are there other deep fillings on section 15?—Yes, there are.

2489. For the sake of illustration will you name the deepest filling on section 15, so far as you know?—Cross Lake would be the deepest. Cross Lake the deepest filling on section 15.

2490. What is the height of the filling there above the base?—It is soft mud bottom.

2491. Above the stone base?—Above the stone base it is not the highest.

2492. I want to know some spot where a deep filling has been filled with earth that might have been filled with trestle; of all those fillings any one filling on the line which absorbed most earth?—Cross Lake.

2493. Have you any idea what that particular filling would cost in the way it has been done, with earth, for the distance that it might have been done by trestle?—I understood that it took 205,000 yards to fill it. That was the calculation some two months ago before I left the work, and it sank the other day some five or six feet and they were filling it up again as I was passing. I should say it would take now 222,000 yards. Amount of earth necessary to fill Cross Lake.

2494. You mean for the distance that might have been filled with trestle?—Yes.

2495. What would that cost at the contract price?—\$82,000. Cost of earth \$82,000.

2496. What would it have cost, in your opinion, to have filled that with trestle at the contract prices?—That 222,000 yards is full quantity to fill up between protection walls. It is not a calculation for the amount above rock basis. The trestle work above a rock basis would cost about \$17,000. Earth work and trestle work compared.

2497. What would it have cost to put in a rock basis for the trestle work?—That would have been a big item. You would have had to haul the rock from the cuttings for five miles to have done that. It would take about 120,000 yards to put the earth top on, and that, at 37 cts., would be \$44,400.

2498. What would the trestle work have cost?—The trestle work would have cost about \$17,500, a difference of \$26,900. That is, with the expense of trestle work.

**Railway Construction—
Contract No. 15.**

2499. I suppose that this instance you speak of at Cross Lake is a most striking example to illustrate the benefit of trestle work as against earth embankment?—It is.

2500. Supposing the rock basis to have been there, the saving would have been \$26,900, in round numbers?—About that.

2501. But supposing that the rock basis was not there, how would it have operated upon the comparison?—Then you would have had to put in rock points.

2502. What do you consider to be a fair length to take for the purpose of comparison?—Seven hundred feet.

2503. And you think about fifty feet is the height?—Yes.

Cost of filling Cross Lake according to original specification, \$345,832; according to execution, \$142,500.

2504. Commencing this work now with the rock protection walls only, and intending to fill in the middle of it so as to make trestle work available, what would be the expense of this most favourable example of trestle work?—With full rock base and trestle work, as contemplated by the original specification: for the rock, \$328,332; for the trestle, \$17,500; or a total of \$345,832.

2505. To have filled that void according to the original specification, it would have cost \$345,832?—Yes.

2506. What did it cost as it has been executed—with earth—in your opinion, the same void and the same depth?—\$142,500.

\$165,832 in favour of earth and protection filling.

2507. How much is that in favour of the earth and protection filling?—\$165,832.

2508. Do you mean to say that the earth embankment in this particular void is \$165,000 less expensive than the rock basis and trestle work?—It would appear so from that calculation.

2509. In addition to that advantage, in favour of the earth embankment, is there not another advantage, that the trestle work would have to be eventually filled with earth?—The earth embankment is cheaper than a full rock basis.

2510. So that the change from the original intention is beneficial, and this is the most favoured place for trestle work over the water stretch?—No; because the rock basis in this case is very deep. In some cases we have very light rock bases, and very high trestles. It is the excessive rock basis that makes the frightful cost in this case. There is no doubt that a full rock basis would kill the trestle work in every case.

2511. Did it not happen that on this section several rock bases were contemplated?—Yes.

2512. Then was the original arrangement with solid rock bases and trestle work, as favourable to the cost as the later arrangement of making solid earth embankment?—No; it was not.

Solid earth embankment more favourable as to cost.

2513. A solid earth embankment was the more favourable as to cost?—It was the more favourable of those two.

In heavy land voids, of which there were many, trestle work cheaper.

2514. In what other places would the trestle work be cheaper?—In heavy land voids.

2515. Were there many of them?—Yes, all those that I gave you, and one or two others that I have since thought of. 1420 is another.

**Railway Construction—
Contract No. 15.**

2516. You have shown that in this particular water stretch the trestle work would have cost some \$164,000 more than the earth embankment?—Yes; earth embankment and full rock bases as originally contemplated.

Upon the whole, the original arrangement for solid rock bases and trestle work would have proved more expensive than the rock protection and earth embankment.

2517. Taking all the water stretches together, in your opinion was the original arrangement for solid rock bases and trestle work superstructure more expensive than the rock protection walls and earth embankment?—It was.

2518. How much more expensive—taking the water stretches only, first?—I would not like to say.

2519. Would it be in the neighbourhood of half a million in favour of earth embankment?—I am not done with this one yet. There is another item. That rock that we have charged altogether to your base is now used to make up embankments over land voids in the meantime.

2520. That is in favour of the earth system?—Yes; it is in favour of it, but then there is a query as to whether, if there had been a full rock base put in, there would have been such a waste of earth.

2521. You say, as I understand you, that adhering to the original plan of solid rock bases and trestle work superstructures over the water stretches alone, that that system would have been much more expensive than the rock protection banks and solid earth embankments?—I have made no calculation for protection banks yet.

2522. I am asking you, from that illustration, whether your opinion is that it would have been better, or less expensive, or worse, that is more expensive, to have filled in with rock protection and solid earth embankments over all the water stretches, instead of trestle work and solid rock bases?—As a rule the earth and protection walls are far better, and less expensive.

2523. You mean not only more economical as to future effects, but absolutely less expensive at the present?—Yes.

2524. Now as to the other voids on the solid earth foundations, have you any idea as to the comparison in favour of trestle work which you say it would be as against earth embankments? Take, for instance, any void you remember as most favourable for the trestle work system?—In every void over twenty feet in depth trestle work would be less expensive than earth filling.

Land voids.

Trestle work in voids over twenty feet deep less expensive than earth filling.

2525. Have you any idea what it would have cost to fill all the land voids, as distinguished from the water stretches, with trestle work according to the original specification?—I am not able to say.

2526. When did you take charge of the works as Government engineer on section 15?—In May, 1876.

Took charge of works as Government engineer, May, 1876.

2527. That was before the contract was let?—Yes.

2528. Then you were there when the contractor came on the ground to proceed with the work?—I was.

2529. Had you any instructions from your superior officer as to the information that you were to give the contractor?—What sort of information?

2530. Of any kind?—Yes; different orders.

**Railway, Con-
struction—
Contract No. 15.**
His instructions
from superior
officer.

2531. Do you remember what the instructions were?—I was instructed, in the first place, not to let any one know what the prices were—not even to let my own assistants know what Mr. Whitehead's prices were. They were printed in a book and published a few days afterwards. I was also given general instructions to lay out the work and give the contractor points at any places that were necessary.

2532. What kind of points?—To lay out his work and allow him to commence at any point he wished.

2533. You mean on the ground?—Yes; to lay out his work.

2534. Was that all the instructions?—I cannot remember exactly. I was told to show him any plans that I had in my custody or control.

2535. You were never told to withhold any plans?—No.

Refused contrac-
tors certain
information.

2536. Did you always give any information you could?—I did not give them all the information they asked for.

2537. What information did you refuse?—They asked for details of every cutting from station to station—so much of a return in each month.

2538. I am speaking of a time before the execution of the work; did they ask for any information and plans?—Yes; they asked for a working plan and profile.

2539. Who was it asked for that?—Mr. Ruttan asked for it. He wrote to me several times.

2540. Did he get it?—Not for some time.

Reason why
information was
refused.

2541. Why not?—I had neither the time nor the material to make it. The work was going on full swing; my assistants had as much as they could do with that work, and I repeatedly asked for stationery to make those plans and plot my cross-sections, but I could not get it.

2542. Do you mean that they could not get this information that they asked for because you had no stationery?—Because I had not the material to make them with.

2543. Did you show them the originals?—I did not show them to the contractor himself, but I told the contractor's engineer that he could go to the office and look over the works with the assistants, and examine them, or do anything he liked. He demanded this information as his right, and said that he was told in Ottawa that he would get it—that he was to get copies of all my estimates. I told him that I had no instructions to give them, and that I could not do it until I got instructions.

Contractors com-
menced work in
February, 1877.

2544. About what time did they go upon the ground to work?—In February, 1877, I think he commenced work.

Work all cross-
sectioned and
cross-sections
plotted. Were
not got from
Ottawa until
September.

2545. At that time had any cross-sections been made of this work?—Yes; the work had all been cross-sectioned; and the cross-sections had all been plotted and sent down to Ottawa. I had repeatedly asked Mr. Rowan to have them brought back, as I knew they were not required there. I could not get them back, however, until Mr. Smith came out in September.

2546. You had no duplicates of them?—No; nor had I paper to make duplicates on. I had the figures in my field notes.

**Railway Construction—
Contract No. 15.**
Changes made
after contract
was entered on.

2547. Was any change made either in the character of the work or the location of the work, after the contract was entered upon?—Yes; there were changes at different times.

2548. Do you remember what the first change was?—Lowering the grade was the first material change.

First change :
grade lowered.

2549. About what time was that?—The new grades came out the 29th of June, 1877; and the work had been going on from February.

2550. That was the first material change?—Yes.

2551. How did you come to be informed of that change?—Some of the grades were telegraphed to us from Ottawa, just the elevation gradient and the rate per hundred.

2552. Were there any other instructions given as to change of grade, except by telegram?—Yes; we got copies in writing.

2553. Did they follow the telegraph?—Yes. I pressed so hard to get the grade of certain portions that they would have to telegraph it.

2554. Why did you press for the grades?—Because the contractor was at work and wanted them.

2555. Had you not the grades already?—I had the grades but they were not approved by the Chief Engineer. They were grades which I put on myself.

2556. Do you mean that at the time the contractor came upon the ground, no grade had been regularly and authoritatively established?—
No.

Grade uncertain
at the time con-
tractor came on
ground.

2557. You mean it was left uncertain?—Yes.

2558. Then how was there a change made if the grade had never been established?—I established them myself. After re-locating I put on the grades. I sent down a plan, profile, cross sections, and the data that were necessary to put on the grades properly.

This explained.

2559. Then these changes that came by telegraph, or otherwise, to you, were only changes from the suggested grade and not from the established grade?—Yes; from my suggested grade on which I had made up the quantities.

2560. You supposed then that when the contract was let it was let on the grade which you had suggested?—Yes.

2561. Then why was it necessary for you to telegraph, if you supposed that was sufficient to go on with?—Because I was certain when they saw the cross-sections that they would alter the grades. These grades that I put on were the four feet hoist, and when the line was re-located the grades would have to be adjusted.

2562. And you would write or telegraph for definite information?—Yes. I telegraphed to get the grades at the different points where the contractor was working. I would telegraph: "Please send me grades between such and such stations."

2563. Then the answer to your application was to lower the grade from your suggested grade?—Yes.

2564. But in accordance with your ideas as to what would happen?—Yes. I expected those changes if the contractor were to build with

Railway Construction—
Contract No. 75.

timber. I did not know whether the grade would be lowered or raised. I expected that they would alter it.

2565. Why did you expect that they would alter it?—At any rate I wanted them authorized. I did not want to go upon my own grades, I wanted them authorized; but whether they were to be lowered or raised I did not know.

Change in grade sent from Ottawa.

2566. Then this change in the grade of the line that you have spoken of several times, was by information sent to you, either in the shape of telegrams or letters, subsequently to the beginning of the work on the contract?—Yes.

2567. Do you say that they came from Ottawa?—Yes, from Ottawa, signed by Mr. Smellie.

2568. Did they also send you plans or profiles showing the grades on them?—In one or two cases they did for short pieces.

2569. How was the grade established in most cases? Was it by plan, or by letter, or by telegram?—By all three.

Telegrams respecting change of grade always confirmed by letter.

2570. After these telegrams came to you, were they always confirmed by letter or by plan, or by both?—I think so. I think I got a complete list of grades right through.

Grade lowered four months after the contract had commenced.

2571. How long was this lowering of the grade after the commencement of the contract?—About four months after.

2572. When the contractor first came upon the ground did you expect that the contract would be fulfilled according to the specifications?—Certainly.

2573. That is with solid rock bases in the water stretches and trestle work superstructures?—Yes.

2574. That was your expectation at the time?—Yes.

2575. And you had, at the beginning, no reason to doubt that that would be carried out?—No.

2576. Was it carried out?—No.

Reasons why specifications as to solid rock bases not carried out.

2577. Why not?—Because I found that we could not get rock enough for those solid rock bases within reasonable distance of the water, and I wrote to Mr. Rowan asking him whether rock-borrowing would be allowed to make up the deficiency. He answered that no rock-borrowing would be allowed, but that the contractor must haul over intervening spaces from the cuttings until he had a sufficient number of cuttings taken out to make that special rock base. The contractor then objected to that—I think very fairly. He said that if he was compelled to do that it would take him an immense length of time as he could not put more than one or two gangs to work to get out this immense quantity, and he would either have to haul rock over a cutting which was in progress or wait until each cutting was out to haul to it.

Witness proposed protection walls over whole line to Mr. Rowan who approved by letter, October, 1877.

2578. It was too difficult for him to do that?—Yes; then I wrote to Mr. Rowan and explained this barrier, and proposed that protection walls should be put in, in place of the rock base.

2579. Over the whole line?—Yes, over the whole line; and he approved of that.

2580. How did he approve of that?—By letter.

Railway Construction—
Contract No. 15.

2581. About what time?—That would be in October, 1877. He said that Mr. Smith would be coming up shortly, and would arrange the whole thing.

2582. When you say he approved of it, do you mean that he authorized it?—No; he did not at that time. But he approved of it in this way, he said: "You can go on forming the rock protection walls for the present, until the thing is finally settled, because those protection walls will be, in any case, a part of the rock base."

In November, 1877, Rowan directed witness to go on with the rock protection walls at all events.

2583. When did he say that you might go on with the rock protection walls at all events?—I think it was in November, 1877.

2584. I thought you had said during this evidence that Mr. Rowan told you that the adoption of the rock protection walls conceded absolutely the earth embankment?—That was afterwards,

2585. Then at first he did not agree to that, that it committed the Government to solid earth embankment?—What I spoke about before as to its conceding earth embankment was after Mr. Smith came through.

2586. But at this time he did not concede that the contractor might put in earth embankment?—No; he did not.

2587. When he approved of the rock protection walls in November, 1877, did he authorize you to get them done instead of the rock base?—He said that there would be two outside portions of the solid rock base, and if they were not approved of we could afterwards fill in the centre.

2588. Then it was after the middle of November, 1877, that Mr. Rowan approved of, or authorized, the earth embankment?—Yes; it was Mr. Rowan himself that authorized it.

2589. When?—He wrote to me authorizing it.

2590. When?—It was about the fall of 1877. I think Mr. Smith went away in the end of October, 1877, and it was immediately after he left that Mr. Rowan wrote to me saying that Mr. Smith had authorized it. But it was previous to that that Mr. Rowan wrote to me saying that I might make the protection walls for the present.

2591. When was that?—It might have been in August that he wrote me telling me to go on with the protection walls for the present, as they were only a portion of the solid rock bank.

In August, Rowan had written to go on with the protection walls for the present.

2592. Was that for a particular locality, or all over the line?—The only case in point then was at Monk Bay, station 40.

2593. Do you mean that Mr. Rowan's letter authorizing the rock protection walls referred to only one locality?—I would prefer to look at my notes before speaking positively of those things while under oath. (After looking at the book): On the 3rd of November he wrote me, stating that Mr. Smith had authorized the contractor to put in the double protection walls.

2594. Is this the letter you allude to which is published at page 109 of the Blue Book, "First Report of the Select Committee of the Standing Committee of Public Accounts, 1879?"—Yes; and it was about the end of August that he wrote the other letter. That letter is not

**Railway Construction—
Contract No. 15.**

published. It was after I suggested the rock embankments that he wrote me.

2595. That was for one locality?—Yes; that was for Monk Bay.

2596. You think that was in August?—Yes.

2597. Have you that letter in your control now?—I have.

2598. Is it here?—It is in town among my papers.

2598½. Would you be able to produce it to-morrow?—Yes.

2599. Was there any letter previous to that from Mr. Rowan authorizing the change?—I cannot remember.

2600. Those letters are in your custody now?—Yes.

2601. And you think you have an earlier letter than any that has been produced before any Committee?—I think so. Not authorizing it except in that conditional way, that it would be better to commence with those side walls, and we could afterwards fill in the middle and make full rock bases.

Practice of witness to put on his own grades and have them afterwards re-adjusted by the Engineer-in-Chief.

2602. That was not authorizing a change, but authorizing a step preparatory to the change, if it should be afterwards authorized. Now, going back to the grades of section 15, what is the usual practice upon that subject? Is the engineer of construction the one who rules in the grades, or the superior officer who has not been over the ground?—On the Intercolonial Railway and the Pacific Railway, as far as I have done work I have put on my own grades, as engineer in charge of the party, to guide myself in the location, and those grades were afterwards re-adjusted by the Engineer-in-Chief.

Final re-adjustment after cross-sectioning.

2603. Who had not been over the works?—Who had not been over the works. They were finally re-adjusted after the cross-sectioning was done.

2604. Your own views would not be carried out in reference to the change of grades?—No; unless I was consulted.

2605. Would you not be better informed on the subject of the effect of change of grade than anyone else who was not on the ground?—Yes; unless they had the cross-sections I would be better informed. I had the material written on the cross-sections.

Second change: instructed to get all the earth he could on line instead of using trestle work.

2606. Besides this change in the base for trestle work, was there any instructions given to you about getting all the earth you could upon the line instead of using trestle work?—Yes.

2607. When was that instruction given you?—Those were verbal instructions given in 1877, I think in the summer of 1877, that wherever borrow-pits were found available without extra haul, the contractor might be allowed to form banks from them.

2608. Do you remember where you were when you got those verbal instructions?—Yes; about station 250.

2609. Was any one along with you when he gave you those instructions?—Mr. Fellowes, my assistant; and Mr. Ruttan and Mr. Charles Whitehead, I think, were there.

2610. Was that considered by you at the time a change from the original intention of the contract?—It was certainly a change from the intention at the time that the quantities were taken out, as I

**Railway Construction—
Contract No. 15.**

understood them. For although the quantities consisted of earth in excavation from cuttings and borrow-pits, we had no data to go upon as to the quantity in borrow-pits, and therefore I made no calculation of that amount. The idea was, when that 20,000 yards was calculated, to strip the rock and take out the gullet afterwards.

2611. Have you within your control now the particulars of that survey of the southern line which you made as against this adopted line?—I have not. I have a portion of it—the profile.

2612. Have you sufficient data to give full particulars?—I have the calculations of quantities in the cuttings as I made them out at the time.

2613. Had you at any time fuller information?—I had.

2614. In what shape was it?—It was in the shape of a bill of works for the whole forty miles.

2615. Had you a profile and plans?—I had the location plan and location profile.

2616. Have you those now?—No; I have not.

2617. Where are they?—They are deposited in the head office at Ottawa.

2618. Why were they deposited in the head office at Ottawa?—All plans and profiles of the road are deposited there. All the plans of all the surveys, trial surveys and everything, were deposited there.

2619. Have you looked at them since they were deposited?—Yes.

2620. Are they to be had now?—I saw the profile in May, 1879.

2621. There have been some changes in the location of section 15, as well as changes in the grades; were they made by you?—They were made under instructions—after receiving instructions from Mr. Rowan or Mr. Smith.

Materials for a comparison of quantities in the adopted line and the southern line not at witness's command, they being deposited in head office, Ottawa.

The changes in location were made according to instructions from Rowan or Smith.

2622. Would they give instructions without information from yourself, or would they be based on your own views?—They were based on suggestions of my own.

These instructions based on suggestions from witness.

2623. What was the object of those changes?—Improvement of the line and improvement in the cost.

2624. Had those changes the effect of decreasing the cost?—They had. They increased the quantities in the excavation of the cuttings, but they decreased the fills, and in some places improved the alignment, and in other places we injured the alignment. The first survey was made through the wild bush without cross-sections at all, and I always expected that when the clearing was done, and the cross-sections made, I would be allowed to vary the line a little backwards and forwards so as to balance and get reduced quantities and cheapen the work as much as possible. When I took charge of the contract I re-located the line as closely as I could, and made a good number of alterations to decrease the work without increasing the cuttings. I was ordered not to make any change and not to touch a stake.

The changes decreased cost.

When witness made alterations in order to decrease the work he was ordered by Rowan not to touch a stake.

2625. By whom were you ordered not to make the change?—The instructions came from Mr. Rowan.

**Railway Con-
struction—
Contract No. 15.**

2626. Written instructions?—No; verbal instructions over the line. Then, after great pressure I got permission to make one or two alterations.

2627. Did Mr. Rowan pass over the line frequently to inspect it?—Not very.

**Rowan's Inspec-
tion of line :
Particulars of.**

2628. About how often while you were in charge of construction?—First in 1876, he came out once or twice and canoed along the canoe route over half of it that summer. Then he came out again in the fall and stayed at my camp for some days at Keewatin waiting for Mr. Smith. Mr. Smith did not come while he was there. He was behind time and the weather was very broken and bad, and Mr. Rowan and I both started in for town. Mr. Smith arrived after we left and walked over a short distance of the line, and then came on to Winnipeg.

2629. Then, after the contract was let?—After the contract was let Mr. Rowan came out twice or three times, in 1877—once in the winter time. I cannot remember the dates, but I have them all noted in my diary. He was out from two to three times a year.

2630. That is as often, I suppose, as division engineers ought to go over the line to get correct information on the subject?—Yes; if they go regularly over it. If the line had been walked it would have been sufficient for the first year in my estimation—he would have learned something about the line; but there was no walking over it until the summer of 1877, when I asked him to come out and fix the structures, and state what structures were to be put in at different points. He then walked for the first time one half of the line, that is from Spruce Lake down to Keewatin.

2631. Do you mean that at different times he has been over the line sufficiently to get the information that your superior officer ought to get?—Not before that.

2632. That time and since?—He did not walk over the remainder of it until 1878, a few days before Mr. Smith walked over it in September, 1878.

2633. Did you apply to him to come at other times before he came?—I did, repeatedly.

**Rowan did not go
sufficiently often
over the line, and
business of road
suffered in conse-
quence.**

2634. Do you mean that he should have come earlier and oftener than he did?—I wished him to come oftener so as to assist me and see things for himself. In my opinion I thought it was necessary, and would have been of advantage to the work if he had done so.

2635. Did he give you any reasons for not coming?—He said he was very busy generally, and was delayed by other work.

2636. Has the business of the road in any way suffered by his delay or omission, as far as your opinion goes?—I think so; I think if he had seen it for himself and urged the thing more strongly than has been done, he might have got more definite instructions sooner. He did do a good deal. He did write, you can see by his letters, to Ottawa on different occasions, forwarding my suggestions and his own about matters, but no attention was paid to them.

**The Department
perhaps in part
responsible for
this.**

2637. Do you mean, then, the fault was not with him, but with some one at Ottawa?—Possibly; I should say so from the letters I have seen.

**Railway Construction—
Contract No. 15.**

I did not get the information I asked for, and it appears that he had asked for it at Ottawa.

2638 What sort of information?—There was one instance in which I proposed that cheap masonry culverts, permanent structures, should be put in instead of those very expensive trestle culverts. I see by his letter that he proposed that at Ottawa, but no notice was taken of it. It is now being done by Mr. Schreiber. He is hauling out these trestle culverts at great expense and putting in the very structures that I proposed in the fall of 1877—putting them in even after the culverts are built, and taking out the timber.

Rowan proposed cheap masonry culverts (afterwards adopted by Schreiber) but no notice was taken of his proposal.

2639. Do you mean that it would have been better to have done it long ago, when you first suggested it?—Yes; and there would be no trouble about it now.

2640. Who do you blame for its not being done?—Some person in Ottawa. I suggested it to Mr. Rowan, who writes to say that he fully approves of it, and that he would make the suggestion of it at Ottawa. I see he did make the suggestion at Ottawa, and nothing was done. Whose fault it is is not for me to say.

2641. How long did you remain in charge of section 15?—Four years in charge of construction.

Witness four years in charge of construction.

2642. When did your connection with it end?—Last June.

2643. Was the work still in the contractors' hands at that time?—I could not say. Mr. Haney was sent out to take charge as superintendent of the work.

Haney sent as superintendent who took charge without notice.

2644. Is he an engineer?—I do not know whether he is or not; he has a good knowledge of engineering as far as I have seen.

2645. Do you mean that he supplanted you?—He took everything in his own hands.

2646. Had you any letter of instructions at the time?—No; he never consulted me at the time. He went ahead and did everything without consulting me. I had no letter of instructions, but I wrote to Mr. Rowan asking who Mr. Haney was, what position he had, and under what authority he acted. He did not answer my letter, but he told me verbally afterwards that he had no instructions about him at all.

2647. Had you no instructions as to whether you were to continue in the employ of the Government at the time?—None at all; Mr. Haney walked into my office and asked to see the profiles. I showed them to him, and he then volunteered the information that he had been placed in full charge, and supposed that I did not know it, but would hear of it in a short time. He never consulted me in anything, but worked just as he liked.

2648. Did you cease to interfere after that conversation with him?—Yes; I ceased to interfere. Then I went and saw Mr. Schreiber. I went out to Spruce Lake and I telegraphed that I could drive up and see him. I drove up, and then asked him who Mr. Haney was. He said that he was superintendent in full charge. I asked him if he had anything to do with the engineering. He said: "No, he had not." Still Mr. Haney was making alterations and telegraphing to Ottawa that he had made alterations in alignment, and given instructions generally.

2649. Do you mean doing work that you would have done if you had been engineer in charge?—Yes.

Railway Construction—
Contract No. 15.

2650. Who prevented you from doing it?—I had no instructions to make those changes. Some of them have been made since that I never had instructions to do.

2651. Did Mr. Schreiber inform you that the work had been taken over by the Government from the contractors?—He did not inform me officially at all. There was no information given to me officially.

2652. Do you know when the change did take place?—I do not. I know that Mr. Haney came on some time in February, but I am not certain about the time. Mr. Schreiber came out in February, but when Mr. Haney came out I would not be certain as to date.

WINNIPEG, Saturday, 11th September, 1880.

HENRY CARRE'S examination continued :

By the Chairman.—

Rowan's letter permitting earth-borrowing.

2653. Have you found the letter of June, 1877, which you spoke of yesterday, from Mr. Rowan?—Yes; I have a letter of his in which he refers to the understanding that earth-borrowing would be permitted as far as possible. I forgot, at the time I was examined before the Senate Committee, that I had such a letter. It had escaped my memory, but I have found it now, and produce it. (Exhibit No. 86.) I also found another letter with reference to Mr. Ruttan's demand for plans and profiles, and that sort of thing. He says: "I may say with reference to Mr. Ruttan's demand for certain things that it is not part of your duty to furnish him with any of the things asked for. These should be furnished from my office, but I regret to be obliged to say that it is not in my power to do so, in consequence of the fact that you have not as yet furnished us with either a complete plan, profile, or anything else in connection with the division of the railway under your charge, as it is your duty to do." In answer to that I told him that I never had been provided with the stationery to make the plans; that the line was not finally established, having proposed certain changes which had not been made, and that I had not then received the final grades. Neither the grades nor the line had been established, and no stationery had been provided. I put this in to prove that he considered it was not in my province to hand over the things asked for, or to make them. I produce the letter dated the 30th of June, 1877. (Exhibit No. 87.) I was also accused before the Minister of not having my work in proper shape in the time taken to do it. I produce a letter of August, 1878, as evidence, that they ordered me to cut down my staff so low that it was impossible for me to do it. (Exhibit No. 88.)

Letter referring to Ruttan's demand for certain things.

Accused of not having work in proper shape.

Left in uncertainty as to grade.

2654. Was it so reduced?—No; after bringing Mr. Rowan over the work, and showing him the absurdity of my being asked to cross-section through the bush with only one axe man to each party, he then allowed me to keep on a sufficient number. To prove that the alterations in the grades were under consideration in July, 1878, I produce a letter dated 31st July, 1878, which says: "I have received a letter to-day from Mr. Marcus Smith informing me that he will be at the Rat Portage about the middle of August. He says that the grades, &c., on the section are to be overhauled and the quantities revised, so as to give an approximate estimate of the final cost." That proves the

state of uncertainty in which I was kept as to the grades, even in 1878. (Exhibit No. 89.) I now produce a copy of a report which I made to Mr. Rowan direct, dated 9th of November, 1874, showing that I did not leave my superior officers in ignorance of the work that was done, and how it was being done, and the character of the country through which I passed. (Exhibit No. 90.)

Railway Construction—
Contract No. 15.
Did not leave his superior officers in ignorance of progress of work.

2655. Did you ever make an estimate of the amount of rock required to be excavated on this section, so as to make the rock bases according to the original plan?—A full rock basis?

2656. Yes?—I did.

2657. What did the full rock basis call for?—It called for 183,387 yards of solid rock in excavation.

Original plan required 183,387 yards of solid rock excavation.

2658. Was that over the water stretches only?—That was over water stretches at ten points.

2659. Did not that include all the water stretches?—Yes; that included all the water stretches.

2660. Did you ever make an estimate of the quantity required to be excavated to make full protection walls at the same place?—I did at the same time.

2661. What did the rock protection walls call for in excavation?—83,700 cubic yards.

Rock protection walls required 83,700 cubic yards excavation.

2662. What would be the difference in the quantities?—99,687 cubic yards.

Difference: 99,687 cubic yards.

2663. Would the adoption of the rock protection walls, instead of solid bases, save absolutely the expense of that quantity of rock, or would it only release it for use at some other place?—It would release it for use at other places, unless an equivalent were borrowed. If it were not taken out of the rock cuttings then it would have to be borrowed.

2664. There was a great deal more than 180,000 yards of solid rock taken out at all events?—Yes.

More than 180,000 yards of solid rock taken out.

2665. Then the decision not to use it in the rock bases would not save the expense of that much rock cutting, as it had to come out at all events somewhere?—Yes.

2666. You would only use it in another place instead of at the bases?—In forming the bases we must use that rock, and if we did not take it out of the cuttings the excess required must be borrowed.

2667. I am speaking now of adopting rock protection walls; would the work cost \$275,000 less because you did not put it in the solid bases?—No; because earth would have to be borrowed.

2668. Then it would only release it for somewhere else?—Yes.

2669. The rock had to come out, and had to be paid for?—Yes.

The rock had to come out and be paid for at all events.

2670. So that the decision not to put it in that particular spot did not save the cost of it?—No.

2671. There was more than that amount of rock taken out, at all events? No matter where it had to be put it had to come out of the work?—Certainly.

**Railway Con-
struction—
Contract No. 15.**

2672. Then it was a mere question whether it should be put in here or somewhere else?—Yes.

2673. The decision of not putting it into the rock bases did not save the expense of the rock?—It may have saved extra haul by using it in the intervening voids. Extra haul at present is allowed in all excavation in cuttings, but not in borrow-pits. Any material taken out of cuttings and hauled over 1,200 feet is paid extra haul for, but for excavation out of borrow-pits, according to a new arrangement, no extra haul is charged.

2674. Is there no extra haul for rock?—Yes.

**Rate for extra
haul of rock.**

2675. Do you remember what that rate was?—A cent a yard for every hundred feet over 1,200 feet up to 2,500 feet. For a greater distance than 2,500 feet it was paid at the rate of 13 cts. a yard.

2676. Have you made up any estimate of the rock that would have been available at these points, for either the bases or the protection walls, without extra haul?—I could not separate it. I made an estimate of the extreme distance on either side of each water stretch from which it would be necessary to haul rock, so as to obtain a sufficient quantity to form the solid rock bases. That was in accordance with instructions received from Mr. Rowan ordering me to force the contractor to take out no cuttings on either side of the water stretch until sufficient rock had been obtained to form that full rock base.

2677. You mean to prevent his putting it anywhere else?—Yes.

2678. You do not mean to prevent him from taking it out, but to prevent him from applying it anywhere else?—Yes; forcing him to haul it round or over intermediate cuts, or through intermediate cuts.

2679. Have you prepared a statement showing between what stations in the neighbourhood of each fill over a water stretch it would be required to take the rock to supply what was required for that particular stretch?—I have.

2680. Have you distinguished in that statement between the rock that would be required for protection walls and the rock that would be required for a solid base?—I have.

2681. And have you distinguished the distances?—I have. I have given the stations in each case between which sufficient rock, as estimated at the time, would be obtained. I produce the statement (Exhibit No. 91. See note, page 175.)

2682. At what date was that proposed?—It was just before I went down to Ottawa, last May twelve months.

2683. Yes; but it was made in reference to the original quantities in the bill of works?—Yes; I was asked for that statement some time early in 1879.

**Statement
applies to present
grades.**

2684. Was that statement made up so as to apply to the original grades at the time of the contract, or the grades as altered some-

**Railway Construction—
Contract No. 15.**

NOTE—Statement showing quantity of solid rock required to form full rock bases for earth banks across water stretches, and the quantity in protection walls as built, and haul in each case.

Comparative statement of quantities of solid rock for rock bases and protection walls across water stretches. Exhibit No. 91.

Stations.	Rock Base. Cubic yards.	Protection Walls Cubic yards.	Stations between which the required rock will be found.
83 83	8 500 .....	..... 512	From 60 to 65-35 " 86 " 88
135 135	8 600 .....	..... 2 800	From 65-35 to 141-20 " 140 " 151
183 183	21 500 .....	..... 11 400	From 141-20 to 203-60 " 172 " 205
226 226	33 100 .....	..... 22 600	From 203-60 to 284-27 " 209 " 242
293 293	11 200 .....	..... 4 000	From 284-27 to 309-20
405 405	28 006 .....	..... 11 098	From 341 50 to 474-15 " 388 " 430
795 795	25 508 .....	..... 9 976	From 720 to 884 " 783 " 789-50
1109 1109	17 200 .....	..... 5 900	From 1060 to 1113 " 1083 " 1113
1362 1362	6 273 .....	..... 1 414	From 1333 to 1337 " 1335 " 1337
1905 1905	43 500 .....	..... 14 000	From 1736-50 to 1997 " 1857 " 1897
Total solid bases.....	183 387	83 700	
Protection walls.....	83 700		
Excess of solid base	99 687		

**Railway Construction—
Contract No. 15.**

where about two feet lower?—It was in accordance with the present grades.

2685. So that the width of the bases would be narrower for the present grade than according to the contemplated grade of the letting of the contract?—It would.

2686. These are the lesser quantities then?—Yes.

**Railway Location—
Contract No. 14.**

Ran preliminary line.

2687. Going back to the time of your being employed in locating the line on 14, do you say that you located it as far west as Red River?—No; I never located it. I ran the preliminary line.

Brunel located as far as Brokenhead, 1874-75. Forrest made remainder of location.

2688. Who made the location?—It was made by different parties. Mr. Brunel located as far as Brokenhead, in the winter of 1874-75. I think he ran in the curves then. Then Mr. Forrest ran the location of the remainder of it, I think.

2689. You did not locate any part of 14?—No; I did not.

2690. What did you do towards ascertaining the line to be used?—I made a preliminary survey, and I plotted the plan, and laid down what I proposed as a location, and on that proposed line I made an approximate profile.

2691. Were you employed on that work all the way west to Red River, on 14?—I was employed on the preliminary survey.

His preliminary survey did not go farther west than eastern boundary of Province of Manitoba.

2692. Did you do it all the way to Red River?—I did not; I only came to the eastern boundary of the Province.

2693. Did you expect to go further west than that?—I did.

Brunel instructed to make a crossing on the Red River and to run to easterly boundary of Province.

2694. Why did you not go further west?—Because I received instructions from Mr. Rowan—or a letter from Mr. Rowan—stating that I was not getting on fast enough, and Mr. Fleming was most anxious to have the work done immediately, and that therefore he had instructed Mr. Brunel to make a crossing of the Red River and run easterly to the easterly boundary of the Province to meet me there. I can produce that letter.

2695. Had the employment of Mr. Brunel for that work the effect of finishing the preliminary survey sooner than you would have done it?—Yes; it had.

Brunel's employment expedited work by about a fortnight.

2696. How much sooner?—About a fortnight. I should say I could have run it in a fortnight.

Shoal Lake to Selkirk.

Instructed to go to Shoal Lake to run easterly fifty miles.

2697. What became of your party the time Mr. Brunel came in between you and the river?—As soon as I had made the connection with Mr. Brunel's work I received instructions to move camp and go westerly to Shoal Lake, north of the Province of Manitoba, and run easterly fifty miles back, to join the western end of Mr. Brunel's survey.

Took soundings of crossing near Selkirk.

2698. Was that the time you took the soundings of the crossing near Selkirk?—That was the same time. I was engaged at the soundings while my transit man, Mr. Forrest, was engaged at that line. It was merely the production of a long tangent—running a straight line through for fifty miles.

2699. As to the soundings, did you find any place that you thought would be a proper site for a crossing?—I did.

**Railway Location—
Crossing Med
River.**

2700. Where was that?—Near Mr. Bunn's residence on the east bank of the river, about half a mile south of Sugar Point.

2701. Is that where the crossing is now supposed to be, or has there been any place fixed for the crossing as yet?—I am not certain. There was a place fixed, but whether it has been changed since or not I do not know.

2702. Is this place that you found suitable for a crossing?—I was told there was another survey ordered by Mr. Schreiber within a few hundred feet of the same point. Whether that crossing will be adopted or not I do not know.

**Another survey
ordered by
Schreiber.**

2703. Have you understood at any time that a crossing place had been adopted by the Department?—No; I have not. Nothing more than the plan showed it.

2704. What plan?—The general plan with Mr. Fleming's report.

2705. Where did it show it to be?—About a mile or a mile and a-half north of Sugar Point.

2706. Has it got any name?—The town of Selkirk is on the west side of the river, and the line passes through it. I think there has been an alteration since I made the soundings.

2707. Did you take the soundings at Selkirk?—I did at the then proposed crossing—Mr. Brunel's proposed crossing. Since then it has been changed, I am informed.

2708. Which was the most desirable place for the crossing, in your estimation?—The one at Bunn's.

**The most desirable crossing
near Bunn's.**

2709. How far south is that of the one you speak of as Mr. Brunel's crossing?—About a mile and a-half, I should say.

2710. Did you find a good foundation for any structures across the river at Bunn's?—I did. I had regular boring tools and had long poles cut, and the tools dropped through holes in the ice, and tapped along on the bottom. It struck solid rock every stroke, or what was taken for solid rock, and what I believe to be solid rock.

**Rock foundations
for bridge
supports found
there.**

2711. Is there a good a foundation at the Brunel crossing?—There was a more expensive one.

2712. Is there as good a foundation?—No; I found no solid rock there at all. I passed through clay and loose gravel. It would be more expensive, but still it could be made a good foundation.

**At Brunel cross-
ing, foundation
clay and loose
sand.**

2713. Going back to section 14, you say that you made an approximate profile for the location of the line?—I did.

Contract No. 14.

2714. Did you make that for the whole of section 14?—I think so; as far as I had run. Mr. Brunel had made his profile of the other part.

2715. Would the bill of works offered to persons who were tendering be made up from the quantities as ascertained by that profile?—I believe it was.

2716. The quantities could not be made up, as I understand, from your profile, but they could be made up from yours and Mr. Brunel's together?—Yes.

**Quantities could
have been made
up from the
profiles of witness
and Brunel.**

**Railway Loca-
tion—
Contract No. 11.**

2717. Your profile extended only as far west as the boundary of the Province?—Yes, as the eastern boundary. The present line is not at all in the same position in which I laid it down, and on which I made my approximate profile. Deviations have been made in a great number of places.

2718. Do you mean since the contract was let?—Yes.

2719. That would not affect the bill of works attached to the tenders?—It would affect the executed quantities.

**Bill of works
actually made up
on profiles of
Carre and Brunel.**

2720. I was trying to find out who was responsible for the bill of works offered to people tendering?—They were made up, I believe, on that. I did not make them up, but that was the only information that was in the Department at the time.

2721. As far as you know, the bill of works for the whole of section 14 was made up from the quantities shown by your profile to the eastern boundary of the Province, and Mr. Brunel's profile from the eastern boundary to Red River?—Yes.

**Quantities
executed might
vary from quan-
tities made up
from profile of
witness in conse-
quence of changes
in location of line.**

2722. But you did not make them up?—No; but I wish it to be understood that the line now is not in the position it was when I located it. If my profile is called in question the quantities executed may vary from the quantities made from my profile, by changes in the location, and not from inaccuracy of the profiles.

2723. Do you know who made up those quantities on section 14?—I cannot remember.

2724. Where were they made up?—I think they were made in Ottawa in the winter of 1874-75.

2 25. You were going to Ontario: in what part of Ontario will you probably be if we should want you as a witness a month or so later?—My address will be Carleton Place, near Ottawa.

**Railway Con-
struction—
Contract No. 15.**

2726. Did you find at any time after the contract was taken by Mr. Whitehead that any of the persons acting for him, or employed by him, were objectionable to the Government engineers—either to yourself or to any others?—No; I cannot say they were objectionable. There was, of course, difference of opinion and sometimes hard feelings, but we might have got on satisfactorily.

**Witness suggest-
ed to contractor
the removal of
Charles White-
head and Ruttan.**

2727. Was any suggestion made to the contractor at any time that he ought to get rid of any of the persons acting for him?—Yes.

2728. Was that suggestion made without their being objectionable?—You said "to the engineers."

2729. Or any one?—That was a mere matter of opinion so far as anything I know.

2730. Was there such a suggestion made?—There was.

2731. To whom did it apply?—To one Charles Whitehead, and Mr. Ruttan.

2732. Who made the suggestion to Mr. Whitehead, the contractor?—I made it myself, for one.

2733. Did you do it entirely on your own responsibility?—Yes.

Railway Con-
struction—
Contract No. 15.

2734. You were not instructed to do so by Mr. Rowan or any superior officer?—No; I was not. I believe Mr. Rowan and other parties expressed the same opinion.

2735. To you?—I think I have heard him say so.

2736. What was the idea of suggesting that the contractor should get rid of these persons?—It was because of the little disturbances and disagreements between us; and I considered that the work was not going on as it should. I would prefer not to be asked to give any reasons; I might have been wrong; it was only my private opinion; I would prefer that it should not be gone into. There may have been hard feelings at the time; but I am glad to say that it has died off since.

Reasons for
suggestion.

2737. Then, as I understand, there was no such serious objection to the conduct of any of these parties as would make it necessary for the efficiency of the work that they should be dismissed or parted with?—There were differences of opinion; and some of my orders were countermanded by my superior officers without my knowledge, and the work was carried on without my being notified that my orders had been countermanded.

2738. What I am asking now is, whether the retention of those parties to whom you objected has affected the efficiency of the work in any way?—It was my opinion at the time.

2739. I am asking whether the retaining of them had a bad effect on the work?—That is my opinion.

2740. That the work is not as well done as it would be if they had been dismissed?—In some instances.

2741. In what instance?—The cuttings were not cleaned up as they went along: the rock was left loose in the cuttings. I ordered it to be taken down and the cuttings finished according to the specifications. The specification states that the cuttings shall be left in a workmanlike manner; and to permit of making the final return of any cutting the slopes had to be dressed up and left so that there will be no danger from falling portions of the rock. Great portions have fallen down since then and have had to be removed; and in case of the contractor throwing up the contract, or its being taken out of his hands, I thought it was proper, in accordance with the specification, that the cuttings should be cleaned up and left completed, otherwise we could not arrive at the actual cost of the completion. Bottoms were left in certain cuttings which have not been taken up yet. Some of them are being taken up now at great expense; others of them are left in, and it is almost impossible to get men to go in and take them up.

Bottoms left in
cuttings.

2742. Why, is there any danger in taking them up now?—Yes.

2743. What does that arise from?—From the leakage of glycerine in the cracks. There were three men blown up in one instance, in drilling a hole to make the water course.

Taking out
bottoms so left in
cuttings danger-
ous.

2744. That is while taking out the bottoms of unfinished cuttings?—Yes; that was a difference of opinion between myself and Mr. Rutlan. They thought it was not necessary that this work should be done, and informed me that it was their intention to do it afterwards when the engine was passing. I objected to that on the ground that the rails might be injured.

**Railway Construction—
Contract No. 15.**

Contractors thought witness was not giving them sufficient quantities in loose rock.

Instructed his assistants to retain a sufficient quantity from estimated totals to cover expense of finishing up work.

Discretionary with engineers whether they shall return real or smaller quantities.

Contractors bound to take out excavations to slopes, but they shot portions of rock beyond prism.

2745. By the explosion?—By any blasting that was necessary in the bottoms, or by throwing down any heavy rocks or boulders from the sides. That was one cause of trouble between us. Another cause was the loose rock estimates. They thought that I was not giving them sufficient quantities.

2746. Speaking about the pressure or objection to these gentlemen who were employed or acting for Mr. Whitehead, was it suggested by any person—yourself, or any of the engineers—that it would be advisable to make the estimates closer than was absolutely correct in order to induce the dismissal of those parties—in fact to shorten their allowance of money?—No, there was nothing of the kind either of myself or of my superior officers; but I would state that, owing to the unsatisfactory condition in which some of the rock was left by the contractor, I instructed my assistants to retain a sufficient quantity from the estimated totals to cover the expenses of finishing up the work—that is, of taking up those bottoms and finishing the slopes. I had to do so in case a new contractor came on the work, as in that event he would estimate that work at a high figure, because it was most expensive work. It is being done now, and is costing an immense sum of money.

2747. Do I understand then at times you would certify that a smaller quantity of rock excavation had been executed than had actually been done?—Yes.

2748. And you would do that so that the deficiency would help the Government to reimburse themselves if they had to do the rest of it at a higher price?—Yes; it is the usual way with engineers.

2749. Then when they certify quantities they are allowed to exercise a discretion as to whether they will put in the real quantities executed or a smaller amount?—Yes.

2750. And at times you did certify to a smaller amount?—Yes, I did; and there were times when there were errors made by myself and by my assistants. One month a certain item would not be returned, but it would be placed in the next month's estimate.

2751. That would be unintentional?—Yes.

2752. But this action you have spoken of would be intentional?—Yes; and was done under instructions.

2753. Was it done under written instructions?—No; verbal instructions. It was a perfect understanding between Mr. Rowan and myself. I wish further to say that under the specification the contractor is bound to take out exactly to slopes; that the specification states that no excavation shall be paid for outside those slopes, unless under a written order from the engineer.

2754. Which engineer?—The engineer in charge of the works; the specifications of the engineer-in-chief. They, in taking out their cuttings and using high explosives, shot portions of rock beyond the prism. Those portions of rock, in my estimation, were left in a dangerous state, so that they were liable to fall down at any time. They claimed solid rock prices for the removal of those pieces. I refused, under the specification, to return them, because the specification said that they would be paid nothing for them without a written order. These portions of rock were shot out by their own action, by the large charges of explosives which were used. In many cases the holes were

bored outside of the prism to throw out the rock. I refused to return it in accordance with the specification, as I understood it. The specification says that everything shall be left in a workmanlike manner, and I understand that to mean that the cuts shall be left safe and secure so that there can be no slides or slips. There is another clause in the specification which says that after the slopes are properly formed should a slide occur in the rock then that slide shall be measured and estimated at loose rock prices. Under these clauses I did not consider it my duty to make any return for them.

**Railway Construction—
Contract No 15.**
Refused to return such pieces of rock for solid rock prices, &c.

2755. Was it not used in making up the rock bases?—Yes.

2756. And there was nothing paid for it?—There was nothing paid for it. The specification said clearly that nothing should be paid for it unless it was a slide.

2757. Then these portions of the rock outside of the prism, for which you refused to certify, came off, or were excavated, by the negligence or default of the contractors?—I could not say that it was negligence. In some cases it was from errors of their own men in driving the hole and blasting outside of the slopes.

2758. Was there any portion of this rock outside of the prism, which you refused to certify, that was excavated without any fault of the contractors—in other words: that they could not perform the contract without excavating?—Certainly, there was.

Some portions of rock outside prism excavated without any fault of contractors, for which he refused to certify, but for a portion of which he ultimately certified.

2759. But still you declined to certify for it?—Yes. Since then I have made a return for a portion of it.

2760. Would there have been less excavation outside of the prism if smaller charges and more shallow borings had been used than were adopted?—I consider so.

2761. Do you mean that by using larger charges and deeper borings than were necessary they took out more rock than was necessary?—I do not say deeper than was necessary, but by using high explosives and deep holes there was more rock shot off the sides than there would be in a tunnel. In a tunnel they only take off about a foot.

Contractors shot off too much rock by the use of high explosives.

2762. Could they have, by exercising great care, saved the excavation of some of this rock outside of the prism, which you refused to certify to?—They could, I believe; but it would have cost them a great deal more to do it. I think it would have cost them more not to have excavated outside of the slopes than it will cost them to do it as they have done and lose the price. Since then it has been decided that they are to get earth prices to cover all that when the contract is finally settled. That is a case that did not come under my jurisdiction. The specification says distinctly that they shall not be paid for it, and I had no power to go beyond it.

Decided since to pay earth prices for this scattered rock.

2763. When you speak of "earth prices," that was Mr. Fleming's first instruction?—Yes.

2764. At the beginning you allowed only earth?—No; I did not allow anything.

2765. Then Mr. Marcus Smith was the first person who dealt with that subject, by allowing something?—Yes.

Marcus Smith first allowed loose rock prices.

2766. In what classification did he allow it?—The contractor claimed it as solid rock, and Mr. Smith said, on the ground, that he would allow

**Railway Con-
struction—
Contract No. 15.**

But instructions came afterwards from Ottawa to pay only earth prices. On learning Smith's decision witness put in a lump sum of 10,000 yards at loose rock prices.

Fleming's order to transfer the 10,000 yards of loose rock to the earth column.

Gave contractors general instructions.

Asked to give written orders in certain cases but refused.

solid rock. Then he came into town, and on consultation with Mr. Rowan they reduced it to loose rock prices.

2767. And then afterwards?—Then after the matter was discussed in Ottawa in May, there were instructions to pay only earth prices for it. As soon as Mr. Smith decided that they were to receive loose rock prices I put in a lump sum of 10,000 yards at loose rock prices, to cover anything outside of slopes. I had no time, and had only a few days before the estimate, and I put in the lump sum, estimating it at about 5 per cent. of the total rock excavation.

2768. Was that as near a sum as you could arrive at?—Yes; I intended it to be approximately correct, and thought it would assist the contractor.

2769. Was any change made afterwards?—Yes; then I was ordered to transfer that 10,000 yards of loose rock to the earth column, and have it paid for at earth prices by Mr. Fleming's instructions.

2770. So that the final instructions from the Engineer-in-Chief were to allow for this material outside of the prism only at the value of other material that could have been used in the filling, that is, earth?—Yes; that, I understand, was to cover the expense of hauling and putting it in the bank.

2771. Was that decision adhered to until you left, to allow it only as earth?—Certainly.

2772. You mean that he has not been allowed anything more valuable than earth for this rock that fell from the cuttings?—No.

2773. And, as far as you know, the account between the contractor and the Government stands on that basis now?—Yes.

2774. Did you refuse to give written orders to trim the cuttings?—I gave them orders to trim all cuttings.

2775. Written orders?—I cannot remember that I gave it in writing. I remember giving them general orders to carry out their specifications and trim up their cuttings.

2776. Were you ever asked to give written orders as to these special cases?—Yes; I was asked to give written orders for half a yard in one place, a yard in another spot, a yard and a-half in another, and so on, and I considered it impossible to do it. Mr. Rowan told me to give written orders, but I could not describe it without taking bearings and measurements between stations; and I could not measure it, it was impossible. It was outside of the slopes, and under the contract I do not think it was necessary. I said to them: "If you do not take it away now for your own good, it will come down some time and give you more trouble, and you will be under the expense of taking it away."

2777. What was your reason for not giving written orders to have those projections removed?—Because under those written orders they could claim the full amount for anything cut outside of the slopes unless the piece was measured and specified, and exact distances given between the stations. It was impossible to do it.

2778. Did you decline to do it because it was impossible, or because you considered that it was in the interest of the Government that you should do so?—Yes; and I told Mr. Rowan that it was a thing that should not be paid for, under the contract, and I would not do it. He

Railway Construction—
Contract No. 15.

ordered me to do it, but I told him I would not do it. If I considered it was my duty I would have done it no matter how troublesome it might have been.

2779. Did you give Mr. Ruttan, or any one working for Mr. Whitehead, that as a reason for not doing it?—I said I could not give any written instructions to clean up every piece of rock, but I gave them general instructions; and I also ordered, where there was a natural cleavage of the rock which, from the action of frost or other causes, would cause a portion of the rock to fall into the cut, that it should be measured and returned, even where they would have to take it out to save their own men from danger.

2780. Did you do that in all cases?—In all cases, as far as I remember, where it was natural. I can show points on the ground where it was done.

2781. As a matter of principle can you say what rule you adopted as to the measurement of rock found in earth cuttings?—I do not think you can bring in a matter of principle in their case, because I do not think there ever was a specification similar to theirs.

2782. What was your principle?—My first principle was to estimate as closely as I could, the number of stones that I found, or I saw, in the cuttings, and estimate the quantity in cubic yards.

Principle on which witness measured rock found in earth cuttings.

2783. On what rule?—The specification said, over fourteen cubic feet and under forty was to be loose rock. A stone fourteen cubic feet is a little over three feet in diameter if it is perfectly round. That is a very large stone, and would require derricks to hoist it.

Definition of loose rock.

2784. You called that loose rock?—Yes.

2785. And over forty feet?—Over forty cubic feet was solid rock.

Definition of solid rock.

2786. And under fourteen cubic feet?—Was earth.

Definition of earth.

2787. So that any stone found in an earth cutting, under fourteen feet, would be called earth, and you so estimated it in the contractor's work?—Yes; as well as I could.

2788. Was there any change made in that mode of estimating?—Yes; I gave instructions that large stones of that kind should be left in the cuttings until they were measured. That was objected to by the contractor's engineer. He claimed that it would be very costly, and that it would be impossible for them to do it; that the cuttings would be choked up, and that I should guess the percentage. I received written instructions to do so.

2789. To estimate them as you went along?—Yes; to estimate them as we went along, and see how much percentage of loose rock there was in the cuttings. As I could only go over it once or twice a month I considered it a very inaccurate way of estimating. However, I received written instructions to estimate the percentage. I did that to the best of my ability, but Mr. Ruttan and I differed on that point in calculating the quantities—that is, as to whether there could be possibly 100 cubic yards of loose rock in 100 cubic yards of excavation when the crevices were filled up with earth or sand. We differed on that, and Mr. Ruttan claimed 40 per cent. over and above my estimate. Mr. Marcus Smith then came out on the line, and he ordered all small stones to be piled into waggon, and the number

Instructed to guess the percentage of loose rock as work went on.

Contractor's engineer claimed 40 per cent. over witness's estimate of percentage of loose rock in excavations.

Marcus Smith's directions and the unsatisfactory way they were carried out.

Railway Con-
struction—
Contract No. 15.

of stone-filled waggons to be kept count of, and the number of earth-filled waggons. Mr. Ruttan got a number of books ready, which he handed to his foreman, and they kept track of the loose rock. In coming over the line and seeing the men lifting these stones in their hands and loading them without a derrick into the car, I would ask the foreman: "How do you return that to the contractor?" "Oh, that is loose rock, sir." Each one of those stones was from six inches to a foot in diameter, instead of being three feet in diameter, so that I saw there was no dependence to be placed upon it. The work was all put into the hands of their own foremen who were rated according to the amount of work they did, and it was to their advantage to return as much loose rock as possible, because it was a higher price than earth and more difficult to handle, and showed a great deal of work done in their cuttings. I considered it no way to estimate it. I also instructed my assistants to obtain the number of car loads from the contractors as far as possible and let me know them so that I might see what they were doing. I believe that there were instructions issued to the foremen not to give us those quantities, so that I was then left to go on my own resources and still go on estimating percentages in accordance with Mr. Smith's new definition of loose rock.

Marcus Smith's
new definition of
loose rock.

2790. What was his definition?—It was that all small stones and boulders were considered loose rock, and that they were to be estimated in the pile that they would make in embankment, whereas the specification says that everything shall be measured in excavation.

Smith's instruc-
tions.

2791. I am asking what Mr. Marcus Smith directed?—He directed that they should be put into those cars, and that the number of car loads should be ascertained. I went on ascertaining the percentage on that new definition as far as I could guess.

2792-3. Do I understand you that Mr. Smith's definition was that all stones of a certain size found in the earth embankment should be put together in a heap, and the cubic contents estimated as loose rock instead of earth?—Yes.

2794. Did you follow that practice?—I did as far as I could.

2795. Did you follow it by estimating the percentage, or by measuring those quantities?—By estimating the percentage. The contractor had refused to pile them.

2796. Could they not be measured in waggons, or loads, as well as in piles?—Yes; if I had gone to the expense of putting a Government man on to keep track of them.

Smith wished to
have small stones
and boulders
estimated as
loose rock in a
heap on the
ground.

2797. Do I understand you to say that Mr. Smith directed you to measure them in heaps or in quantities when they were put together?—Yes.

2798. How do you understand in what shape quantities they were to be put together. Was it in heaps on the ground, or in the waggon?—Heaps on the ground.

2799. What was his instruction?—That was his instruction; if there was to be so great a difference between my estimate and the contractor's estimate that we could not come to an agreement about it.

2800. Was that done?—No; it was not.

2801. Why was it not done?—The contractor preferred the other portion of the instructions—that is the keeping track of the car loads.

2802. Was that part of Mr. Smith's instructions?—Yes.

2803. Then his instructions were not to have them piled in heaps on the ground?—They were both his instructions; you will find them in his letter at page 113 of the Blue Book: "First Report of the Select Standing Committee on Public Accounts, 1879."

2804. This letter is directed to Mr. Rowan?—Yes.

2805. Was a copy ever sent to you?—Yes; a copy was sent to me.

2806. I understand those instructions to be to this effect: that if you and the contractor, or his engineer, differed so that no satisfactory arrangement could be made, then the only course was to separate the stones from the earth, leaving the stones in the cuttings, piled so as to be measured at convenient intervals of time?—Yes.

2807. You and the engineer, as I understand you, did differ, and there was no satisfactory arrangement arrived at?—No; there was not—at least I could not get from the contractor what his estimates were.

2808. Was there a satisfactory arrangement arrived at?—No.

2809. Then were the stones left in the cuttings to be piled?—No, they were not; the contractor refused to do it. He said he could not do it previously.

2810. So as to that matter you obeyed what you considered to be the substance of Mr. Smith's instructions?—I went as close to it as I could.

2811. Was there any change made in that respect?—There was a large increase in the amount of loose rock estimates. I was ordered to go back over my previous estimates and increase them. I did that with the contractors. I went over my previous estimates to the date of these instructions, and I made as satisfactory a return as I could with the contractor's engineer up to the end of September, 1878.

Large increase in the amount of loose rock estimates in consequence of Smith's instructions.

2812. Do I understand you that after the instructions of September 20th, 1878, you applied the same system to the previous work and increased the estimates as if these instructions had existed from the beginning?—I did.

2813. Do you know how much you increased the cost of the work, by that estimate, going back before September, 1878?—Between 4,000 and 5,000 yards, as well as I could remember.

2814. Was this practice adhered to as laid down in the instructions of September, 1878?—It was adhered to, as I told you, up to the end of May, 1879, when I received verbal instructions from Mr. Rowan to go back and reduce from the very beginning, and to only return the loose rock quantities exactly in accordance with the specification.

Practice based on Smith's instructions adhered to down to May, 1879, when Rowan ordered witness to make returns of loose rock from the beginning in accordance with the specifications.

2815. And that was what?—Stones only between fourteen and forty cubic feet. I was working backwards again, and reducing what I had increased. There were three different instructions, and I was instructed to work it all back again.

Instructed to revise work done under the different orders, and to reduce.

2816. Then the last estimate made between the contractor and the Government was on what basis, as to loose rock, because you say you had to rectify it?—I was instructed to do it and I partially rectified it.

**Railway Construction—
Contract No. 15.**

Took off 4,000 yards loose rock increased by Smith's instructions.

I took off the 4,000 yards that I knew had been increased by Mr. Smith's instructions.

2817. That was for the work done before September 20th?—Yes.

2818. Then between September 20th and these instructions of Mr. Fleming's?—I have not done anything since except to measure by the strict letter of the specification.

How the whole revision was carried out.

2819. Does the last estimate remain on the basis of the Smith instructions of September 20th—that is to say from that period to May, 1879?—As I say I partially rectified it. Up to the end of September, 1878, I returned according to Mr. Rowan's instructions; from the 20th of September to the end of May, 1879, I returned according to Mr. Smith's instructions, and from that date to the day I left, I returned according to Mr. Fleming's instructions. I also went back and reduced the previous estimates of quantities by the amount, or by nearly the amount of the increase between the Rowan definition and the Smith definition up to September, 1878. It is a most mixed-up thing.

2820. The whole accounts at present are based upon this: the Smith period between September, 1878 and May, 1879, includes a larger estimate for the loose rock than ought to be included if the Fleming instructions are right?—Yes.

2821. So that if the Fleming instructions are right, something ought to come off their account as allowed them under the Smith instructions?—Yes; and also off the Rowan period for the difference between the Fleming definition and the Rowan definition.

2822. Did you include in your returns, or estimates, as loose rock, rock which required to be dealt with by blasting and derricks?—Certainly, derricks or blasting were necessary in all cases to remove any of those stones that are, according to the specification, to class as loose rock. Men cannot get around to lift fourteen cubic feet of rock on a car without a derrick or blasting.

From half to three-quarters of all stones, between fourteen and forty cubic feet removed by blasting or derrick.

2823. As a matter of fact, were all the stones between fourteen cubic feet and forty cubic feet removed by blasting and derrick?—No; they were not.

2824. Was a large proportion of them so removed?—Yes.

2825. About what proportion?—I could not give you an estimate.

2826. As much as one-half, do you think?—Yes.

2827. As much as three-fourths, do you think?—No.

2828. Somewhere between one-half and three-quarters?—I should say so.

The rest removed by crow bars into the dump.

2829. And how were the others removed?—The others were removed by crow-bars into the dump, and sometimes outside of the dump.

2830. And the quantities so removed, you think, would be somewhere between one-quarter and one half of the whole?—Yes.

2831. Did you so estimate them as loose rock because you believed that they were within the meaning of the specification?—These answers refer to stones and boulders, and not to loose rock *in situ*.

Railway Construction—
Contract No. 15.

2832. Did Mr. Rowan, or Mr. Smith, limit you to any percentage when you were estimating the loose rock in the cuttings?—Mr. Smith says it seldom exceeds 60 per cent.

2833. I am asking whether you were limited to any percentage?—No, I was not limited. I do not remember that there was any percentage, but I had better put in this letter of Mr. Rowan's on the subject. It is the best answer I can give to that to give the instructions I received. (Exhibit 92*.)

Rowan's Instructions as to loose rock and earth.

See Note below.

2834. Did you, yourself, limit the percentage of loose rock returns in the cuttings?—I did. I must limit it in each case to a certain amount.

2835. Did you?—I did. In each case I limited it to the percentage I allowed, but I did not consider it right to return over a certain percentage.

Witness limited percentage of loose rock in each case fixing 65 per cent. as the maximum he would allow.

2836. What was that percentage?—Sixty-five per cent.

2837. No matter how much was there?—I said it was impossible that there could be more than 65 per cent.; that the remainder must be sand.

2838. Do you mean that no matter how close those boulders were together you would never estimate over 65 per cent. of the whole bulk?—In some cases I did under Mr. Smith's instructions. I know the very first case I gave 90 per cent. before I began to think the matter out and consider it.

In some cases under Marcus Smith's instructions gave more; in one case 90 per cent.

2839. But after you considered it did you then refuse to estimate over a certain percentage?—I wrote a report to Mr. Rowan, stating that it would be impossible that there could be more.

2840. I am asking whether you did it?—I did estimate as high as 75 per cent., and up to 90 per cent. on one occasion.

2841. What was your general principle as to the percentage to which you would limit the whole amount?—Sixty five per cent.; that is, up to the time on which I received the letter from Mr. Rowan, the 22nd of July, 1878. I wrote a report on the matter then in answer to the report of Mr. Ruttan, which claimed 100 per cent. as the maximum.

2842. Did you not give written instructions to your assistants not to return more than 65 per cent.?—Yes; at one time I did. I said that was the maximum that could be.

2843. Was that adhered to afterwards?—No; it was not.

Note.—* In Rowan's letter which is dated Winnipeg, 22nd July, 1878, Carre is directed to "Decide in all cases what proportion to the best of your judgment of a cutting is loose rock and what clay, sand, &c., as defined by the specification. Having decided this point, the area thus arrived at is to be returned under the head to which it belongs. If half of a cutting containing 100 cubic yards is loose rock and the other half sand and clay, you return the latter at earth prices and the remainder as loose rock." I cannot say what the Government intend doing in reference to the making the banks solid and doing away with all trestles. I reported some time ago in favour of this course. Mr. Fleming also recommended the same; but I have as yet received no instructions on the subject. In the meantime, I would say it is not desirable to make borrowing-pits in which the loose rock would form anything but a very small proportion indeed of the amount of material to be borrowed therefrom.

Rowan's Letter.

This letter endorsed by Carre: "Definition of loose rock—not to lay out borrowing-pits where loose rock would be claimed."

**Railway Construction—
Contract No. 15.**

2844. Did you change your mind on the subject?—No; but I got instructions.

2845. Was it adhered to up to the time of the Fleming instructions?—It was adhered to up to the 22nd of July, 1878.

2846. That was before the Smith instructions?—Yes.

Wrote to Smith recommending permanent bridge at station 792 or 793.

2847. Did you ever consider the subject in reference to this contract of using, in some places, permanent bridges over the water stretches?—I did; and I wrote to Mr. Smith recommending one at Lake Deception, crossing about station 792 or 793. The embankment there will be over seventy-five feet in height on a bad bottom, and expensive work to get protection walls in. I proposed that as we could get rock foundation at water level on both sides that they should put a 200 or 210 feet span over it.

2848. Would that be a saving?—I think so. I had no data to go on as to what bridge they would put on. Mr. Smith was examining it with a view to viaducts, and I gave him some information after that.

WINNIPEG, Monday, 13th Sept., 1880.

CHARLES MACKENZIE.

CHARLES MACKENZIE, sworn and examined:

By the Chairman:—

Lives at Sarnia where he carries on alone the business of a hardware merchant.

2849. Where do you live?—At Sarnia.

2850. Are you in business there?—Yes; the business of a hardware merchant.

2851. Alone or in partnership?—Alone.

2852. How long have you been in business there?—I have been there since 1852. I have been in business for myself since 1857.

Was in partnership with his late brother John Mackenzie from 1857 until his death, 1877.

2853. Have you had any partners since 1857?—Yes, my late brother John was with me in business. We were together as J. & C. Mackenzie until his death in 1877—three years ago. Since his death I have carried on the business myself.

2854. How long before his death were you interested as partners?—Since 1857—from 1857 to 1877.

2855. During that twenty years you and your brother John were jointly interested?—Yes.

Interested in no other business except that of Cooper & Fairman, Montreal.

2856. Have you been interested in any business at any other point except Sarnia?—No; except with Cooper & Fairman, of Montreal.

Went in with Cooper & Fairman in 1872.

2857. During what period were you interested?—In 1872 I went in with them.

As special partner put in \$15,000.

2858. What share had you?—I was a special partner. I put in \$15,000 of capital.

Steel Rails.

2859. Do you mean that you only had profits on that capital, or if not, in what respect were you special partner?—Probably you will allow me to make a full statement. It is in reference to the steel rails, and I may be allowed to make a full statement respecting the whole transaction. Before saying anything I would remark that in the

Steel Rails.

summons I am called upon to produce all papers, books and accounts. As you are aware, I am 1,500 miles from home. I am here to see the country, on pleasure, and I have no means of refreshing my memory as to dates. Therefore in speaking or making any statement I am now going to make, I cannot speak exactly as to dates. I would simply state that in 1872 I formed a co-partnership with James Cooper and Frederick Fairman of Montreal. I was a special partner and they were general partners. I put in a capital of \$15,000. As a special partner I had no charge whatever, nor had I any right to interfere in the management of the business. I took no charge of it nor did I interfere with the management of the business. I was in Sarnia during the whole time that I continued with them. I cannot say what year, but it must have been shortly afterwards that those tenders for steel rails were called for. I cannot give dates. They became tenderers for the steel rails. At no time did they ever inform me that they were tendering for steel rails, nor did I know it until I became publicly aware that they were contractors and had secured the contract. I took the earliest opportunity afterwards of meeting Mr. Cooper at Toronto, and I at once said to him that since he had become a tenderer for the contract with the Government that I would retire from the partnership, that I did not wish to be connected with any contract with the Government of which my brother was a member. He remonstrated with me very strongly as to the injustice of my course in retiring suddenly from the partnership in which, he said, my name gave him strength and credit. He was very solicitous that I should not do so. I was firm, and determined to retire, and told him so. Mr. Fairman, he then informed me, was in England, and I could accomplish no dissolution until his return. Immediately on Mr. Fairman's return I went to Montreal and dissolved the partnership.

As special partner had no charge, nor did he interfere with the management of the business.

Cannot give date when tenders for steel rails were called for. His partners became tenderers of which he was not aware until the fact that they had secured the contract was made public.

Witness took the earliest opportunity to meet Cooper at Toronto and inform him that he (witness) must retire from partnership.

Cooper remonstrated on the ground that Chas Mackenzie's name gave them strength and credit.

On Fairman's return from England went to Montreal and dissolved partnership.

Does not remember date.

2860. About what date was that?—That is exactly where I am astray; I cannot give dates. If you can give the date at which that contract was given, then it was the very same year.

2861. Do you know the number of the contract?—I do not. I never saw the contract. I was never connected with it.

Never saw contract.

2862. Do you remember about the quantity of steel rails they tendered for?—I do not. I may say here that I know nothing of the business, and I would receive no information from them in regard to it. I would not discuss it.

Knows nothing about the business; would receive no information from them in regard to it, nor discuss it.

2863. Do you remember what time of the year it was, whether it was spring, summer or fall?—It certainly must have been spring or summer.

Thinks he went to Montreal in summer.

2864. I am speaking now of the date you went to Montreal to dissolve the partnership?—I think it was in the summer, and I am not positive. My memory is very poor for dates, but it can be certified afterwards. I insisted on the dissolution then, and accomplished it. I retired from the firm. My capital in the firm was \$15,000. I took from them in payment of that capital three notes of \$5,000 each. They said to me: "Now, if we make any profit out of this contract, since you have refused to remain in the firm, it is but fair, since you have helped us to start, that you should receive and take part of the profits." That I refused positively and would take nothing whatever either in promise or in fact. Until the present moment I have never done so, and I have no promise from them in any respect whatever, and if I had I would

Insisted on retiring, and took from firm in payment of \$15,000 capital three notes for \$5,000 each. Cooper & Fairman told him it was but fair he should receive part of the profits on this contract. Refused to take profit either in promise or in fact.

Steel Rails.

During all those negotiations for tenders for steel rails, witness never once wrote to Hon. Alex. Mackenzie at Ottawa, never spoke to him, nor did Hon. Alex. Mackenzie write or speak to witness in regard to steel rails or contracts with the Government. Only time witness spoke to Hon. Alex. Mackenzie about steel rails was after the contract had been let, when he told him of his resolve to withdraw from firm.

not receive it. My capital was withdrawn in the shape of three notes of \$5,000 each. I would take the opportunity also of saying that during all those negotiations for tenders with the Government for steel rails, that I never once wrote to Mr. Alexander Mackenzie at Ottawa; I never spoke to him, nor did he ever write to me or speak to me in regard to steel rails or contracts with the Government. The only time that I spoke to him in regard to the matter was after the contract had been let. I met him and told him that since I found Cooper & Fairman had become contractors with the Government I had resolved, though against my interests, as I looked forward to that being my future business in Montreal, to withdraw entirely from the firm. His reply to that was simply that I must use my own judgment. That is all the conversation, communication or otherwise, that I have ever had with Mr. Alexander Mackenzie with regard to steel rails, and that is my whole connection with it from first to last. Up to the present moment I am not a benefiter, except a loser by it in any way; a loser in this respect: I abandoned that business, though I had intended to make it the business of my life and establish myself in Montreal.

2865. About how long had you been connected with this firm before the contract for the steel rails?—It was in 1872 that I made that arrangement, and the contract for steel rails was about a year or two afterwards.

2866. Do you think between two and three years would be about the time?—I think so; that will establish the date absolutely (pointing to a Blue Book), and, of course, I can certify it afterwards if necessary. It must have been in the year 1875.

Does not know if Cooper & Fairman were interested in the contract with Guest & Co., or in that with the Ebbw Vale Steel & Iron Co.

2867. Do you think that Cooper & Fairman were interested in the contract which was spoken of as having been made with Guest & Co?—I do not know.

Absolutely avoided all knowledge or conversation in regard to this business, since immediately after the dissolution.

2868. Or with the Ebbw Vale Steel & Iron Co.?—I know nothing at all of it. I may state, further, that I absolutely avoided all knowledge or conversation in regard to their business from that day to this.

2869. Do you mean before this transaction with the Government?—Immediately after my dissolution with the partnership.

2870. Before your dissolution did you avoid all conversation with Cooper & Fairman with regard to steel rails?—Immediately after I avoided it.

Never had a conversation with partners respecting steel rails.

2871. But before your dissolution did you avoid conversation with them in reference to steel rails?—I never had any conversation with them. I could not have conversation about them, because I did not know of it.

2872. Before the dissolution were you made aware that they were interested in any contract with the Government in the name of Guest & Co., or any other name?—No.

2873. You say you were a special partner?—Yes.

General conditions of special partnership.

2874. Upon what general conditions?—The general conditions of special partnership are these: The special partner is only liable for the amount of his capital; and the special partner, under the law, as I understand it, is not allowed to enter into the general management of

Steel Rails.

Profits were to be equally divided.

the business, otherwise he would become liable for all the debts of the partnership. The terms, if I recollect rightly, as to the division of profits, was that the profits should be equally divided.

2875. Then do you understand your partnership to be on this condition with them: that you should put in \$15,000, and should get one-third of the profits, and bear one-third of the losses for the capital you put in?—Yes; that was my understanding.

2876. Was there any writing on it?—There was a general partnership paper drawn up. I have not got a copy, and I do not think I ever had.

2877. Then if all the capital of the partnership was lost, and further liabilities existed, you would be free from any liability on account of those?—No; a special partner is not liable any further than his capital.

2878. I am not speaking about the general law, but about the arrangement?—The arrangement was not different from that.

2879. So that in putting in your \$15,000 you ran no risk of losing more than that?—No.

Ran no risk of losing more than \$15,000, and if profits were realized would share one-third.

2880. And if profits were made you should have the profits to the extent of one-third?—Yes.

2881. Before the contracts were made between your firm and the Government, had they been in the habit of sharing profits with you?—No; there were no profits.

Previous to contract with Government there were no profits.

2882. Why not?—The business had not made any profits up to that time. They were a new firm, and had been extending their business.

2883. Had there ever been an investigation of the affairs of the firm?—Not to my knowledge.

2884. Had you never been informed by your partners as to the state of the business?—They informed me in a general way that the business had been in several instances profitable, but in other instances that they had lost. The general statement was that they had not lost any money, but they had not made any money.

Had been informed only generally as to the state of the business.

2885. Besides informing you that they had not made any money, they might have informed you that they had lost?—I think one year they said they had lost, but the amount I cannot say. They lost during one year, I can recollect very well.

2886. How much was the loss?—I cannot remember, but I remember very well that one year they mentioned that there was a loss.

2887. Was it a large loss in proportion to capital?—No.

2888. What was your understanding of the whole available capital of the firm at the time you entered the partnership?—There was my \$15,000, and then Mr. Fairman put in several thousand dollars.

Available capital of firm when witness joined it.

2889. More than you?—No; less than I did.

2890. How much less, do you think?—Well, now, I cannot say, but it strikes me it must have been in the vicinity of \$7,000 or \$10,000.

2891. What did Mr. Cooper put in?—There was an arrangement made with a Scotch firm who gave them a large credit, but the capital

Steel Rails.

that Mr. Fairman and I put in—and I think Mr. Cooper had some \$1,500 or \$2,000—was all the cash capital, as far as I am aware of.

Something under \$25,000 would represent actual cash capital of the firm.

2892. So that something under \$25,000 would represent the actual cash capital of the whole firm?—I think so.

2893. Any transactions larger than that would be upon the basis of credit?—Yes.

2894. What was the last information that you got from your firm, before you heard of those tenders, as to the state of the firm's affairs generally?—Well, I could not state that positively. I think I must have been in Montreal the year previous, and had often seen them. I was usually in Montreal once or twice a year, not more than that.

2895. I am asking you what your information was?—My information as I said before, was simply of that character, that they had made losses; but I cannot state to you what those losses were. That can be easily found out.

Has neither papers or books or letters to show what losses of firm were.

2896. I suppose you have papers or books that would show it?—No.

2897. I suppose you have letters from them on that subject?—No; I have no letters upon that subject that I recollect of.

2898. Was the impression derived from the information you got that the capital was gone?—No; but that it was ^{impaired} ~~impaired~~.

2899. To what extent?—Several thousand dollars.

2900. "Several thousand dollars" is very vague?—I did not take that active interest that I should have done, because I had a very large amount of confidence in the parties engaged in the business.

2901. That was in the beginning?—Yes; for two years.

Saw no balance sheet; trusted to the word of his partners; received impression that capital was impaired to the extent of one-half.

2902. Do you mean that at the last time you got any information from your partners as to the affairs of the firm, that you did not take sufficient interest in them as to get a positive impression as to the proportion of the capital that was impaired?—No; I would not say that; but I had not seen a balance-sheet.

2903. You trusted to their word?—Yes.

2904. What impression did you get from that?—That the capital was impaired.

2905. To what extent?—Certainly one-half at that time.

2906. Was it more than one-half?—No; I do not think it was. Had I been examined in Ontario I could have got all the information.

Never paid any money yet. Notes yet in his possession.

2907. Assuming that it was to the extent of one-half and you had then decided to go out of the partnership; upon that basis how much of your capital could you withdraw?—Perhaps you would allow me to state that I have never been paid my money yet. I have those notes in my possession yet unpaid.

2908. That does not affect the question at all. I am asking you, according to your understanding of the terms upon which you were partners, and having an impression that one-half the capital was gone, when you dissolved how much of your capital ought you to have taken out?—I could not say that one-half of the capital was gone at the time I withdrew, but at one time during the co-partnership it was.

Steel Rails.

2909. Did you not understand my question to have relation to the last date of the information of the partnership affairs?—Well, you see that is where I am very much astray. I cannot say the last date of the information about partnership affairs. I think that when I dissolved with them I had perfect faith in their solvency then. Cannot say last date of information regarding partnership. Thinks that when he dissolved he had perfect faith in their solvency.
2910. You mean at the actual date of the dissolution?—Yes.
2911. But that was after the tender for the rails?—Yes.
2912. I am not speaking of the state of their affairs after they had the advantage of this contract?—No; they had not delivered any rails at all.
2913. But they had the advantage of the Government promise?—But then they had advantage of Government promise.
Yes.
2914. I am trying to find out from you now, at the last date of the information from which you received any impression from your partners as to the amount of capital left available to the firm, and before the tender for the rails, what was your impression about the standing of the firm?—I think I understand you now. At one time they had told me the capital was impaired, and afterwards they had done a great deal better; but my impression the last time that I had seen them—that must have been, of course, the year previous to their contract for the rails—was that they were going to get on all right, that they were making money; and when I dissolved with them I did not ask for a statement of their affairs, neither did they offer it. Witness's impression that the year prior to steel rails contract was the last time he saw his partners, when they told him they were making money. When he dissolved asked for no statement of their affairs, nor did they offer it.
2915. At the time you dissolved?—At the time they dissolved; but my impression was at that time that they were in a far better position than I understood from my previous conversation.
2916. Do you mean that before the tender for the rails you were led to believe that their position was improved as to the amount of capital?—Yes. Before tender for rails, was led to believe that their position was improved.
2917. Did you remember that awhile ago when I asked you the previous question on that subject?—I was a little confused as to the drift of your question. My statement is this now that I thoroughly understand you: that on several occasions they had told me that they had lost money. You asked me—"to what extent?" I told you that my impression was, to the extent of several thousand dollars. They had afterwards recuperated, and my impression was then that they were certainly better off than they had been before they had lost money. Explanation of foregoing answers.
2918. Did they state to you about the proportion of the capital that they had lost before the tenders?—They must have stated it to me in a general way, but I did not get the figures. It might have been from \$7,000 to \$8,000.
2919. That was less than half?—Yes.
2920. Was it, in fact, impaired to the extent of less than one-half?—I should say I had the impression that it was about from \$7,000 to \$10,000. Had impression that capital was impaired from \$7,000 to \$10,000.
2921. Do you say it was one-half?—I ^{can} ~~can~~ recollect those figures.
2922. I am asking you now not for exact figures, but for the impression made on your mind?—The impression on my mind was that the capital was impaired, but to what extent I could not say. Their im-

Steel Rails.

pression was, it was impaired, seriously impaired, but to what extent, whether it was one-half, or three-fourths, I could not say.

2923. Was it the whole?—I am certain it was not the whole, but my impression is that it was under half.

Although capital of the firm materially impaired, did not think retiring with his own capital intact a good transaction.

2924. Had you the impression that if the capital had been impaired by these business men, in whom you had confidence, that it would be a good transaction to get out of the partnership with the whole of your capital?—I had not.

2925. You thought that the hope of future business would be better than the capital which you took out?—I certainly had the hope, and I was satisfied that the business would be successful.

2926. Do you mean that you thought you could manage the business better than they did?—No; but I was satisfied that, with my assistance, if I had gone down there, I could have made it my business with them; I had no fear for the business at all. You will permit that to go on evidence, that since I have withdrawn my capital from the partnership I have still the three notes of Cooper & Fairman which I took for my capital.

Notes all over due.

2927. Were they made payable at dates later than this?—No; they are all overdue.

Because firm unable to pay.

2928. Why have they not been paid?—I suppose for the simple reason that they are not able to pay. Of course it impaired their business withdrawing my capital.

2929. You think the business has still been so poor that they have not been able to pay those notes?—I think that they have had a great deal of disasters. The ^{harbour} trade of Montreal has been in trouble for some years, and I believe that they have come through it with a great deal of difficulty.

When he withdrew his capital he would have been more than willing to remain in business.

2930. Is it your impression now that if you had remained in the business you would have done better than by withdrawing all your capital?—I could not say that now. At that time I would have been perfectly willing to remain in the business—more than willing.

2931. Do I understand you to say that at the time of your withdrawal you thought that it was a pecuniary disadvantage to go out of the firm?—Not a pecuniary disadvantage, but a disadvantage as to my prospects.

2932. From a pecuniary point of view?—Well, I suppose, ultimately from a pecuniary point of view. As I said before it was always my desire to establish myself in Montreal, and I took that means of doing it.

2933. Do you mean to say that you have made money there?—My idea altogether was that if I had remained in that business I would have made it a success. It could have been made a success I believe, but still disaster might have come.

Thinks it would have been better for him not to have withdrawn his capital notwithstanding that the firm had lost money and have been unable to pay the notes.

2934. Are you of the same opinion still, that it was not a good transaction for you to have got out of the firm with all your capital?—I think it would have been far better had I remained in it.

2935. Notwithstanding the fact that the firm lost money and have been unable to pay their debts?—They might have been able to pay their debts.

Steel Rails.

2936. But they have not paid you?—Because I have not pressed them.

2937. Have they given you any reasons for not paying those notes?—No; they have asked me to allow them to remain; that their business would not allow of them withdrawing that amount of cash from it.

2938. Then, notwithstanding their subsequent inability to pay those notes, you are still of the opinion that it would have been an advantage to you, in a pecuniary sense, to have remained in the firm?—I believed at that time I would have had a great advantage in remaining, but as things turned out for the worse in Montreal and a great crisis passed over the country, it was impossible for me to say whether it would have been ultimately advantageous for me, pecuniarily or not. I had confidence then it would have been better for me to have remained.

Had confidence it would have been better for him to remain.

2939. Do you know whether it was part of the business of that firm to order goods on commission from England?—No; they never did that, to my knowledge.

Firm never to knowledge of witness ordered goods on commission.

2940. Did they buy absolutely the property and sell it as their own?—As far as I know that was the business.

2941. Have you received any interest on those notes?—Yes; they have paid interest.

Interest has been paid on notes at 7 per cent.

2942. Do you own them still?—I do not. I only own one-half; the other half belongs to the estate of my brother John.

2943. Is the interest or income derived from this capital at the ordinary rate of interest?—Seven per cent.

2944. Were the notes secured in any way?—No; they were not secured.

2945. At all events, I understand you to say that the first time that this \$15,000 began to bear you any fruit after you had put it into the firm was when you had retired from it on the basis you have described?—Yes; I never received anything from it until then.

The \$15,000 never bore any fruit until it was retired from the firm.

2946. Was it in money that you put in the \$15,000?—Yes.

2947. Do you know in round numbers the amount of those transactions between Cooper & Fairman and the Government?—I do not.

Does not know about the amount of the transactions between Cooper & Fairman and the Government.

2948. In the conversations between you and Mr. Cooper, when you expressed your wish to withdraw, was there no discussion as to the amounts, or probable results of those transactions?—No; I do not remember that there was. I have no recollection of that at all. He was a little angry with me that I had resolved to leave the partnership. In Toronto, I remember his telling me he was angry with me for my determination to leave, but I have no recollection of discussing the contracts or amounts. I just left it.

Nor when telling Cooper he would withdraw did they discuss them or their probable results.

2949. Was there nothing said between you as to the equity of the transaction by which you should withdraw your whole capital, although the firm had not been able to pay its debts or make any money?—Nothing whatever.

Nothing said as to equity of transaction.

2950. Did you propose, or did he propose, the amount that you were to get?—He proposed to give me three \$5,000 notes.

Steel Rails.

Witness insisted on retiring, and, either at that or some other interview, they proposed to give him three notes for \$5,000 each.

2951. Did you not suggest yourself that the withdrawal of your capital first put in should be one of the conditions of retiring from the business?—I do not think I suggested that, but I insisted on retiring, and either at that interview, or some other, they proposed to give me three notes of \$5,000 each.

2952. But the gross amount of capital was proposed?—Yes.

2953. It was not necessary that they should propose three notes?—No.

No discussion as to amount of money witness was to retire from the business.

2954. Was there ever any discussion as to the amount that should go to you on your retiring?—No discussion at all.

2955. Was the discussion simply as to whether you would retire or not?—Yes.

2956. And was there no discussion upon the terms?—No; there was not a moment's discussion on that.

Has avoided knowledge regarding the business since.

2957. Have you ever been informed whether the affairs of that partnership were improved by this transaction with the Government?—I have not. I may say here that I avoided any intimacy with the business from that day to this.

2958. Did you go to Montreal to accomplish the actual dissolution of partnership?—Yes.

2959. Were there papers drawn up between you and the other members at the time?—Yes; and signed.

Never had any connection with a Government contract.

2960. Had your firm any transactions with the Government before that, connected with the Pacific Railway?—Allow me to say, in general terms, that at no time in the past or now, in any way, directly or indirectly, near or remote, have I ever had any connection whatever with any individual or contract in connection with the Government. I have had no connection whatever in any shape or form, directly or indirectly, with any Government contract.

2961. Do you mean that you have not reaped any advantage from any of the transactions connected with the Pacific Railway?—From no contract whatever.

2962. I am not speaking of contracts?—I have had no benefit whatever from any bargain or sale of any kind whatever. I have not been mixed up in it in any shape or form.

2963. Your business is a hardware business is it not?—Yes.

Furnishing Supplies.

Repeatedly received orders from H. Sutherland for goods to go to North-West. On other occasions supplied Government engineers with goods. Never liked this, and sometimes refused to sell.

2964. Do you know whether any supplies were furnished from your establishment to parties who went out to survey the country?—Yes; but no contract.

2965. I said transactions?—The only Government supplies, to my knowledge, that I ever sold was that repeatedly Mr. Hugh Sutherland sent me orders for goods to go to the North-West. I filled those orders at several different times, and on other occasions engineers of Government steamboats have called upon me to supply them with goods. I never liked it, and on several occasions refused absolutely to sell. I refused by letter at one time to the late engineer of the Government. The extent of goods which I have sold in that way, from first to last, would amount, in all, in the vicinity of from \$1,000 to \$2,000. That is the whole extent of my sales to any parties connected with the Government and that was in small sums.

**Furnishing
Supplies.**

2966. Do you know who furnished supplies to surveying parties, as a rule—I mean supplies of hardware?—I do not.

2967. Do you know through whom orders were given for such supplies?—For surveying parties?

2968. Yes?—I do not know. I have no recollection at all of selling to any one for the Government in connection with the surveys, except to Hugh Sutherland.

2969. Did Mr. Nixon ever order anything from you?—No; I do not know the man, and never had any communication with him.

2970. Where do you think Mr. Sutherland was stationed at the time you speak of?—I think it was the time he first went up. I think he must have been going to Battleford.

2971. Was he engaged at surveys?—No; I understand that he went up there and was engaged on buildings for the Mounted Police or something of that kind.

2972. You have spoken of furnishing not more than \$2,000 worth of goods to the Government?—I do not think it was more than that.

2973. Well about \$2,000 to persons who ordered on behalf of the Government?—Yes; by Hugh Sutherland.

2974. And to engineers?—Occasionally they have asked me to supply them and I refused. I did not like the business at all.

2975. Has your business been benefitted by supplies given to contractors?—I do not think so. I have sold a good deal to contractors, but on the whole the profit was very limited, and I have made losses by it. His business not benefitted by selling supplies to contractors.

2976. Do you mean that you have made loss by not being paid?—Yes.

2977. If all had been paid for which was sold to contractors would the result have been very different?—No; the result would not have been very different for the simple reason that the business was very limited. I was very handy at Sarnia for sending goods up. I keep a very fair stock, but as a rule the contractors did not buy from me. As a rule the contractors did not buy from him.

2978. Do you remember to what point those supplies went that you did sell to contractors?—To Thunder Bay.

2979. To what contractors?—I sold a limited amount to Sifton & Ward, but only at the first out-go. They bought everything themselves, but not from me, only to a limited extent. I have sold some little to Purcell & Ryan, but a very limited amount; they have done all their buying below. These, I think, were the only two contractors that I sold to up there.

2980. Those were the two contractors near Thunder Bay?—Yes.

2981. What do you think was the amount of your sales to those two contractors?—During the whole years that they were in business?

2982. Up to now?—I would like to be particular about that.

2983. I do not wish you to be particular; say in round numbers?—I would much rather look at my books and give it to you particularly, but my impression is that from first to last I never sold them more than \$10,000 or \$12,000 worth. I now sell to contractors occasionally. I think I sell to contractors as much now as I ever did. The whole amount of his sales to Sifton & Ward and Purcell & Ryan, not more than \$12,000.

Furnishing Supplies.

2984. As far as you can recollect now, you think all your sales, either to the Government direct or to contractors would amount to less than \$12,000?—I should say it might amount to anywhere from \$10,000 to \$15,000 during the whole of the years that I have been doing business. It is a very small portion of my business you must recollect.

Land Speculations.

Interested in lands in Manitoba.

2985. Are you interested in lands in this section of the country?—Yes; I am interested to the extent of—I do not know how many acres. I have bought several half-breed claims here within the last year, and I own within the Province of Manitoba now, I think, about 2,000 acres, different lots, at various prices.

2986. Is there any particular locality in which you are largely interested?—No; the lots are dotted over the country, here and there.

2987. Were you, at any time, interested in any particular locality?—No.

2988. Had you bought lands north of Lake Manitoba at any time?—No; I have never owned any lands here until the last six or eight months.

2989. Before that you were not interested in any at all?—No; before that I was not interested in any way, directly or indirectly, in lands in Manitoba.

Steel Rails.

2990. Do you consider that between the time you first learned that Cooper & Fairman had made heavy losses and your retirement, you learned from them that their business had improved?—Yes.

2991. Did they tell you in what respect it had improved?—They did not tell me.

Cooper & Fairman when speaking of losses did not state amounts.

2992. When they told you that they had made losses at different times, did they state, as far as you remember, any amounts?—No; I cannot remember.

2993. You say that you have avoided getting any knowledge of the business of the firm since the tendering for those rails?—Yes.

Reasons why he avoided getting knowledge respecting the firm after steel rails tender.

2994. Why did you avoid it?—I avoided it from the simple dislike I had for any matters connected with the rails. I avoided conversing with them, because I had very little opportunity of conversing with them. I never asked them what they had made, or anything connected with it. It was a subject I disliked exceedingly.

Remembers neither date of dissolution nor when it appeared in Gazette.

2995. You say you are not able to define the date of dissolution; it is hardly likely then you could tell how long after that it appeared in the *Gazette*?—I could not tell this. I have a perfect recollection that there was a great paper controversy in the newspapers about it. It was denied that the dissolution had ever been made because it was not registered. I received from the lawyer who drew up the papers a letter saying to me that he was very sorry that the papers had not been registered and that it was all his fault.

2996. You have brought in the name of Mr. Mackenzie, the ex-Prime Minister, in part of your evidence, of your own accord, and stated that you never had any communication with him on the subject of those tenders?—Yes.

2997. Can you remember that you ever had any communication with anybody else, his secretary for instance, or anybody else who would

Steel Mills.

know anything about the transaction?—No; I stated that I had no communication with him directly or indirectly, or any other man, about the matter.

2998. Is there any other matter connected with this investigation that you would like to have taken down in evidence?—No; I have told you the whole matter from beginning to end. I only regret that it was a slight disadvantage taking my evidence here, as I would have been very glad to have furnished every date that I could, but all those dates can be verified, of course, if necessary.

2999. At the time of your arrangement for a special partnership with Cooper & Fairman, was there any understanding between you and them that at any time you should become a general partner?—There was nothing written, but there was certainly an understanding to that effect, that if it suited me I could become a general partner.

When he became a special partner with Cooper, Fairman & Co., an understanding that if he liked he could become a general partner.

3000. When you say there was an understanding, was it an understanding in your own mind?—I think it was with them.

3001. What makes you think it was with them?—Because I cannot think there could be anything else.

3002. You think it was not possible for them to have any other understanding, but that you might become a general partner?—If it suited me.

3003. Why did you think it must have become an understanding without being embraced in the articles of partnership?—It must have been spoken of, the impression is so firm in my mind, that if I went to Montreal I should become a general partner.

3004. Do you say how it was absolutely understood between you and Cooper & Fairman that you might, if you wished, at some future time go to Montreal and become a general partner?—That certainly was my understanding, and I believe it to be their understanding too, although there was nothing written to that effect.

3005. Was there anything spoken to that effect?—I believe there was.

3006. Are you positive about it?—There is nothing positive about it; but if you had not questioned me about it, I never would have doubted that I could be a general partner at any time it suited me.

3007. Would that have required a separate and new agreement of partnership?—I think so. Of course I am no lawyer, but I should say so.

3008. There was no understanding of that kind in the writings that already existed between you?—I cannot recollect that there was anything of the kind.

3009. Then your impression now is that this special partnership should last upon that basis only as long as you chose, and that after that it should become a partnership of a different character?—Yes; if I chose.

3010. You had an option, then, which they had not?—I do not know that the matter was ever discussed in that light in any shape or form.

3011. But you say there was a positive expressed understanding that you should become a general partner?—Yes.

Steel Rails.

3012. But was there a positive understanding that they could make you become a general partner?—I do not think so. It never struck me in that way at all.

3013. Have you any idea of the period of time which elapsed from the date of tendering until the dissolution was accomplished by agreement in Montreal?—Why not allow me to give you the date absolutely by reference to my papers?

A few months elapsed between tender and his retirement from the partnership.

3014. For present purposes an approximate opinion will do?—I should say only a few months. We just waited until Mr. Fairman came back from England.

3015. Do you say that you met Mr. Cooper in Toronto, and then, for the first time, you insisted upon retiring?—Yes.

3016. Why did you not communicate your resolution by letter, instead of waiting until you saw him?—I think I was aware in some way of his being in Toronto, and I went down for the purpose of asking him.

Considered it necessary to communicate by word of mouth to Cooper, his intention to retire.

3017. Did you consider it necessary to communicate with him by word of mouth and not by letter?—I did.

Reasons for this.

3018. Why did you consider it necessary to converse upon the subject instead of doing it by letter?—On the same principle that a man always discusses the matter more fully by word of mouth than by writing.

He wished to discuss the matter more fully, though there was no room for discussion.

3019. But I understood you to say there was no room for discussion, as you were determined positively to go out?—Yes.

3020. Then was there anything to arrange by word of mouth?—Yes.

3021. What was there?—Simply my determination to leave.

3022. Could you not have expressed that by letter?—Yes.

3023. Why did you refrain from doing so until you met him in Toronto?—Because I heard he was in Toronto, and I went there to see him.

3024. His business is carried on in Montreal?—Yes.

3025. Have you any idea on what business he came to Toronto?—No; he is a man who travels a good deal selling his goods.

3026. And you think he was there on business of that kind?—I have no doubt of it.

3027. How did you know he was up there at the time?—I have no doubt I heard from him. He may have written to me on the subject; I really could not say.

3028. Do you remember whether he was astonished when you told him in Toronto that you would go out?—He was very much grieved.

3029. Did he act as if it were a matter which he had heard of before?—I think not.

3030. If you had written to him before would he not?—I do not think I had written to him on that subject. My first communication was by word of mouth.

3031. Have you any idea how long it was after you became aware of the fact that he was the successful tenderer until you saw him in

Steel Rails.

Toronto?—It must have been a month; it may have been within a week for all I can tell.

3032. During that time did you allow him to remain under the impression that you would continue the partnership?—I have no recollection of saying anything at all until that date.

3033. Have you any reason, now, to think that as soon as you heard of him being the successful tenderer, you communicated to him the fact that you would no longer be a partner?—I think I did almost immediately. It could have been only a very short date between the announcement that he had got the contract and my telling him that I would withdraw from the partnership.

3034. Have you intended to lead me to understand that up to the time of these tenders being accepted you had not taken pains to ascertain the financial standing of the firm?—I had not taken the pains to ascertain it.

Up to the time of steel rails tender had taken no pains to ascertain financial standing of firm.

3035. Had you ascertained it without taking the pains?—Nothing further than the general statements they made to me.

3036. Were those made by letter?—No; by word of mouth. I had met them repeatedly travelling west.

3037. In those repeated meetings, had any of them communicated to you from time to time the financial standing of the firm?—They did not communicate their financial standing. I had not probably more than three conversations about the financial standing of the firm.

3038. Can you say now what was the last impression left upon your mind before the publication of the acceptance of their tender as to the financial standing of the firm?—I can only repeat myself in that, that my impression was they were better than they had been in the previous year.

3039. Can you say how much better?—I cannot. I am sorry to have to go into figures here, as it is a very difficult matter for me to do so.

3040. Was it after the meeting with Mr. Cooper, in Toronto, or before, that you had told your brother you would retire from the firm?—Before meeting him.

Before meeting Cooper at Toronto told Hon. Alex. Mackenzie he would retire from firm.

3041. Then the first person of those two to whom you communicated the fact of your intended retirement was to your brother?—Yes; I think before I saw Mr. Cooper I told Mr. Alex. Mackenzie I would retire.

3042. What was your object in telling him?—It was that a man will naturally communicate with his brother about such things.

3043. Was it a general habit of yours to communicate with your brother about your affairs?—No; but this was a matter that I thought affected him.

3044. How did you think it affected him?—I thought it might affect him politically.

3045. Was he of the same opinion?—He never expressed it.

3046. Did you go to him or did he come to you?—I think he visited his family or his friends at Sarnia about that time. His former home was in Sarnia, but he was then living at Ottawa.

Steel Balls.

3047. I think I understood you to say that you decided to go out of the partnership, not because it was a good transaction in a pecuniary sense—you considering it a losing one—but you decided to go out because it might affect your brother politically?—I resolved to go out of it because I disliked the whole transaction, politically speaking.

3048. Did you think at the time it was not a good pecuniary transaction to you?—I do not know. I regret going out of the firm.

3049. I understood you to say that you thought it was a bad transaction, so far as the pecuniary features were concerned?—Yes; I regretted it exceedingly.

3050. Was Mr. Cooper of the same opinion?—I cannot say that.

3051. Did he not tell you that it was a very bad transaction for him? Did he not say that it was very hard of you to go out?—Certainly.

3052. Did he not express to you whether it was a good transaction as far as he was concerned?—He expressed his regret that I should leave the firm.

3053. And did he not say that it was a bad thing for him, for you to go out?—He certainly expressed his regret that I should go out because my name was some strength to the partnership.

Cooper said it was not fair to him and Fairman that witness should retire.

3054. Did he not express the idea that it was a bad transaction for the firm, you going out?—Yes; as I said before, he said it certainly was not fair to them to retire, because it would weaken their credit—it might, or would, weaken their credit, the withdrawal of my name.

3055. Did he say it would weaken the establishment to have you take out so much capital?—I have no recollection of his saying that it would weaken them, but the taking out of that much capital would weaken any business. I did not take it in cash.

3056. I understand that, upon the whole, Mr. Cooper thought that it was a bad transaction for them that you should go out, and you thought it a bad transaction to go out?—I do not know that I considered it a bad transaction to go out; and I do not know that it weakened them.

Had great hopes of the future business of Cooper, Fairman & Co.

3057. Do I understand you that if you thought it a good transaction to remain in the firm at that time, it was not on account of their present standing but in the hope of future business?—Yes; I had great hopes that in the future, with my assistance, we could build up a large business in Montreal.

3058. Did that depend on your going down to Montreal?—I was then in hopes that I would go to Montreal and give my assistance in building up the business.

3059. Do I understand that the prospect of the success of the business depended upon your conducting it?—No.

3060. Did you not say that the hope of your life was to be able to go to Montreal and establish the business of your life there?—Yes.

3061. And that one feature in the building up of that business was, going there yourself?—Yes.

3062. How could you go to Montreal to take an active part in the business as a special partner?—If I went it would be as a general

Steel Rails.

partner. If I had gone to Montreal it would have changed the partnership undoubtedly.

3063. Do you know whether it is necessary in a special partnership that time should be named—that it should be for a fixed period?—I could not say; probably it was in that document. Special partnership and time.

3064. If it were so how could it be possible that you could go at your own option, whenever you liked, and change the character of your partnership?—I supposed I could have gone and dissolved the partnership by mutual consent, or waited until the expiry of the partnership.

3065. Do you know if there was a time mentioned for its expiry?—I do not know. In all those partnerships there must be a time mentioned I suppose.

3066. Then at the time that you decided to take out your capital and end the partnership, you thought that it was not a good transaction for you, because you might afterwards decide to go to Montreal and become a general partner, and that then the business of the firm would improve; that that improvement would be better than to take out your capital at the time. Is that the substance of your theory?—You put the words into my mouth. Of course my idea was that when I withdrew I regretted it, because I believe, if I remained in that firm, I would have ultimately gone to Montreal, and with my assistance we would have built up a large and lucrative business.

3067. Then was the hope of this future what you lost?—Yes.

3068. At that time you thought that was more available than the \$15,000?—I certainly did.

3069. Are the notes that you hold the original notes?—Yes; they are the original notes. Notes held: original notes.

3070. Do you remember about their dates?—About the date of the dissolution—it must have been in 1875.

3071. I suppose that copies of these articles of dissolution can be furnished at some future time?—Yes.

3072. I think I understood you to say that you were not aware at the time that they were tendering for rails until after the matter was published?—No. Not aware of his firm tendering for rails until matter published.

3073. Was there any remark in the papers about the subject before you communicated to Mr. Cooper your intention to retire?—No. Communicated his intention to retire to Cooper before any remarks on the subject of contract appeared in newspapers.

3074. That was done before any publicity was given to it?—Yes: immediately after I became aware of the contract. Lived on contract 15, from June, 1877 to May, 1880.

WHITEHEAD.

CHARLES WHITEHEAD, sworn and examined:

By the Chairman:—

3075. Where do you live?—In Winnipeg.

3076. How long have you lived in Winnipeg?—I have been living in the city since last May. Lives in Winnipeg since May, 1880.

3077. Where did you live before that?—On contract 15.

3078. How long did you live there?—From June, 1877.

Lived on contract 15, from June, 1877 to May, 1880.

Railway Construction—Contract No. 15.

**Railway Construction—
Contract No. 15.**

General charge of contract 15 for contractor.

3079. In what way were you connected with the contractors in business matters?—I had general charge of the work on contract 15.

3080. Do you remember about what time the contractor first went there?—I do not know; I did not go there until June.

3081. Had your father been there before that?—Yes.

3082. Had you been in any way connected with his business in previous contracts on the road?—No.

3083. You took no part in the management of them?—Previous to 1877?

3084. I mean previous to 1877?—No.

3085. Had he done any work on the road previous to that?—I believe he graded the Pembina Branch, south.

3086. You were not on that work?—No.

3087. Do you generally take any part in the management of your father's business affairs?—As a rule I do.

Was not in Canada when contract taken.

3088. Did you take any part in the obtaining of the contracts on his behalf?—No; I was not in Canada at the time the contract was taken?

3089. Then your first connection with any of the work of the Canadian Pacific Railway was about June, 1877?—Yes.

3090. And that was on the work where the line is being built?—No; I commenced first by taking a sub-contract from him here at St. Boniface for grading.

Ruttan employed by Whitehead before witness went on work.

3091. Had Mr. Ruttan been engaged by your father before you went on contract 15?—Yes; he was there some months previous to my going there.

3092. Who was taking charge of the Government interests on that section?—Mr. Carre was the Government engineer.

Difficulties between contractors and Government engineer.

3093. Were there any difficulties between you and the contractor on the one side, and any person on behalf of the Government, about the time that you went there?—There was some little difficulty with Mr. Carre and Mr. Ruttan when I went there.

3094. Do you know what it was about?—He (Mr. Ruttan) complained that he could not get the bench marks for the cross-sections, and plans and profiles of the work.

3095. Did you at any time hear any of the discussions between them upon the subject?—Yes; I have heard them discuss it.

Fellowes refused information, the want of which retarded Ruttan.

3096. What was Mr. Carre's position; I mean what position did he take about the matter of giving information?—He complained that Mr. Ruttan had no right to it. I heard Mr. Ruttan ask the assistants for information. There was one case in particular with Mr. Fellowes. He told Mr. Ruttan that he could have the information as Mr. Henry Ruttan, but not as the contractor's engineer.

3097. Did he get the information?—Mr. Ruttan told him that he did not want it in that way, that he wanted it officially, as the contractor's engineer, so he did not get it.

3098. Did the want of this information retard your work in any way?—It retarded Mr. Ruttan's work. It was the cause of his having to go

Railway Con-
struction—
Contract No. 15.

to work and do the entire cross-sections himself and establish his bench marks.

3099. Had that the effect of delaying you and your father on the work?—It had, to a certain extent, because we did not go into any work until we had the cross-sections taken ourselves.

3100. Can you say about what time you were first made aware of any change in the character of the work from what had been intended by the tenders?—I think in September, 1877.

In September, 1877, first made aware of determination to have filling instead of trestle-work.

3101. What change was that?—Adopting filling in place of trestle work.

3102. Had there been any change of grade mentioned before that?—I do not remember.

3103. You think that the change to embankment instead of trestle was before the change of grade?—There may have been changes in grade, slight changes, in several places, but I do not recollect.

3104. I understood Mr. Carre to speak of a general change which amounted almost to an absolute change of all the grades?—I do not think that change was made until Mr. Smith came up in 1878, but I will not be positive on that point.

3105. How were you first made aware of this change in the filling?—I made the arrangement with Mr. Rowan. He came on to the work in September, 1877. It was the first time he was on the section after I took charge of it and walked over the work. When we came to one of these voids or depressions I asked Mr. Rowan what was going in there. He said trestle, or earth if it could be obtained. He said that the Chief, in all cases, would prefer earth embankment to trestle, if the earth could be got. After walking some distance over the line he went down west of Deception, and he wanted me to name the place. Mr. Ruttan and I were together when he wanted me to name the place that we would fill. I asked for time to think over it, until next morning, when I was to meet him at Mr. Carre's office. We met him there. I told him that we would fill all the fills that were there. He said that there would be an extra haul, and he asked where we would get the material. I told him we would bring it by locomotive and cars. He wanted to know where we would procure the material. I told him that Mr. Ruttan and I had been looking into the matter some time before that, and that we would fill all the fills without charging extra haul, but we would not fill any particular voids that they might choose to name, unless we were paid the extra haul. If we made all the fills we would do it without charging for extra haul.

Rowan (Sept., 1877) came on work, and told witness the Chief would prefer earth embankments to trestle if the earth could be got.

Prepared to fill all fills without extra haul, but this would not apply to particular fills.

3106. Was that the proposition on your part to Mr. Rowan?—Yes; a proposition on my part to Mr. Rowan, to be approved of by the contractor.

3107. The contractor was not there?—No; he was not there, but I made it subject to the contractor's approval.

3108. Then at that time it was not accepted?—It was accepted in this way: he was certain that he would recommend it, and that the Chief was in favour of earth banks, in all cases, and he gave us permission to go on and fill out Lake Deception in that way.

Manner in which proposal was accepted.

**Railway Con-
struction—
Contract No. 15.**

Meanwhile to go
on and fill Lake
Deception.

3109. Then he did not accept it absolutely as to the whole line?—No; he did not accept it then. I could not make the arrangement final; I left it open for my father's approval. He said he would report in favour of it; it was certain to be done, and we could in the meantime go on and fill Lake Deception in that way.

Rowan said earth
was to be put in
each filling
brought under
this notice.

3110. But he did not order you to do it everywhere?—No; any more that we came along together over the work, when I asked what would go in there, his reply invariably was: "earth embankment if earth can be obtained."

3111. Do you mean to say that he said that invariably, in going over the line?—Yes.

3112. When was this?—The latter part of 1877 was the first time I saw him after I went on the line.

3113. Did you meet him on the line after that?—Yes.

Rowan on work
two or three times
a year in witness's
time.

3114. Often?—I am not certain whether he was over it that year again or not. He was there every three or four months. He was there on an average two or three times a year when I was on the work.

3115. Upon that occasion did he go over the whole line?—No.

3116. How much of it?—From Darlington to Colmar—about eighteen or nineteen miles. The balance of it was not cleared, in fact a great portion of that was not cleared, as the timber was slashed down on the roadway.

Rowan's direc-
tion: "Earth
if it can be
obtained."

3117. Do you say you asked him about every filling there, as you went along?—Yes; as we travelled over the line, I would say: "what will go in here, Mr. Rowan." His reply was invariably, "earth if it can be obtained."

3118. Am I to understand that at that visit of his he told you to fill every filling with earth, if it could be obtained, over the line he travelled?—Yes.

3119. Did he, before he left, give you any order upon that subject in writing?—No.

3120. Have you ever made any calculations about the quantities of rock or earth in these different fillings?—No; Mr. Ruttan did all the figures. My business was to do the work, and I never paid any attention to the figures.

3121. Mr. Carre spoke of some conversation between you and Mr. Rowan and himself, as to the nature of the work; do you remember that conversation?—Relative to what?

3122. Relative to some of the changes in the work. He speaks of a particular time when either Mr. Kirkpatrick, or Mr. Fellowes, and you, and he, and Mr. Rowan were present, and he told Mr. Carre?—When was it?

3123. Mr. Carre's recollection was that he told him to borrow all the earth he could on the line?—I said that.

3124. No; you said that he only spoke of particular places on a section covering eighteen miles?—He said that wherever earth could be borrowed, the Chief was in favour of the earth embankment, in preference to trestle. These were about the words he made use of as near as I can recollect.

Railway Con-
struction—
Contract No. 15.

3125. That the Chief would prefer it?—Yes.

3126. Did that amount to an order, in your opinion?—It did not amount to an order.

3127. Then you did not act upon that conversation as an order to do the work in that way?—No, I made the offer afterwards; to do all the earth filling as I previously told you, and he gave us orders to make Lake Deception fill in that particular way at that time. Other matter was left over to be referred to the contractor.

Rowan's conver-
sation regarding
earth fills did not
amount to an
order.

3128. And also to the Government, I suppose?—I suppose he would have to communicate with the Government, or with his Chief.

3129. Then did you understand that to amount to an offer on your part on behalf of the contractor, subject afterwards to confirmation by the Government, or the Engineer-in-Chief?—Yes.

3130. Do you remember where that conversation took place, at which Mr. Carre was present?—It was in Mr. Carre's office.

3131. Is there any other matter connected with this contract that you wish to explain?—I do not know that there is.

3132. Did you take any part in the negotiations between Mr. Whitehead and the Government, at the time that he took in partners to finish the contract?—No.

3133. Were you present at any time when he negotiated with the Government as to the terms upon which he should hand over the work to the Department?—No.

3134. Did he manage those transactions by himself?—I do not know how that was done. I do not think there was any managing. I think they just took it. I do not think there was any management about taking it.

Government took
work out of
Joseph White-
head's hands
without any
negotiation.

3135. How about the partners?—That is another matter. I was not present when the arrangement was made; they objected to my being present.

3136. Then was that made by your own father on his own behalf, without your assistance?—Yes.

3137. Do you know about what time Mr. Marcus Smith first went there?—I think it was some time in December, 1878.

Marcus Smith on
work, September,
1878.

3138. That was about the time Mr. Rowan was there?—It was a year before that that Mr. Rowan was there; but Mr. Rowan came over the work perhaps a week before Mr. Smith came.

3139. Is there anything else connected with the transaction that you wish to give evidence on?—I do not know that I have got anything else to say. This loose rock question came up when Mr. Smith came over the line. We had some difficulty there and he settled it. We claimed loose rock outside of the slope stakes. We could claim, of course, solid rock, but Mr. Smith decided that we should be paid loose rock for it. Then we had another difficulty, that was loose rock in earth cuttings. We claimed a certain percentage. We made an arrangement between Mr. Carre, Mr. Ruttan and myself, that when a dispute came up as to what percentage occurred in an earth cutting, if he claimed more than what he thought he should give, we were to argue the point on the ground, and decide the percentage that should be

Smith's decision
as to "loose
rock."

Arrangement
to loose rock in
earth cuttings.

**Railway Construction—
Contract No. 15.**

Differences with Government engineer as to percentage of loose rock in earth cuttings.

allowed. We did it on several occasions, but I found on comparing Mr. Ruttan's figures, and the figures returned by Mr. Carre, that he did not get that percentage. This was previous to Mr. Smith coming over the work, but on asking Mr. Carre how much per cent. he allowed for station 50 or 100, as the case might be, although he allowed 40 or 50 per cent., or what we agreed upon, yet the quantity was not there. He explained then that he had allowed 30 per cent. of 59 per cent. He claimed that there could only be 59 per cent. in any loose cutting. For instance, in a cross-section of 100 yards, he claimed that there could only be fifty-nine yards of loose rock in it.

3140. What would the rest of the 100 yards be according to this contention?—Voids, spaces between the stones or sand.

Carre's system of measuring loose rock.

3141. Would it be allowed as earth, then?—This was the comparison which I made with him: I said, "If a cutting contains 100 yards, and it is all loose rock, and we take that cutting out, will you only allow fifty-nine yards for it?" He said: "Yes."

3142. If the space occupied by the loose rock was 100 cubic yards he would allow only about sixty yards, and nothing for the other forty yards?—Yes.

Smith's instructions regarding loose rock.

3143. Would he treat the rest as air?—Yes; as space. He brought this matter up before Mr. Smith, Mr. Ruttan and myself, and I went over it with Mr. Smith. Mr. Smith asked him: if you buy a bushel of potatoes, or a cord of wood, would you take the spaces out and tell the man that you had not got a cord or a bushel? He said he did not know. Mr. Smith endeavoured to explain to him that if he took those voids out he would make it a solid—that if he deducted the voids we should be paid for solid rock, and not for loose rock. Mr. Smith gave him instructions to measure loose rock in that way.

3144. Allowing nothing for the voids at all?—No.

In an earth cutting if there were 40 per cent. of boulders, Carre would only allow 40 per cent. of 60 per cent.

3145. Was there anything at all in what you call voids?—There was sand and earth. We had no cutting where it was all loose rock, but this was his basis for measuring the percentage in a cutting. Supposing we had an earth cutting and we found on opening it out that there was 40 per cent. of it boulders, Mr Carre would only allow us 40 per cent. of 60 per cent.

3146. Suppose there was 100 yards of measurement in a certain section, you certainly got paid for it one way or other, either as loose rock or earth; did you not between the two get the 100 yards?—Yes; but we wanted to be paid 40 per cent. of loose rock, and 60 per cent. of earth. Under Mr. Carre's basis we only got paid 20 per cent. of loose rock and 60 per cent. of earth. We got 20 per cent. of the 100, and 60 per cent. of 60.

3147. I do not understand this. The engineer's returns say 100 cubic yards of material of some sort?—Yes.

3148. He returns you 40 per cent. of that as loose stones, and the other 60 per cent. would naturally be returned as earth, or whatever it would be. Is not that the way you got it?—No; that is the way we wanted to get it. Say you are the engineer, and you go to an earth cutting and form an estimate of the percentage of stone—you would say: "I will allow you 30 per cent. of the 100 as loose stone." In

place of us getting that 30 per cent. we only get 30 per cent. of 60 as a whole instead of 30 per cent. of 100.

3149. And of a quantity of 100 cubic feet of excavation, assuming that there would be 70 per cent. of that earth and the rest of it filled with round stones, did you claim that you should have an allowance of 70 per cent. of earth?—Yes; and 30 per cent. of rock. That made the 100 feet.

3150. That was your contention?—Certainly.

3151. Did you not contend that the space of rock allowed you ought to be the space that would be filled by these stones with spaces between them as if they were put into a box by themselves?—I do not understand you.

3152. Did you claim for the rocks in the cutting the same space that they would have occupied if they had been piled up by themselves?—Yes; we claim that we should have what they would measure if they were all piled in a pile. Contractors claimed what outline of pile of loose rock would make.

3153. You claim the space that the outline of that pile would make? Yes.

3154. But if they had already allowed you, by way of earth, the amount of earth that was in the spaces amongst those rocks, you wish it to be allowed as if it were all rock. Although there might be, when the rock and earth were separated seventy feet of earth in it, you do not wish the seventy feet of earth to be allowed to you?—Certainly we do.

3155. And how much of rock?—Thirty feet.

3156. Perhaps you do not understand me. For example: take 100 feet of earth with round boulders in among it?—Yes.

3157. Take these boulders out and separate them, put the earth into one box, and all the stones into another; will not those two boxes occupy more than 100 cubic feet?—I do not see why they should.

3158. Do you not see that the stones have open spaces between them which are filled with air instead of earth as they were before?—The stones are laid loose in the box, and there is space between them which there was not when they were in the earth.

3159. Now what you want allowed to you as rock is the cubic contents of the box which would hold the rock, is it not?—Yes.

3160. You did not want the earth which had been put into a separate box calculated all as earth?—Certainly we did.

3161. Then if you did you must certainly want more than 100 cubic feet?—No.

3162. In 100 cubic feet of earth excavation, if there are a number of round stones, and after the excavation you separate the stones from the earth, putting the earth into one box and the stones into another box, will not these two boxes contain more than one hundred cubic feet of material?—Yes, they will, because you will have voids amongst the stones.

3163. And you want to be allowed as loose rock the whole of the space in the box which held the loose rock. Is that not your contention?—Certainly.

**Railway Construction—
Contract No. 15.**

3164. What would be the entire contents of the heap of rock which had originally occupied one-half of the excavation. Have you any idea of the proportion?—No; I never tried that.

3165. Would it not be a good deal more than one-half?—I do not know as it would.

3166. Before the excavation the space around the stones would be filled with earth?—Yes.

3167. After the earth was taken out and put in a heap, then the stones would only have air between them?—Yes.

3168. Did you want the earth that was taken out to be measured to you, or not?—As earth, of course; anything between the rocks was earth.

3169. Then do you not see you would want part of the whole cubic contents to be measured to you twice—first of all as earth, and afterwards as air?—No; I do not see it in that way at all. When the cutting was opened you decide with the engineer what percentage is to be allowed, 20 or 30 per cent., as the case might be. There might be 40 per cent. The engineer might have the advantage in the estimate or the contractor might have it. It is a mere matter of opinion as the work progresses. In all cases where I have been on work it has been decided in that way. It is a matter of experience and judgment between the contractor and the engineer what percentage should be allowed.

3170. Does not that end the matter?—Yes.

3171. Were you not paid in that way?—No, that is the difficulty; that is why we want it ended. That is why we said to Mr. Carre: "we will meet you on the ground and decide what per cent. is to be paid in these cuttings."

3172. Do you mean to say that after you had met and decided the percentage that you were not allowed that percentage?—No; in place of his allowing that 40 per cent. that was agreed upon, he only allowed us 40 per cent. of 60, in place of 40 per cent. of the whole.

3173. Knowing that he applied this rule of six-tenths to the rock agreed upon between you, would you not contend for the larger proportion of the rock to which this rule should be applied?—No; we did not know that he was going to apply it in that way, and Mr. Smith told him not to do so.

3174. Did you not know, from time to time, from the progress estimates, that this was the rule that he adopted?—He did not adopt it for some time. We had several progress estimates before he got this idea into his head, and then we objected.

3175. Then this dispute about loose rock has never been finally settled between the Government and you?—No; not that I know of.

3176. Is there any other matter that you would like to explain?—We had a matter of counting ties that was not very satisfactory to the contractor.

3177. Do you mean the supply of ties on contract 15?—Yes.

3178. What was it?—I claimed that the ties on contract 15 were culled too closely, that they made a great many more culls than they should have made.

Dispute regarding loose rock not finally settled yet.

Railway Ties,

Witness claimed that ties on contract 15 were culled too closely.

**Railway Ties—
Contract No. 15.**

3179. Did you agree in the contract that any particular person should have the decision of that question?—The contract for all these questions was to be settled by the Chief.

3180. Has this been settled?—I do not think so. It has not been settled satisfactorily to the contractor; it may be as far as the Chief is concerned. The contract for ties out on section 15 covers the laying of track on contract 14. The ties had been got out about two years, were inspected by the Government engineers, and the track had been laid for a year. Last September Mr. Rowan had the ties re-culled on the track, and notched those ties that he said were culled, with the axes, and said that they had to be taken out. My father was away at the time, but I called on Mr. Rowan and asked him what he was doing, and if he was re-culling those ties. He said he was. I asked him if he wanted them taken out. He said: "Yes, they would have to come out." I told him that if he could show any ties that were marked culls that had been put into the track I would take them out at our own expense, but if they were not marked culls I would not take them out, and asked him if he was going to stop the culls he had made in this estimate. He said: "No." I asked him if he was going to stop them off the next estimate. He said it would be time enough to know it when it was done. Since then the reduction has been made.

Rowan had ties re-culled and ordered some out.

3181. What does it amount to altogether?—I do not know. Perhaps 10,000 or 12,000 ties altogether.

Loss of 12,000 ties in consequence of Rowan's action at 40 cts. a tie, and cost of taking them out.

3182. What loss would that be, per tie, to you?—Forty cents; and the taking of them out, which would be quite an item. They have not been taken out yet.

3183. Is there anything else that you would like to explain?—There are some other little difficulties that I do not know it is necessary to bring up here.

3184. Do you know whether Mr. Carre, the engineer in charge, was threatened at any time by you or your father that you would attempt to have him dismissed if he did not accede to your contention as to measurements?—He never was by me. I told him that we would have practical men brought on to the work to decide whether he was right or wrong. We have had those contentions rectified.

**JOSEPH
WHITEHEAD.****Railway Con-
structi n.**

Has lived at
Winnipeg off and
on since 1874.

JOSEPH WHITEHEAD, sworn and examined:

By the Chairman:—

3185. Where do you live?—In Winnipeg.

3186. How long have you lived in Winnipeg?—I am on the line part of the time, and when I come into the city I stop with my son. I have been in Winnipeg off and on since 1874.

3187. Where did you live before that?—In Clinton, county of Huron, Ontario.

3188. What is your business generally?—I have followed railroading since I was eleven or twelve years old. I commenced driving horses in the first instance on a railroad in England, and have followed railroading in all its branches, ever since, pretty nearly.

A railroad man.

**Railway Construction—
Pemb. Branch—
Contract No. 5.**

Witness's first transaction in connection with Pacific Railway.

3189. What was your first connection with any transaction connected with the Pacific Railway?—I graded from the south side of the Bishop's Landing up to the national boundary at Emerson, on the Pembina Branch.

3190. Was that work let by public competition?—Yes.

Tendering.

3191. Were you the lowest tenderer?—Well, I believe there were two others of the same figure, but Mackenzie gave me the preference. There were three of us at the same figures, and he gave me the preference.

One of the three lowest tenderers.

3192. Were you one of the lowest?—Yes; I was one of the three tenderers that were the lowest.

3193. Was there not one person who tendered lower than you—Peach of Toronto?—Not that I am aware of. Twenty-two cents was my price, and there were two others at the same figure.

Peach tendered for 21 cts., but did not put up security.

3194. I see in the return a tender by C. Peach of Toronto, at 21 cts. Were you not aware that he had tendered below you?—Yes, I think I do remember now; but I think he backed out.

3195. Did you have any conversation with him on the subject?—Yes; it was after he had tendered. I did not know that he had tendered until he had told me.

3196. Where was he when he tendered?—In Toronto. He had just arrived from England, and had no security to offer and could not get security from England in time, and I suppose the Government would not wait.

3197. Did he tell you after he had been notified that his tender was the lowest?—I think he did.

Peach afterwards sued witness, claiming a share in the contract.

3198. Did he tell you anything about what he had said to the Department upon the subject?—I think they wrote to him, and he replied that he had just arrived from England only a short time, and could not find security.

3199. What makes you think he wrote to the Department to that effect?—I think he told me. I had forgotten him altogether.

Peach went up as Whitehead's foreman.

3200. Did you at any time have any money transaction with Peach?—He came up as foreman for me, and was with me after I came up. I gave him \$100 a month and his board, I think it was.

3201. Had you no other transaction with him?—I think he sued me for some amount after that.

3202. What for?—He hatched up an account, I could hardly tell you what it was for. He wanted to have an interest in the contract, and I do not know what.

3203. What was his contention about having an interest in the contract?—Really I have almost forgotten what the account was hatched up about. The Chief Justice could tell better than I could what it amounted to. He had neither part nor lot in the matter, but I paid his expenses up from Toronto to here, he and his son, and he came on as foreman for me.

3204. Had he been a railway man?—Yes; I think so, the way he expressed himself to me. He told me he was a man of large experience

Tendering—
Peach, Branch—
Contract No. 5.

in England, and he wanted to come with me. I was a cripple at the time and came up here on crutches. So I gave him charge of the work, and finally when I dismissed him he wanted to claim a partnership in the contract.

3205. Do you know what he contended to be his arrangement?—
There was no arrangement. No partnership between Peach and witness.

3206. Do you remember making an arrangement in Toronto?—Yes; I remember making an arrangement with him to come up here as foreman.

3207. Did you not discuss with him before that the probability of bringing him up on the work?—No; we were lodging in the same place in Toronto.

3208. That was before you got the contract?—Yes, we were lodging together at the time; and he was foreman for some man who was building drains and culverts in Toronto. He had tendered, but I did not know it until after he had sent the tender off. After he got notified he told me that he was not able to find the security in time, and so I got the notice.

3209. Were you aware at the time that if he failed to get the security, the contract would come to you?—I did not know that I was the next lowest, and then I found out there were two others of the same figure.

3210. Did you not know at the time, that if he failed to give security you would have the lowest tender?—I did not know that I was the lowest. There might have been others lower than me.

3211. When he was writing to the Government that he could not give security, were you aware that he was so writing?—No; I could not tell his means.

3212. Did he not tell you that he was going to write in that way?—He told me that he had sent off the tender, and then he told me, when he got notice from the Government, that the Government had accepted his tender, but that he could not get security in time, and had written to them to that effect. Then I got a letter from the Department, that the contract was given to me.

3213. How long after he wrote did you get the notice?—Two or three days to the best of my recollection.

3214. Did he claim, in his suit against you, that you had promised at Toronto a share in the contract if he would throw up his tender?—I do not recollect now, but he claimed to have an interest in the contract when he sued me here. But there was no understanding, and no talk about it in one way or another.

3215. It was an object to you to get him to withdraw, I suppose?—No; the price was not so lucrative at any rate.

3216. But did you not think then that it was lucrative?—I had nothing else to do. When I signed the contract Mackenzie told me it was very low. I said: "I know it is low." "Yes," said he, "but I know you can knock as much out of it as anybody else can." I said: "Yes, but the figures are very low." Price low. Conversation with: Hon. Alexander Mackenzie.

**Tendering—
Pemb. Branch—
Contract No. 5.**

3217. You say you had a conversation with Mr. Mackenzie before you got the contract?—No; it was when I signed the contract. He said: "The price is very low." I said: "It is low." Said he: "You can knock as much out of it as anybody else, but the figures are very low."

3218. Were you at Ottawa then?—Yes; when I signed the contract.

3219. Were you at Ottawa before you signed the contract?—No.

3220. Where were you before that?—I was living at Toronto. I was building a mill in Frederic Street and I was lodging in the same place where Peach was lodging.

At one time
thought of
tendering at
28 cts.

3221. At one time you thought of tendering at the rate of 28 cts. for this earth?—I did, and I altered the figure eight to two. So as to make it 22 cts. instead of 28 cts.

3222. Where were you when that alteration was made?—It was made before I sent in the tender, at Toronto. I tendered from Toronto.

3223. How was it that you made such a great change in the tender?—I worked it as close as it was possible, to save myself, and save a little. I had nothing to do at the time, and I thought if I got it it might be a step to something else. I knew if I got it I would give satisfaction with the work, and it was necessary to make a start.

3224. Did you think it was necessary to name 23 cts. so as to accomplish what you have said?—I did it on this consideration; that I had to make a commencement, as I was a stranger, and I knew if I did work I could give satisfaction, and I put it down as low as it could be well done for.

3225. Was any person else assisting you in this matter, in getting the contract, or making this tender?—No; I made the tender myself.

Assisted financially
by Hon.
Donald McDonald

3226. On your own behalf alone?—Yes; but my brother-in-law, Hon. Donald McDonald, assisted me financially. But I made the tender myself, in my own name—at least, I think I did.

3227. Entirely on your own behalf?—Yes; except that I had to depend on him for financial assistance.

3228. But was it for your own account and benefit alone?—Yes.

3229. Is this tender (Exhibit No. 15) in your hand-writing?—Yes.

3230. Do you remember whether any person suggested to you this alteration to 22 cents?—No; I did it myself.

Made alteration
in price on his
own information.

3231. On your own information?—On my own information altogether.

**Railway Con-
struction.**

Reasons for
building the
Pembina Branch.

3232. Had you been up there to see the country and the nature of the work before that?—I had not; but I think there were some political matters in the question. There was a change of Government, I think, and it was the present Government, I think, that first projected this Pembina Branch. Then Mackenzie came into power, and I think it was thought that he would have to carry that Pembina Branch into execution. The rails were piled up, and in Ottawa it was thought that there was a large emigration that was coming in here; that they had nothing to do and nothing to get—meat or lodging or anything else, and there were only some ten or fifteen days notice given. That was the object for letting it in such a hurry. When I came up here there was not half-

Railway Construction—
Pemb. Branch—
Contract No. 5.

a-dozen men to be had, and then I had to give them \$2 a day and board.

323. Do you mean to say that you put in 22 cts. for that work without knowing the country?—I knew the work was only digging from the sides, and I could make 3 cts. or 4 cts. a yard clear from it. But when the plant and stuff were paid for, there was no money left after it.

3234. Do you remember the mileage of that contract?—It was something over sixty miles, I think.

Extent of contract, over sixty miles.

3235. But your contract did not cover the north and south extremities of the Pembina Branch?—It started at the south side of Bishop Taché's estate. The engineers were locating the line, and I think they had crossed the Seine River two or three times. They had not the location decided and they started me at station No. 50.

3236. Did you go down as far as the boundary line of the Province?
—Yes.

Graded as far as boundary of Province.

3237. I thought there were some miles at the other end that were not in your first contract?—Yes; I had it all the way up there. I was on the whole ground up to the boundary, and I graded the station ground.

3238. Did you work all the way to the boundary line?—Yes; I worked to the station ground, and the station ground is up to the boundary line.

3239. The specification describes two sections of railway, the southern section, going through townships 2, 3, 4 and 5, in length about twenty-four miles; that does not embrace township No. 1, on the boundary?—I do not know, but I did it away from here up to the station ground at Emerson.

3240. Do you mean that you were ordered, under your contract, to work down to the southern limit of the Province?—Yes; the engineers were there and staked it out for me.

3241. Do you mean that you never understood that there was any reason why you should not go all the way to the boundary?—No.

3242. And did you work all the way to the boundary?—Yes; I did work all the way to the station ground, and it came on a hard frosty night with snow, and I did not quite finish it.

3243. Is there any dispute between you and the Government respecting that first contract of yours?—No.

No existing dispute between Government and contractor with respect to this contract 5.

3244. Has it been fulfilled, and settled for?—Yes; there was a dispute in the measurement. I calculated that I worked 85,000 yards more than I got from Mr. Rowan. Finally I went to Ottawa and arranged to have it measured over again. They appointed fresh engineers and brought me out 65,000 yards more than Mr. Rowan wanted to give me.

3245. What was the next transaction connected with the Pacific Railway in which you were interested?—This was in 1875, I think. I did nothing in 1876, and in 1877 was the next contract—contract 15—with Sutton & Thompson.

Contract No. 15.

3246. Was that before the work on the north part of the Pembina Branch?—No; I held the contract for 14.

**Railway Con-
struction—
Contract No. 15.**

3247. I am asking whether the contract with Sutton & Thompson was before the finishing of the north part of the Pembina Branch?—I took 15, and then they had the iron to get down to Selkirk, and I thought it better to make the road and run the iron down the track. Section 15 was the first.

3248. Was that work let by public competition?—Yes.

Tendering.

Twenty-six tenders. Witness's the thirteenth. Did not get contract on his tender.

3249. Were you one of the persons who tendered?—Yes, I tendered; but there were twenty-six tenders, and my tender was just the middle—the thirteenth. I did not get this contract on my tender.

3250. Was it let by quantities and a schedule of prices applied to those quantities?—It was let by a schedule of prices.

3251. And the moneying out of those prices attached to these different quantities showed the whole sums, and the comparison of those whole sums showed which tender was the lowest?—Yes.

3252. That was what you understood to be the way of arriving at the lowest tender?—Yes.

3253. You say your own tender was about half-way?—Yes; it was the thirteenth, I think; and there were twenty-six in all, to the best of my recollection.

3254. This work was advertised several different times?—Yes; three times, I think.

3255. Did you tender each time?—Yes.

Sutton & Thompson successful tenderers. Whitehead goes into partnership with them and buys them out.

3256. Did you understand that your tender was not likely to be accepted, but that the tender of somebody else was, before you made any offer to Sutton & Thompson?—No; I found I was a good way up, and they were not able to take it if it came to them. They fully expected that it was going to come to them, but they were not able to put up the security, and they wanted me to go in partners with them. I spoke to Mackenzie to see if he would have me put on as partner with them under an Order-in-Council, and he agreed to do so, and by that means the contract was given in that way to Sutton, Thompson & Whitehead. I got the \$80,000 put up for security, and I bought them out.

3257. You say that Sutton & Thompson thought it was likely to come to them?—Yes; they were second or third.

3258. At the time that they were under the opinion that it was likely to come to them, were you of the opinion that you were a long way off?—I got to know their figures, and I knew those prices for the largest bulk of the work were pretty good, and the thing could be worked through.

3259. You say you got to know their figures?—They told me their figures.

3260. Who told you?—Sutton & Thompson.

3261. Speaking of your figures in tender No. 13 on the list: how did you know that you were not next to Sutton & Thompson?—We talked one amongst another and I found I was about thirteenth.

3262. Talked with whom?—The different tenderers that were there.

3263. That was after they were all opened?—Yes; after they were all in and opened, and I found that Sutton & Thompson's figures were

Tendering—
Contract No. 15.

pretty good for rock and earthwork, and off-takes, but for the tunnels I knew there would be money lost in them. I calculated there would be \$50,000 or \$60,000 lost in the tunnels.

3264. Did you know anything about the affairs of Sutton & Thompson, whether they were wealthy men or not?—I know that they could not put up the money.

Sutton & Thompson said they could not put up security, and wanted to sell out or have Whitehead go in as partners.

3265. Did they say that before they got the contract?—Yes; they wanted to sell out.

3266. Did they say that?—Yes. They wanted me to go partner with them. They knew my brother-in-law could put up the money, and I went in with them, and Mackenzie admitted me as a partner by Order-in-Council.

Hon. Alexander Mackenzie admitted Whitehead as partner by Order-in-Council.

3267. Had you arranged with Sutton & Thompson, before it was known that the contract had come to them, that you would go in with them?—Yes.

3268. Did you tell Mr. Mackenzie that?—I do not know what I told him; but I told him Sutton & Thompson wanted me to go in partners, and he cautioned me about them, and said I should take care of them. I dare say he knew them better than I did.

3269. Before it was known that Sutton & Thompson were to get the contract, you knew that if they did get it you were to be a partner?—Yes.

3270. Did you communicate that to Mr. Mackenzie?—I met Mr. Mackenzie between the two buildings, and I told him that they wanted me to go in partners with them. I asked him if I could be admitted through an Order-in-Council to become a partner with them, and he said he would do what he could.

3271. Do you remember writing Mr. Mackenzie a letter on the subject?—Very likely I did; I do not distinctly recollect it.

3272. Did you have any communication with Mr. Mackenzie, or any one else connected with the Government, before it was decided that Sutton & Thompson were to get the contract?—Not to my recollection.

3273. Do you not remember writing to him about letting the contract to a lower tenderer, Charlton?—I think I did write a letter to that effect. He was wanting to sell out too.

Remembers writing a letter to Hon. Alexander Mackenzie, about a lower tenderer, Charlton.

3274. Did he try to sell to you?—I do not distinctly recollect whether he did or not. He was trying anybody that he could get the chance to sell out to. I was about the Russell House at the same time that he was there talking about it. I heard him talk about it, and offer to sell.

Charlton trying to sell out to somebody.

3275. To whom did you hear him offer it?—I do not remember. There were a dozen of us there.

3276. Can you name any person he offered to sell out to?—The first I heard of it was from Mr. Cauchon, the Governor here. He thought Mackintosh was a partner with Sutton & Thompson, and he sent Charlton to sell out to Mackintosh. That was the first I heard about the selling.

Mr. Cauchon sent Charlton to Mackintosh to sell out to him.

3277. Who did you hear that from?—Mackintosh told me himself. That was the first I heard about selling.

**Tendering -
Contract No. 15.**

3278. What was the next?—It is so long since that I cannot remember. He would sell to Sutton & Thompson, or to anybody that would buy him out.

3279. What makes you think he wanted to sell to Sutton & Thompson?—Because I heard him say if he got it he would sell out to them.

3280. What did he want from them?—I do not know.

3281. Do you know of any others he offered it to?—I do not remember.

3282. When he proposed to sell out to Sutton & Thompson, and you knew that you were going to be a partner, what did you say about it?—I do not know that it was before I knew I was going to be a partner.

3283. What did Charlton say? Did you and he talk about selling it out, or did you talk about buying a share if he did sell out?—He was talking to Sutton & Thompson, and offering to sell out if he got it; but I do not remember any price he asked.

First awarded to
A. P. Macdonald.

3284. Was that before it was decided that he was the lowest tenderer?—I think so. I think it was awarded to A. P. Macdonald, in the first instance.

3285. Then this talk was before it was known who was to get it?—Yes.

3286. Was there any amount mentioned?—No; I do not think it.

3287. As a matter of fact, what was the arrangement between Charlton and Sutton & Thompson, or between you and Sutton & Thompson and Charlton?—There was no arrangement with Charlton at all.

3288. Do you know anything about any arrangement between Sutton, or Sutton & Thompson and Charlton?—No.

3289. You know there was a general talk?—Yes; it was about three months before the first letting to A. P. Macdonald when Sutton and I finally got it.

Bought out
Sutton & Thomp-
son.

3290. You finally bought out Sutton & Thompson?—Yes.

3291. In paying them their price was there anything said about the amount, or whether any amount had gone to Charlton?—No.

3292. That was not taken into account?—No.

Does not recollect
his object in
writing letter
respecting
Charlton to Hon.
Alex. Mackenzie.

3293. Now when you wrote that letter to Mr. Mackenzie, what was your object?—I really cannot tell my object now. We had been there two or three months and I was tired of stopping there, as I wished to have it decided in some shape, it was such a long-winded thing. I do not recollect, it is so long since.

Made bargain
with Sutton &
Thompson to
give them, if they
got contract,
\$10,000, and
security and
become sole
contractor.

3294. It was before Sutton & Thompson were informed that they were going to have the contract, that you made the bargain with them, that if they did get it you should be a partner?—Yes.

3295. On what terms were you to be a partner?—I arranged to give them so much if they got it and I would find the security.

3296. How much were you to give them?—Ten thousand dollars.

**Tendering—
Contract No. 15.**

Made sole contractor by Order-in-Council.

3297. Then you were to find the security and become the sole proprietor?—Yes; and I was admitted by Order-in-Council as the sole contractor.

3298. Was that arrangement made before they knew they had got the contract?—Yes.

3299. Was it understood, before it was known that they were to get the contract, that if they did get it then you were to become the sole owner of it, and you were to give them \$10,000?—Yes.

3300. Before it was known that they had got the contract did you write to Mr. Mackenzie on the subject?—I do not recollect. I think I must have written him before they got it, but I am not sure.

3301. Do you not remember writing to him for the purpose of influencing his mind against Charlton & Co.?—I did write him a letter. I told him the facts whatever they were.

Object of letter to Hon. Alex. Mackenzie.

3302. Do you not remember the object?—As I said before, I was for going home, and not staying to see it settled.

3303. Do you not remember that your object in writing this letter was to influence his mind against Charlton, who had a lower tender for this contract?—I do not remember the contents of the letter.

3304. Without remembering exactly the contents, do you not remember the main object of the letter?—I really could not say what was in the letter. I do not recollect it.

3305. Do you not recollect that your object was to influence Mr. Mackenzie against Charlton?—I know that I was there so long, that I was tired of it and wanted to go home.

3306. What did you write to him about?—I do not remember what I did write to him.

3307. Did you write him this letter in the Blue Book report of Committee on Public Accounts, page 7? (Handing the book to the witness.) After reading it will you tell me what was your object?—It appears that the contract was going into the hands of some Americans, and I wrote to him to influence him against letting it to Americans.

Wrote to prevent Hon. Alexander Mackenzie letting contract pass into hands of Yankees

3308. And these Americans were represented by Charlton & Co.?—Yes.

3309. But you knew that Charlton was willing to sell out?—Yes; they were going to sell out to some Yankees.

3310. And you did not want them to have that chance?—No.

3311. Why not?—Because I think there are plenty of men in our own country to do the work without getting the Yankees to come and do it.

3312. At the same time that you wrote this letter, you suggested to him to give the contract to Sutton & Thompson?—Yes; because they were the next tenderers.

Suggested that Hon. Alexander Mackenzie should give contract to Sutton & Thompson.

3313. Did you know then that theirs was the next tender?—It is likely I did.

3314. How could you know that?—It was very likely we told one another's tenders after they had been opened for two or three months. It is often enough known after the tenders are all in.

Tendering—
Contract No. 15.

Generally some-
body at Ottawa
who gets to know
the character of
all the tenders as
soon as they are
in.

Witness knows
that things have
not been in the
Department two
hours when they
have been known
in the streets.

Explains object of
letter.

Hon. Donald
McDonald gave
Sutton & Thomp-
son \$10,000 in
presence of
witness.

In Ottawa.

Sutton, who was
present, had
power of attorney
from Thompson.

3315. But if some man does not tell?—There was no one between us, it appears.

3316. You mean only those who were present to tell?—There is generally somebody who gets to know the whole thing in Ottawa.

3317. How do they get to know it?—I cannot tell; it is more than I can do, but some of them do. By the time the tenders are in they know the whole of them.

3318. You must be wrong about that?—I know it for a fact. I know things that have not been in that Department more than a couple of hours before they are known on the street.

3319. Which Department?—The Public Works Department.

3320. You must be mistaken about that?—I am not, and I know the party to blame for it too.

3321. In this letter you advocate the letting of the contract to Sutton & Thompson, and you say you have no other object than to let him know the feeling outside?—That is all.

3322. But had you not another object?—If Sutton & Thompson got it I had.

3323. What was the object?—The feeling outside was very much against the Americans getting it.

3324. And what was the feeling inside?—That Sutton & Thompson and I wanted to get the contract.

3325. And you got it?—Yes.

3326. And that was the real intention?—Yes.

3327. You say that the bargain was to give Sutton & Thompson \$10,000?—Yes.

3328. How much was given to them, as a fact?—I gave them \$10,000.

3329. Who gave them that?—Mr. McDonald paid it to them in my presence.

3330. Where?—In Ottawa when we signed the contract.

3331. The contract did not show that you were the sole owner at the time it was signed?—No; the whole three of us had to sign the contract, and I had powers of attorney as soon as we signed the contract to give up their whole right and title to me.

3332. Were they present at the time of signing the contract?—I do not think Thompson was, but Sutton had power of attorney to sign for him.

3333. Where was it signed?—In Mr. Mackenzie's office.

3334. Who were there?—There were Sutton and myself, and Mr. McDonald and Mr. Braun, and I think they took the contract into the room to Mr. Mackenzie to sign it.

3335. He was in the other room?—Yes.

3336. You did not inform the Department of the real bargain between you and Sutton & Thompson, before the contract was signed?—No.

Tendering—
Contract No. 15.

3337. You wished them to believe that Sutton & Thompson were still interested?—I do not know that I had any object in that. There was nothing of importance in it in any way, and I could not say what I thought at that time.

3338. Did you not represent to the Department that you were only going in as a third partner?—Yes; that was the time that Mr. Mackenzie admitted me by Order-in-Council. Did not let Department know all the facts.

3339. But before that time you had arranged to be the absolute owner?—Yes; I had agreed to buy them out.

3340. Then you did not let the Department know the real state of the affair?—No; I did not at that time, but I did after they passed the Order-in-Council, making me the whole contractor.

3341. Why did you think at that time that it was advisable to keep from the Department the fact that you were the sole owner?—I could not say that I had any particular object at all. That was the arrangement, and I knew very well that I could carry it on as well as they could. I did not tell them at the time. I told them afterwards, and they admitted me by Order-in-Council as the whole contractor, excluding Sutton & Thompson and their sureties.

3342. Now, at the time of Sutton & Thompson getting the contract and when, in fact, you were the owner of it, did you put up the security yourself?—Hon. Mr. McDonald, my brother-in-law, put it up for me. Hon. Donald McDonald put up security.

3343. What was the arrangement between you and Mr. McDonald at that time?—He was to find finances for me, if it were required, and I was to pay him 10 per cent; and there is \$80,000 of it up in the Department yet as security. Hon. Donald McDonald to get 10 per cent. per annum, and his son was to have half the profits of the contract.

3344. What else?—That was all I had to do with him.

3345. Do you mean that you were to pay him interest at the rate of 10 per cent. a year?—Yes; and his son was to have half the profits of the contract.

3346. And suppose the contract was a loss?—Then he would get no profits.

3347. Were you to bear all the losses if there were losses?—I suppose I was. Witness to bear all the losses, if any.

3348. Was that the understanding between you and Mr. McDonald?—I suppose he would have made loss too, as I could not make it up. But he had every confidence in me as a railroad man, and that is the way we did it. We did not anticipate a loss.

3349. Was it arranged between you and Senator McDonald that his son was to have half the profits of the contract?—It was the arrangement. His son was present at the time. The arrangement made in Mitchell McDonald's office

3350. What is his son's name?—Mitchell McDonald.

3351. Where were you then?—In Toronto, in his son's office. His son is a lawyer.

3352. Besides advancing the security did Senator McDonald advance this money for Sutton?—Yes.

3353. Did that carry interest too against you?—Yes. The \$10,000 to Sutton also carried interest.

**Tendering—
Contract no. 15.**

Mitchell McDonald not a railroad man, nor wealthy.

Senator McDonald could not take partnership being in Senate, and therefore secured it through his son.

3354. Was his son a railroad man?—No.

3355. Was Mitchell McDonald a wealthy man?—No; he was not wealthy.

3356. What was the object of associating him as a partner with you?—I suppose he could not take the partnership himself being in the Senate, and I suppose that is the way he took to secure the benefit of it, by giving his son the partnership.

3357. Why do you think that was the object of it?—I do not see any other way it could be; he could not be a partner himself.

3358. How do you know that? Did he say so?—Of course he knew it, and everybody knew it.

3359. Did he say so?—I could not recollect distinctly whether he said so or not. I do not remember, but I know that was the object.

3360. Do I understand you to say that the substance of the arrangement was, that Senator McDonald was to get half the profits, through the name of his son as a partner, because he could not be partner himself?—The arrangement was made in the son's name that he was to have half the profits.

3361. Do you know why it was made in the son's name instead of the name of the Senator himself?—I do not know anything except the reason I gave you. I know he could not have it himself.

3362. When he first arranged with you for the money, was it part of the understanding that you were to give up half the profits to somebody?—Yes; it was arranged that Mitchell was to have half the profits.

Mitchell McDonald insolvent at the time.

3363. Do you know whether Mitchell McDonald was worth anything, or had he become insolvent?—He was insolvent, and went through the Bankrupt Court since that.

Paid him \$20,000 on account.

3364. Did you actually pay any money on account of that partnership to anybody?—I paid Mitchell McDonald \$20,000.

3365. How did you pay him?—I gave him a cheque.

3366. Payable to himself?—It was a warrant from the Department.

3367. To whom was the warrant payable?—The warrant was made payable to me, and I endorsed it over to him.

3368. Did you put your name on the back?—Yes; I must have done so.

3369. Do you remember whether you put your name on the back?—I do not; but he got the money at any rate—\$20,000. I think I would put my name on the back.

3370. Do you remember to whom you handed that piece of paper?—I handed it to him.

3371. To whom?—To Mitchell.

Mitchell McDonald having got the warrant for \$20,000, gave it to his father.

3372. Where was he?—I do not know, but I know he handed it to his father afterwards. His father was sick at the time, but I saw it afterwards in his father's own hand in his house.

3373. Did you pay any more on account of that division of profits?—No; I have not yet.

Tendering—
Contract No. 15.

3374. Twenty thousand dollars is the extent of the money that you have given, is it?—Yes.

3375. Did you ever arrange with them that you would give a larger sum in satisfaction of their claim for their part of the profits?—Yes; I was to give him \$112,000, and that \$20,000 was a part of it.

Witness was to give \$112,000 of which the \$20,000 was part.

3376. How did you arrange the balance then?—I gave him notes.

3377. Your own note?—Yes.

3378. How much was that for?—About \$90,000.

Gave him note for balance \$90,000.

3379. Were you the maker of that note?—Yes.

3380. Have you paid it?—No; I have never been able to pay it yet.

Not able to pay this note yet.

3381. How long had it to run?—I think it was twelve months. I forget now.

3382. When you say that Mitchell McDonald went into the Insolvent Court, do you remember whether the assignee, or the person representing his estate, came to you for that note?—Nobody made a claim on me.

The assignee in Mitchell McDonald's insolvency made no claim on witness.

3383. Has any one made a claim on you?—No; I think he has the note himself.

3384. What makes you think he has the note himself?—I have never seen it since.

3385. Do you remember to whom that note was made payable?—I think it was to Mitchell McDonald. I think it was in two notes, if I remember rightly.

Thinks the \$90,000 was in two notes.

3386. Do you remember whether it was one or two?—I could not swear, but I think it is in two.

3387. Do you remember how long they had to run?—I think one was for twelve months, and the other was for eighteen. I am not sure.

3388. How was the amount of \$112,000 arrived at as being full satisfaction for their claim of the profits?—They wanted more, and that was the bargain we struck.

Mitchell McDonald wanted more than \$112,000. That sum the result of a compromise.

3389. Who wanted more?—Mitchell McDonald.

3390. Was any person else present when you struck the bargain?—I do not think there was.

3391. Where was it?—It was in his office.

3392. Mitchell's?—Yes.

3393. Was there any person else present?—I do not think there was.

3394. Do you think that Mitchell and you alone took part in that arrangement?—I think so.

3395. Did you never speak to his father about it?—His father was in Ottawa at that time. I never spoke to him about it; but I know his father was not satisfied about it.

Senator McDonald not satisfied. Wanted his son to make a deed, and place arrangement in the original form.

3396. Why do you know he was not satisfied about it?—Because he wanted Mitchell to make a deed and put it back where it was before.

3397. How do you know he did that?—Because Mitchell wrote a deed and put things back where they were before.

**Tendering—
Contract No. 15.**

3398. Did the father ever speak to you on that subject, as to whether he was satisfied or not?—I do not think he did, but Mitchell told me he was not satisfied and had made him make this deed to put it back where it was before we made this arrangement.

3399. Did you see the father after that?—Yes; many a time, but I do not think he ever mentioned it to me; but Mitchell wrote me a note and sent me this deed to sign, and told me that his father was very much displeased at what he had done.

3400. Where did he send it to?—I think it was to here. I came home to Winnipeg from his office.

Mitchell
McDonald has
tried to get from
witness the
amount of these
notes.

3401. Has any person made any claim against you in respect to that \$92,000 since the time you gave that note?—No one but himself. He has tried to get it himself.

3402. Do you mean Mitchell?—Yes.

3403. Did you know Martin, who was Charlton's partner on the tender?—He was working on the railway here with me since I got the contract.

Before tendering,
sent a man over
the road to learn
its character.

3404. Had you been over this country before you made that tender for section 15?—No; but I sent a man. I was a cripple, on crutches, and could not go myself; but I sent a man with hammers and drills to bring me specimens of the rock, and to find out wherever variations took place.

3405. Did you have any conversation with any of the engineers as to the kind of work that was to be done?—No; I had a profile to go by, that was all. I saw the profile.

3406. Is it not usual before making tenders, besides seeing the plans and specifications, to discuss with the engineers the probable nature of the work?—Very seldom. Mr. Carre was there, and gave any explanation he could, how access was to be got to the line with provisions and supplies. I was the only one who had a sample of the rock there. The engineers had not it themselves, nor had Mr. Fleming.

Railway Con-
struction—
300,000 yards of
rock; 80,000 yards
of earth; eight
miles of trestle
work.

3407. Had there been any discussion as to whether the bridges should be built, or whether the fillings would be of earth?—There were 300,000 yards of rock to excavate, 80,000 of earth, and there was eight miles altogether, I think, of trestle work.

3408. Before the tenders were made, was there any discussion between you and any person at all on the part of the Government as to the probability of how the work would be completed eventually?—No; nothing except what the specification said, rock work and trestle work and this 80,000 yards of earth. No one ever said anything different from that.

3409. You know there were three sets of tenders. First of all they were going to make solid embankments. That was found to be so expensive that for the time the Government abandoned it and asked for other tenders. Then there was a second set of tenders leaving gaps unfinished, was it not?—I do not remember.

3410. Then there was a third set that you became interested in; I wish to know whether about that time there was any discussion as to whether the final construction of that line would be according to the first set of tenders—solid embankments?—That was all the understanding

**Railway Construction—
Contract No. 15.**

that was held out at the time the tender was let, that the rock was to be 300,000 yards, earth 80,000, with this amount of trestle work.

3411. When you bought that contract from Sutton & Thompson did you think it probable that the trestle work would be adhered to?—Yes; of course I did.

Went into work expecting trestle work would be adhered to.

3412. Did you go into that work with that expectation?—Yes; I had no other motive or understanding with any one.

3413. The change is, of course, beneficial to you?—Yes.

Change beneficial to contractor.

3414. You would have lost more money if they had adhered to the trestle work system?—The trestle work would have worked itself. I would have made money, but not so much as I have made out of the earth work. In fact the trestle work was the plan that they had adopted, but it would not have been finished in twenty years if they had carried it out.

Trestle work would not have been finished in twenty years.

3415. Is not that a new idea. You did not have that idea when you commenced?—Yes; I did.

3416. Did you expect when you took the contract that it was to be finished with trestle work?—Yes.

3417. Although you knew it could not be done with trestle work in twenty years?—I do not know that I thought so when I took the contract. I did not see so far into it at the time as I did after.

3418. That, then, is a late idea since the contract was taken?—Yes; since I got started into it, and since the engineers told me the way it had to be done.

3419. How long after you started on your work was it before you came to the conclusion that the trestles should be abandoned?—I did not propose to abandon them at all.

3420. Did you come to such a conclusion in your own mind?—I saw in my own mind that it was going to be a long job, as we could not put on many men if they adhered to it, and the work could not be put through in twenty years. They were either bound to go back on earth work or else borrow rock to fill up the embankment.

3421. What was the difficulty?—You see, in the first instance, all the rock was to go into the water stretches to make a rock base the whole width of the embankment, and three feet above high water mark. The next cut was to go into the lake, and then a trestle had to be put up next the embankment, and then to get the next cut you had to build a trestle to get the stuff over it, and the same way with the next one, and fetch the stuff in that way five or ten miles. You could only work twenty or thirty men at each end next to the lake.

Reasons why trestle work would have taken so long a time.

3422. Would it have been necessary from each end of the contract to put up the trestle work before you could go on to the cut beyond it?—Yes; and the rock would have to go to fill up the water stretches.

3423. Did you communicate that idea to any person on behalf of the Government—to Mr. Carre or anybody else—soon after you went on the work?—I think they began to see it themselves when Mr. Rowan went down the line, because he told my son wherever there was any deposit of earth, the Chief wanted the voids filled in with earth instead of trestle work.

**Railway Construction—
Contract No. 15.**

Had line been built with trestles not more than twenty-five men could have been got into each cutting.

3424. Do you mean to say that the trestle and other works contemplated at the time of the advertisement could not have been accomplished under twenty years?—That is my impression, because you could not put on men to work.

3425. Was that because you had 16 work from each end with a very small body of labourers?—Yes; you could not get more than twenty or twenty-five men into each cutting, and they might be five or ten miles apart, and the stuff had to be put into the lake. I did not see it myself until after I got on the work.

3426. You do not think you saw that before your bargain with Sutton & Thompson to buy them out?—No; I did not see it until after I got on the work. I did not understand at that time that all the stuff had to go into each lake.

3427. Was this talked over with Mr. McDonald?—No; he did not know anything about railroads, and they left everything to me.

3428. Do you mean Senator McDonald?—Yes; he left everything to me.

3429. When you and he made the arrangement about half the profits going to Mitchell, was there any limit to those profits? For instance, were they to go to the full extent of one-half?—They were to go to the extent of one-half, and then I made an arrangement with Mitchell afterwards and agreed to give him \$92,000 to give up that chance.

3430. Did you communicate the idea that you speak of about the difficulty of finishing the contract to Mr. Marcus Smith or Mr. Rowan?—I am sure I do not know.

WINNIPEG, Tuesday, 14th September, 1880.

JOSEPH WHITEHEAD'S examination continued:

Tendering.

By the Chairman:—

Witness's tender for section 15, higher than Sutton & Thompson's.

3431. Your tender for the work on section 15 was much higher than the tender of Messrs. Sutton & Thompson, was it not?—Yes.

3432. Do you know about how much higher?—I do not recollect at present.

3433. The quantities published in the Blue Book and the prices attached to your tender after Sutton & Thompson's, make it appear that on timber your tender was about \$188,000 more than Sutton's?—Perhaps so. I could not say what my figures were. At present, I do not remember.

3434. Do you think that is about the difference?—I really could not say; I do not remember what mine were now.

Sutton's price for tunnelling too low.

3435. The same statements make it appear that your price for tunnelling was about \$128,000 more than his?—His price was no price at all for tunnelling, whereas mine is \$2.75 for open cuttings. The tunnelling ought to be at least three times as much as open cuttings.

3436. When you made your tender upon the examination of the country which you say was made by your agent, did you consider you would have a large profit on the transaction if you got it at your

Tendering—
Contract No. 15.

price?—I considered I would have a good thing in it. It was a large operation to go into.

3437. Had you made any estimate of the probable profit?—I thought I would make \$150,000 or \$200,000 on my own tender.

Thought he would make \$150,000 or \$200,000 on his own tender.

3438. If you thought you would make \$150,000 or \$200,000 on your own tender, what profit was there in taking the contract \$300,000 less than your own contract?—I found that his price was better for rock. I do not remember exactly what mine was. I think mine was only \$1.25, and his was \$2.75. His prices were good for ties, and for earth work, but I knew there would be a loss in the tunnelling. Still I thought the thing could be worked out to advantage.

Why he was ready to take a contract \$300,000 less than he tendered for. Prices good for ties and earth work.

3439. How did you think it could be worked out to advantage if the quantities which were offered to you, and which you were led to suppose would probably be executed, made a difference of \$300,000 against the Sutton tender, if you thought you could only clear \$150,000 on your own?—I could not say how much I would clear on my own. I was going into it to clear as much as I could.

3440. Can you not explain what induced you to take a tender of Sutton's at \$300,000 less than your own?—I thought his prices were good for rock and earth, and something could be made out of it.

Thought Sutton's price was good for rock and earth, and that something could be made.

3441. But the quantities of rock and earth would not at all make up for the deficiency of \$300,000?—It would come out all right enough now with the prices I have.

3442. But you could not tell then that it was going to happen afterwards, that the timber would be abandoned, for instance?—No; I did not know anything about it.

3443. Then you cannot explain beyond that the reason for supposing that the Sutton & Thompson tender would be a desirable one to have?—I thought there was money to be made out of it. I was perfectly certain I would not get my own figures, because I was told there were so many below me.

3444. Do you remember a talk at Ottawa about Sutton & Thompson having left out of their tender one of the items—rip-rap?—Yes.

Rip-rap not in Sutton & Thompson's tender.

3445. How was it known that Sutton had left that out of his tender?—I am sure I cannot tell. I heard that he had left rip-rap out; and I think it was left to the Department, and they took an average from the other tenders for it and put it in at \$2 a yard.

3446. At the time his tender went into the Department, there was no price in it for rip-rap?—No; he had left it out.

3447. Was it after that correction was made by the Department that you agreed with him to become a partner?—No; I think it was before that was known.

3448. Was it arranged between you and Sutton that you would become his partner if he got the contract before that correction was made?—I do not think it was known at that time.

3449. You heard of it afterwards?—Yes; I took Sutton & Thompson's note to the Department, and the Department made an average from the other tenders, and put it in.

**Tendering—
Contract No. 15.**

Some
departmental
matters become
known outside.

3450. You made a remark yesterday that matters known in the Department were sometimes known outside very quickly?—Yes.

3451. And I understood you to say that you knew the parties through whom such matters came out?—I say that it is generally known a very short time after the tenders are in. There is somebody gets to know what they are.

3452. What parties do you allude to?—I have known parties that have got to know the tenders.

3453. What parties?—I do not know the party's name. I know him by sight, in Ottawa. I do not know what his name is, but I know that he knew about the prices of those tenders before anybody I know of.

3454. Was he one of the tenderers?—Yes.

3455. I thought you knew all the tenderers?—No; there were twenty-six of them.

3456. Do you mean that you knew any person in the Department through whom the information came out?—I do not know that particularly. I do not know it for certain.

3457. What do you know about that?—Well, I do not know anything of myself that I can bring proof on, so I will not say anything further about it.

3458. Did you never talk to any person in the Department about matters in the Department?—I do not know that I did. About prices or anything?

Witness never
could find out
anything directly

3459. About prices or the contents of documents?—I never could find out anything. There was somebody had a better way of knowing it than I had.

3460. You tried, did you?—I do not know that I did. I knew that I could not get any information, and I did not bother myself about it. If I could have got information I would have had it.

3461. Did you try?—I do not know that I did.

3462. Did any one else try for you?—No; not that I know of.

Charlton's
interest.

3463. Do you know if Charlton sold out his interest in the tender, or took any money for not completing it?—I do not know that he took any money. I never saw him take any money.

3464. You might know without seeing?—I do not know. I did not see him take any money, and I did not give him any money, and I could not tell anything further about it.

3465. Could you not tell without giving him money or seeing him take it?—I do not know; I never gave him any and I never saw him take any.

3466. Have you any reason to know whether he got anything for not completing his tender?—I think he did, but I did not give him any.

Knows Daniel
Hayes.

3467. Do you know a man named Daniel Hayes?—Yes; from Toronto.

3468. Do you think he gave him any?—I do not know; I have no means of knowing that he did.

Tendering—
Contract No. 15.

3469. Did you never hear that he gave him anything on account of anybody else?—No.

3470. Do you know where Charlton was?—He was at Ottawa all the time.

3471. But there was a time that he was away from Ottawa—just about the date that Sutton & Thompson got the contract?—He was in Montreal.

3472. Did you hear he was anywhere else—at Cornwall, for instance?—Yes; I heard he was there.

Heard Charlton was at Cornwall, and that Senator McDonald was with him.

3473. Who was up with him?—Mr. McDonald.

3474. Your partner?—He was not my partner.

3475. Well, he was your financial assistant?—Yes.

3476. What did Mr. McDonald say to you about giving money?—I do not know.

3477. Do you not know that you were to make good any money advances?—Yes.

3478. What did he say about that?—I do not know any particular sum that he charged me with in the books, for Charlton, that I can refer to.

McDonald charged witness with \$20,000 given to Charlton.

3479. Can you remember the sum now?—I expect it was \$20,000.

3480. What makes you expect it?—Because it was talked of between me and McDonald.

3481. Was it not more than \$20,000?—No; it was not.

3482. Was that the amount put down in the account between you and McDonald?—There is no separate account, but it is amongst the other items of a larger sum. That was the amount.

3483. Are you sure it was not a great deal more than that?—I am certain it was not.

3484. Was that part of the money on which you paid interest to McDonald?—Yes.

This part of the money on which witness paid interest at 10 per cent. per annum to McDonald.

3485. At what rate?—Ten per cent.

3486. Have you those accounts now that were rendered by Mr. McDonald to you, showing the disbursements that he had made on your account?—I think we have.

3487. Can you produce them, to show whether your statement is correct or not?—Yes; I can.

3488. Are they here in Winnipeg?—Yes.

3489. Was Hayes up there with Mr. McDonald at the time?—No.

3490. Where was Hayes?—I do not know; he was not there.

3491. What makes you think that Mr. McDonald was up there with Charlton?—I was there too. It was at the station, going to Ottawa.

Witness in Cornwall with McDonald.

3492. Were you there with them?—Yes.

3493. What building were they in?—It was the front room of a hotel just opposite the station.

**Tendering—
Contract No. 15.**

Not present when the money was paid.

3494. You were interested in this transaction, why were you not present?—I was out at the time. When he paid him the money I was not in the place, I was out at the station.

3495. Who else was there?—I do not know who else was there. There was McDonald, and Charlton, and another man who came from Montreal, a partner of Charlton's. He is peddling coal, or wood, or something, in Montreal. I do not know his name.

3496. How did it happen that you were not present when this transaction in which you were interested was going on?—I was in the station.

Said he would go \$20,000, and left McDonald to do the rest.

3497. But the terms were all arranged in your presence?—I said I would go \$20,000, and McDonald made the rest of the arrangement.

3498. You had not the means of your own to do the rest of it?—No.

3499. It was done with Mr. McDonald's means?—Yes.

3500. Did you forget about this part of the transaction, yesterday, when you were giving your evidence?—No; you asked me whether Sutton & Thompson gave Charlton anything, and I said no, I did not know anything about it.

3501. Were you watching the words I used?—Of course, I have got to do that, or else you would soon trap me.

3502. Do you not want to be trapped?—No; but I will tell you what you ask me.

**Railway Con-
struction.**

3503. How long was it after you went upon this work on section 15, when you came to the conclusion that it could not be finished with trestle work, as was first intended by the Government?—It was the way that the engineers instructed us to go on with the work, and instructed us that the work was to be done. We had to take all the rock work each way between two lakes; there was only one set of men could work; and when we got trestle work to put in on one side we would have to wait until the men could work on the other side of it.

In February, 1877, learned that trestle work would not be used.

3504. About what time of the year did you become aware that the trestle work would not be used?—It was in February, I think, in 1877. I signed the contract on the 9th of January and then came up here from Ontario.

3505. Were you down at Ottawa that season?—I was at the signing of the contract.

3506. I mean after you had become aware that the contract was not likely to be finished with trestle work?—I could not tell you when I was in Ottawa after that. I have been to Ottawa a good many times, and I do not remember. I did not keep track of it.

Does not remember discussing expediency of changing character of road, with any officer of the department.

3507. Did you discuss the expediency of changing the character of this work with any person connected with the Department of Public Works?—Not that I remember of.

3508. Not with Mr. Trudeau?—I do not remember; I could not say.

3509. Was not Mr. Trudeau present when you and some other persons were talking about the necessity of changing the character of the work?—Not to my recollection.

Railway Con-
struction—
Contract No. 15.

3510. Do you remember talking of it in the Department of Public Works?—No; I do not. It was with Mr. Rowan the thing first commenced.

3511. I am speaking of a later time, after Mr. Rowan told you—about September, when he was down on the works?—I do not recollect.

3512. When did you first go to Ottawa after that?—I could not tell that either. I do not recollect.

3513. Have you ever been examined as a witness before any of the Committees of Parliament?—No.

3514. Were you down at Ottawa at the time of any of the committees taking evidence?—Yes; I was there the Session before last when Mr. Rowan was examined, and Mr. Carre.

3515. You were not asked to give evidence?—No.

Does not know any reason why he was not examined before Parliamentary Committee.

3516. Do you know why you were not asked to give evidence?—No; I do not know anything about it.

3517. Was there any arrangement by which you were not to give evidence?—No, I never heard of it; I did not know that they wanted me at all.

3518. Had you been down to Ottawa before that, the season before, after Mr. Rowan had led you to understand that the character of the works was to be changed?—I really could not say; I did not keep any memorandum about going to Ottawa. I have been to Ottawa many different times, and I do not know any particular date.

3519. Have you let much of the work on contract 15 to sub-contractors?—Very little, except the earth work. I kept all the rock work in my own hands.

Let little of work excepting earth to sub-contractors.

3520. How much of the earth work did you sub-let?—I could not say; where there was any barrow work or grading work that was to be done beside the trestle work.

3521. Was that a small proportion of the whole?—Yes; I do not suppose that out of 1,000,000 yards I have let more than 20,000.

Out of a 1,000,000 yards of earth, let only 20,000 yards.

3522. So that the bulk of the work you have done without sub-contract?—Yes; all by days' labour.

3523. Did you ever have any conversation with Mr. Fleming upon the subject of changing the work from trestle to embankment?—I do not recollect that I ever had.

3524. Or with Mr. Smellie?—I could not say; I do not remember about it.

Tendering.

3525. Could you fix the date at which that conversation took place at Cornwall between you and Mr. McDonald and Charlton?—It was just a few days before the contract was let.

Meeting at Cornwall between McDonald, Charlton and witness took place a few days before contract was let.

3526. You mean a few days before it was awarded to Sutton & Thompson?—Yes; three or four or five days—perhaps a week before that.

3527. Do you think the account that Mr. McDonald rendered to you would show the date?—I do not think it would.

3528. Has there been any complaint on your part as to the quantities of the estimates of the Government engineers at different times?—Yes.

**Railway Construction—
Contract No. 15.**

Dispute with Government engineer regarding loose rock, ties, &c.

27,000 ties kept from him.

About \$96,000 he thinks kept from him.

Got \$45,000 on plant.

S. Fleming and Sir Chas. Tupper said he could have \$60,000.

\$100,000 value of security.]

Sir Chas. Tupper informs him that the Government cannot be his bankers.

3529. What was the principal dispute about?—Well, the loose rock was a large item; and then there were other things—there were the ties. For instance, Mr. Rowan makes me find all the ties to lay to the ballast pits, and I have no right to do it, according to contract. I do the labour for nothing just to put the roads in; but the Government find the materials: sleepers, ties and rails. I spoke to Mr. Schreiber about it (I think he has kept some 27,000 ties off me, as near as I can guess) after he came over the work, and he said it was absurd to keep the ties off me without paying for them. They might as well make me find the iron too. Then there is some of the track laying not paid for yet, and some of the days' work not paid for. I calculated it as near as I can figure it up, and Mr. Schreiber has promised to give me a final statement in November. Everything all told, I think there was \$96,000 kept off me.

3530. Has the withholding of this money, to which you think you are entitled, prevented you from successfully carrying on the works?—Yes; the works would not have been in the hands of the Government to-day if I had got my estimates as I should have got them.

3531. Did you make any application to the Government for assistance?—Yes, I did.

3532. When did you first make it?—I could not say when I first made it, but I think it was some time about the month that Mr. McDonald died. That is about a year ago in January. I do not remember the date. They gave me \$45,000 on my plant, and that, I think, is all paid back again. Then I wanted to get some more, just before the Government took possession of it, but I did not succeed, although I was promised it.

3533. Do you say you had the promise of it?—Yes; I had the promise of it but I did not get it, and I took in some other partners.

3534. Who made you the promise?—Some members of the Government—Mr. Fleming and Mr. Tupper. On a Saturday morning Mr. Fleming said it would be sent up here from Ottawa, \$60,000, on Monday.

3535. Was it only Mr. Fleming who said you could get it?—The two said it.

3536. What security were you to give them?—Rolling stock, engines and cars, and such as that.

3537. What was the value of the property which you offered as security?—Something over \$100,000. There were six locomotives; there were 168 flat cars, and then, of course, they have possession of everything else besides, as nothing can be taken off the work until the contract is finished. Everything belongs to Her Majesty until the contract is finished.

3538. Was there any objection on the part of the Government to the value of the security which was offered?—No.

3539. Then why did they not make the loan to you?—Dr. Tupper said that the Government were anxious to do all that lay in their power for me, but they could not be my banker; and he said he thought it would be better if I were to take in partners. This was on the Tuesday following. Mr. Grant came down to Ottawa, and Tuttle, the newspaper man, was with him. Mr. Grant was of the firm of Fraser,

Fraser & Grant-
Whitehead
Partnership—
Contract No. 15.

Grant & Pitblado. He was along with Mr. Macdonald, the Minister of Justice, that afternoon.

3540. Who was?—Grant was; and next day I saw Tupper, and he said he thought I had better take in a partner as the Government were anxious to do all they could for me. He said he did not think I had an enemy in the Cabinet, but that they could not be my bankers. Finally, I agreed to take in a partner, and they were to find all the money that was necessary to carry on the works, but they failed to do it, and so I went right into the hands of the Government.

Money not forthcoming the work passed into the hands of the Government.

3541. When it was suggested that you had better take a partner, was any name mentioned to you?—No; there was not. By Sir Charles Tupper you mean?

When partner was suggested Sir Chas. Tupper mentioned no name.

3542. When it was suggested that you should take a partner, was it also suggested what partner you should take?—No.

3543. Was there any allusion made to any of those persons who did become partners, by any person connected with the Government?—No.

3544. Are you sure of that now?—Not to me; there was not.

3545. Was there any suggestion made by any member of the Government which led to your taking in these individuals?—I do not know that there was.

Nor did any member of the Government suggest any one.

3546. This proposed partnership was no advantage to you, as I understood you to say?—No; it was a disadvantage.

3547. Do you mean to suggest that this proposed partnership was brought about by any action of any person connected with the Government?—No, I do not say that, because I do not know; but Sir Charles Tupper told me that he thought it would be better to take in a partner. That is all I can tell you about it.

Does not suggest that partnership was brought about by the action of any person connected with Department.

3548. Did any other person than Sir Charles Tupper, connected with the Government, mention any names to you as proper persons, or desirable persons, to form a partnership with?—No.

3549. Are you sure of that?—Yes; I do not remember anybody.

3550. Those persons who proposed to be partners, as I understand you, failed to furnish the capital which you expected?—Yes.

3551. And that has led to the trouble about your completing the works?—Yes.

3552. And that trouble has led to the Government taking the work out of your hands?—Yes.

3553. Now, we wish to understand all the particulars about this transaction by which you took partners who were supposed to have capital, instead of borrowing money from the Government. I wish you to explain any matter which I have failed to ask you about, that will give us a correct idea of how the thing was arranged?—Well, Grant came down to Ottawa, and when Sir Charles proposed the partnership to me, I told him that I did not require any partner; that I could do without a partner; that I had spent a large amount of money in taking plant and provisions down to North-West Angle 110 miles, and that I had to team it from here. Sifton Ward & Co. were behind time in finishing their contract on section 14, and that is the way I should have got my provisions, plant, and material down; but they were so far behind with

How he came to take in partners.

**Fraser & Grant-
Whitehead
Partnership-
Contract No. 15.**

Had either to wait twelve months or else haul stuff down by Dawson route.

the grading that I had either to wait for twelve months before starting contract 15, or I had got to haul the stuff down by the Dawson route to North-West Angle. Then I had to take it by steamboat to Rat Portage. I had then, in the summer of 1877, to pack the stuff on men's backs to start on the east end of the contract instead of the west end. I told him I had spent a large amount of money in this, and I was getting the work into shape, and could work it by steam; that I had five steam shovels and six locomotives, and I had every preparation to work the things on a very economical base, and I did not wish a partner at all. He told me—

Sir Chas. Tupper having told him that the Government could not be his bankers, witness went back to Winnipeg where his creditors pressed him.

Cooper, Fairman & Co. wanted their account of \$9,000 for glycerine, and Cooper threatened to make him an insolvent.

Cooper said he could get parties to go into partnership with him.

At Young's office Cooper suggested, Fraser & Grant.

3554. Who told you?—Sir Charles Tupper told me that the Government was inclined to do everything that lay in their power for me, but that they could not be my bankers, and that I had better get in a partner. Then I came home, and I did not come to any decision in Ottawa about taking in a partner. I came home and there seemed to be a ring formed against me when I got here to Winnipeg. Cooper, Fairman & Co., who made glycerine for me, wanted to have their account for the glycerine. I think it was about \$9,000; I do not exactly remember the amount. I failed to get the money in Ottawa that I expected when I went down, and when I had failed to get it Cooper came in and said that unless he could get the money that day I should be an insolvent before the sun set that night. Well, there were two or three parties who were my friends, or pretended to be my friends, took the thing up and got hold of Grant. This Cooper told them that he could get some parties who would go in partners with me.

3555. Whom did Cooper tell?—He told Dr. Schultz and Young, a merchant here, and some other parties, that he could get some parties who would go in with me if necessary. So they asked me to come down to Young's office, and when I went down Cooper was there, and they asked him who this party was that he could produce who would find the means necessary to go in with me.

3556. Who asked him that?—Dr. Schultz.

Partnership arrangement.

3557. Was he with you?—Yes; Cooper said it was Fraser & Grant. So he went and fetched Grant up, and he proposed to find all the money necessary. Money was the least object in the whole transaction according to his statement. So the arrangement was made that they were to go in partners, that they were to have half of the contract; that the rolling stock and plant that I had were to be valued, and that they were to pay cash for one-half of the plant when it was valued. It was to be done by arbitrators. I was to have one, and they were to have one, and C. J. Brydges was to be umpire.

3558. Was that part of the agreement upon which the partnership was to be arranged?—Yes. Well, we got the plant valued after some time, but there was a great deal of delay. We were to go on with valuation right away, but instead of that Fraser went down to Ottawa next morning and did not appoint an arbitrator.

3559. Was the agreement for the partnership completed at that time?—Yes; I think the documents were all drawn up.

3560. Have you the documents?—Yes; I think Mr. Ruttan has them in the office.

**Fraser & Grant-
Whitehead
Partnership-
Contract No. 15.**
Terms of partner-
ship arranged at
Winnipeg.

3561. Do I understand you to say that the terms of the partnership were arranged up here at Winnipeg?—Yes.

3562. At the instance of Cooper?—Yes; he was the party who brought it about.

3563. Was he the first party that suggested the names?—Yes; he said Fraser & Grant would go in and find all the means necessary.

3564. What Cooper is that?—Cooper, Fairman & Co., of Montreal. I had had Grant at me at different times before about coming in as a partner, but I told him I did not wish a partner.

Cooper, of Cooper,
Fairman & Co.,
suggested Fraser
& Grant as
partners.

3565. Is this the Cooper of the firm who had the contract for steel rails?—Yes; the same man.

3566. Had he been connected with you in business in any way before?—Yes; I had bought a good many things from him before. I had bought steam-shovels from him; and he had a commission for doing it. I bought some seventy-five tons of old railroad iron that he had got from the Grand Trunk Railway.

3567. How much altogether do you think would be the amount of your transactions with him?—I could hardly tell you; it was pretty large.

Had large trans-
actions with
Cooper.

3568. As much as \$100,000?—It would be pretty close to it.

3569. Have you and he been always friendly?—Yes.

3570. Did you consider he was acting in your interest at this time?—It came upon me like a clap of thunder, and I did not know what to think of it. That was the proposition he made to Dr. Schultz and Young, and unless I did it I would have to go into bankruptcy.

3571. Do I understand you to say that it was this pressure exercised by Cooper for his debt, at that time, which induced you take a partner, although you had been previously disinclined to take one?—Yes.

Cooper's pressure
induced him
against his will
to take a partner.

3572. Had you been in the habit of dealing with Cooper before you took this contract?—Before I took section 15?

3573. Yes?—No; I do not think so. Whatever plant I had bought for work here I bought in Minneapolis. I do not think I did any business with him before I got contract 15.

3574. How did you become acquainted with Cooper?—He came to me to see if he could sell me steam-drills.

3575. Where did he come to see you?—In Toronto. I had met him at Ottawa different times before I got arrangements fairly made. He met me in Ottawa and Toronto, and wanted to supply me with different things in another line.

3576. Did you know anything about his standing, or his ability to furnish?—No; I did not know anything about it, only he had these things—iron and chains, and such things as I was likely to use on the line, such as steam drills and shovels, and such as that.

3577. Had you ever required such things on any other contract before that?—No.

3578. Did you commence to deal with him upon his own representations?—Yes.

**Fraser & Grant-
Whitehead
Partnership—
Contract No. 15.**

3579. No person introduced him to you, or recommended him?—Not that I recollect of.

3580. Do you know whether Mr. Senator McDonald had anything to do with it?—No; he left all these things to me to get them wherever I liked.

Tendering.

At the time money was paid to Charlton, witness expected that Charlton, out of the way, contract would be given to Sutton & Thompson, whom he had arranged to buy out.

3581. At the time that this money was paid at Cornwall to Charlton, were you aware that Sutton & Thompson would get the contract if Charlton backed out?—I expected so; they were the next tender.

3582. Were you aware of that then?—I could not be certain, but I expected it, because they were the next tender.

3583. How were you aware that theirs was the next tender?—It was pretty well known what every man's tender was at this time; it had been three months before the Cabinet. It was three months between the time the tenders went in and the time the contract was let.

3584. Did you pay that at the time, because you understood that if Charlton backed out Sutton & Thompson would get the contract?—Yes.

3585. And you had made arrangements with Sutton & Thompson to buy them out?—Yes.

3586. And you expected that the effect of that would be, you would be the sole contractor?—Yes.

Government knew nothing about money paid to Charlton.

3587. Are you aware whether at the time you speak of, when the money was paid to Charlton, any understanding had been arrived at either between you and Macdonald or any one connected with the Department about it?—No; the Government knew nothing at all about it.

Relative position of tenders well known.

3588. I mean about Sutton & Thompson's tender being the next?—No; we all knew whose the tenders were, one above the other. There was an American next above Thompson, named Gray, of New York. The tenders were all well known as they were in three months.

3589. Yes; but they might be in thirty months and the public would not know, unless somebody from the Department told, for some one person might possibly keep his own secret, and not inform the public that he was a tenderer?—He might; but I did not hear of anything of that kind.

3590. Of course not. You would not hear anything about it from him if he kept his secret?—No.

**Railway Con-
struction.**

Government carrying on work on the understanding that witness is to get all that comes out of work after cost has been defrayed.

Tendering.

3591. Are you carrying on these works now, on section 15, on your own account?—No, the Government has taken the carrying of them on; and the understanding is, that they have possession of all my rolling stock and everything else, and whatever proceeds come out of it, after the contract is finished and after all debts and liabilities are paid, the balance left comes to me.

3592. At the time that you were dealing with Charlton, at Cornwall, were you not aware that he had a partner named Martin?—I did not know. Martin was not there.

3593. But you say you knew all about everybody's tender?—Yes; he was in the tender.

**Tendering—
Contract No. 15.**

3594. Did you understand whether Martin was willing to sell his right in the tender as well as Charlton?—I do not know. Charlton seemed to be the managing man in the whole thing, and he said he had a power of attorney from his partner to act as he liked; but of course I never saw the other man. He was not there.

Charlton said he had a power of attorney from his partner.

3595. You say that Charlton had authority from Martin to do this?—Yes.

3596. Do you know whether he showed his authority?—I do not know whether he did. If he did, it was to McDonald, and not to me.

3597. But you understood that he did it on behalf of Martin as well as himself, by authority from Martin?—Yes.

3598. Did you ever speak to Martin himself on that subject before that payment?—I do not know that I did. I do not remember that I had any conversation with him at all on the subject.

**Railway Con-
struction.**

3599. You say there is an understanding now between you and the Government that you are to get all that the work amounts to at the price of your tender, beyond what it costs the Government?—Yes.

Agreement that he is to get all the contract price minus what work costs, agreement made with Sir Chas. Tupper.

3600. With whom is that agreement made?—With Sir Charles Tupper.

3601. He told you himself?—Yes.

3602. Where were you at the time?—In his own office in Ottawa.

3603. Then you are still interested in the result of the transaction, although you were not in charge of it?—Yes; I expect so. I have all my horses, and all my engines, and everything I have got, in the completion of it.

3604. Was there any difference between you and the Government at the time the work was taken out of your hands?—There was not a word about it. I could not supply the provisions on the line—at least the partners I took in were to supply provisions for the men, but there were no provisions provided. Then Mr. Schreiber went on the work and said that the contract had to be pushed through, as the Government were determined to have the engine through to Rat Portage by the middle of next month. So he bought provisions himself—at least he told me to buy them and get paid for them.

No difference between Government and contractor, when taken out of his hands.

3605. I understand you to say that the Government took possession of your plant?—Yes.

3606. And are they using it now in the completion of the work?—Yes.

3607. Have you discussed with your engineer, Mr. Ruttan, this difficulty that you speak of about completing the work as originally intended, viz: by trestle work?—How do you mean?

Trestle work.

3608. I mean have you discussed with him whether it could have been done in the beginning in the way the Government intended?—Yes.

3609. Then it is understood between you both that it was impracticable?—Of course, any person can see that it can be done, but it will take a long time to do it because you cannot work more than eighteen or twenty men between five or six miles of each other.

**Railway Construction—
Contract No. 15.**

3610. Considering the state of the country, and the difficulty of getting in supplies at that time, how long do you think it would have taken to complete the work according to the Government plan?—With the trestle-work?

Trestle work would have taken twenty years.

3611. Yes?—I do not think it would have been done in twenty years.

3612. Do you mean actually twenty years?—Yes; you could not put men on to do it in less time.

3613. Do you say “twenty years” by way of illustration, or do you think it would actually take that time?—I think it would take very near it, as you could not put on men to do it. Some of the water stretches are forty, fifty or sixty feet deep, and they had to put the whole base of the embankment three feet above high-water mark.

3614. Might not the earth cuttings be proceeded with in the meantime?—There were only 80,000 yards of earth to be done altogether on the contract.

3615. That might have been disposed of?—Yes; that might have been disposed of, but 80,000 yards did not amount to much. It was merely the stripping of the rock at the time they calculated it.

Never threatened Carre to have him dismissed.

3616. Did you use any threat towards Mr. Carre about getting him dismissed if he did not accede to your demands?—No; I did not. I told him I would have to bring him to Ottawa; and he told me then he was acting under the instructions of Mr. Rowan. I never threatened him with anything.

Contract No. 14.

3617. Besides section 15, you undertook some work on the adjoining section, No. 14, did you not?—Yes.

Sifton, Ward & Co., the contractors, had no plant to deal with a heavy fill joining Cross Lake, and therefore proposed that witness should do it.

3618. Who had taken that contract from the Government?—Sifton, Ward & Co.

3619. How did it happen that you took that work?—Because they were two years behind their time, or somewhat thereabout; and this was a very heavy ravine that had to be filled—a bay joining Cross Lake.

Government took contract out of Sifton, Ward & Co.'s hands.

3620. Is that joining your section?—Yes; it is next to it. It was a very heavy fill and they had no plant to do it with. Mr. Smith threatened to take the contract out of their hands, so they came to me and asked me if I would do it for them. I took it at a certain price to finish it; and the Government relieved them of the contract, and took me to finish it. It was a place almost without a bottom when we got into it.

3621. Between what parties was this arrangement made, that you should do the work instead of Sifton & Ward?—Between John Farwell and me. Farwell represented Sifton.

3622. Were they both present?—Yes.

3623. Where was it?—Down at Farwell & Sifton's office.

Agreement with Sifton, Ward & Co., made with consent of Hon. A. Mackenzie.

3624. Will you tell me the nature of the agreement between you and them. Of course you could not make a final agreement without the approval of the Government?—No; it was with the consent of Mr. Mackenzie, with the approval of Mr. Marcus Smith. I wanted, in the first instance, to buy them out on contract 14 altogether for \$50,000 cash—they were so long behind time—but they wanted \$70,000. I knew

Railway Construction—
Contract No. 14.

that they would never make it; but, however, if they would I did not give it, and I started to haul my supplies down by the Dawson route to North-West Angle. Then when the Government were going to take the contract out of their hands altogether they wanted me to take this bay that joined my contract to fill, which I did, with the approval of Mr. Mackenzie. I set three engines and two steam shovels at work, and worked night and day all last summer, but the bank kept sliding away until it went 500 feet up the lake.

Character of fill
at Cross Lake.

3625. Was it your understanding when they gave up the work to you that they had no further interest in the cost of it, or that the Government were still answerable to them if the Department got it done cheaper than their own price?—I do not know anything about that. Sifton & Farwell agreed to give me 40 cts. a yard for it.

To get 40 cts.
a yard.

3626. Do you know whether you made any agreement in which that question was considered, or whether they gave it up to the Government?—I do not know. They got the consent of the Government to give it to me, and that is all I know about it. I agreed to finish it for 40 cts. a yard, and as soon as I got the agreement I set three steam shovels to work at it.

3627. Is part of Cross Lake on section 15?—No; it joins upon a little island between this bay and Cross Lake.

3628. What was the principal filling on 14, near your contract?—It was all earth work.

3629. Was there any water filling?—That is a water filling where I spoke of.

3630. What do you call that water stretch?—It is a bay that comes in from Cross Lake. It just goes in back of the island, and we have crossed it.

3631. How long have you been engaged in filling Cross Lake, including this bay?—We started last spring, a year ago.

Time Cross Lake
fill has taken.

3632. When was it completely filled?—We went on to Cross Lake after it. Cross Lake has been finished about a month. It goes down a little every month, but I think it has now found a resting place, and it sinks bodily.

3633. When did you commence this water filling on section 14?—About a year ago last spring.

Commenced at
filling on section
14 in the spring of
1879

3634. How long was that after you made the bargain with Sifton, Ward & Co.?—I started at it right away.

3635. But you say that when you made the agreement with Sifton & Ward, Mr. Mackenzie had to approve of it?—Yes.

3636. Would it be Mr. Mackenzie who approved of it a year ago last spring?—I think it was in Mackenzie's time. I have the agreement somewhere.

3637. What force have you had at work upon this water filling near Cross Lake?—I have had two steam shovels, three locomotives, and perhaps 100 men.

Force employed
on this fill.

3638. Working night and day?—Working night and day.

**Railway Construction—
Contract No. 14.**

3639. Look at the agreement, Exhibit No. 85, and say whether that was the agreement made between you and Sifton, Ward & Co.?—Yes; I think that is it.

Agreement with Sifton & Co.

3640. That is dated September, 1878. Did you commence the work upon the filling soon after that?—Yes; there were two or three places this side in the embankment that had shrunk, and we had to fill them up before we got to this bay. Their agreement was upon an old specification. My agreement is, that where there is a haul of 1,200 feet and over up to 2,500 feet, I get a cent a yard per 100 feet for it; but his specification was from 1,200 feet and had no limit.

Sifton & Co., had not machinery for putting work forward.

3641. This arrangement, you say, was brought about at your request?—No; they came to me because Mr. Marcus Smith proposed to take it out of their hands. They were notified different times to push the work forward, but there was no progress made; in fact they had no plant or material to do it. I had three engines and sixty flat cars to put into it. It took about \$70,000 worth of stock to work at it.

3642. Was Mr. Smith a party to this arrangement between you?—No; but he threatened to take the work out of their hands, and they came to me to do it because I had the plant for the purpose.

3643. And when they were pressed by Mr. Smith they came to you?—Yes.

3644. The former negotiations which you had attempted had failed, and had been given up?—Yes; that was when I started in September and offered them \$50,000 but they wanted \$70,000. I knew that they could not make half of it, but I would have to remain idle for a year until they got through, or haul my stuff down by the Dawson route. It was in September, 1878, that Mr. Smith threatened to take the contract away from them.

Contract No. 15.

Conversation with Rowan and others as to earth work fillings.

3645. Is there anything further about section 15 which you would like to explain to the Commission?—I do not know of anything further, except about that earth work when Mr. Rowan came down. Mr. Rowan was on the line with my son and Mr. Ruttan, and they had this thing talked over, and they came off the line and told me what they had been talking about. They asked me what I thought about it, I said I would let him know to-morrow. After thinking it over I told him I would undertake to fill all the places where there was to be trestle work, with the engines if I had to draw it four or five miles. He said if I would do that without extra haulage he would recommend it to the Government with all his might.

To make earth fillings without extra haulage.

3646. About what time was that?—I do not know. There is a letter in the Blue Book will tell you.

3647. Was Mr. Marcus Smith present?—No; I do not think Mr. Smith came until September, 1878. Then I told Mr. Rowan I would fill all the places where the trestles were going in, with earth, without extra haulage. He asked me if I would give him a letter to that effect, and I told him that I would. Shortly after that he told Mr. Carre to set out the retaining walls in the water stretches that were to form the foot of the bank.

3648. Is there any other matter connected with section 15, either as to the manner in which you got the contract or the manner in which the work has been done, or any negotiations between you and the

Government which you have not fully explained?—No; I do not know anything else except the amount that has been kept off me. That is in the hands of the Government, and they have agreed to let it stand until the contract is finished. It is an open account to be settled.

Tendering—
Contract No. 15.

3649. Was there any agreement between you and Mr. McDonald as to how he should be secured for the advances that he had made for you?—I gave him a chattel mortgage on the plant that I bought with it. I produce an agreement dated 10th January, 1877. (Exhibit No. 93.)

Gave Senator McDonald chattel mortgage on plant to secure advances. Agreement with Senator McDonald.

3650. This does not appear to be executed, but appears to be a copy of another document?—Yes.

3651. From whom did you get this copy?—From Hon. Mr. McDonald.

3652. This document alludes to a previous letter or instrument which had passed between you. It recites the fact that there was a letter or instrument in which you made certain promises, and that that letter or instrument should be constituted a part of this document; do you know where that letter is?—I do not know, unless Mr. Ruttan has it.

3653. Perhaps Mr. McDonald is the only man who had that letter?—I could not tell you.

3654. There is nothing here about Mitchell having a share in the profits?—No; that is another document. I think Mr. Ruttan has it in the safe.

Stipulation that Mitchell McDonald was to have half the contract mentioned in a second agreement.

3655. Did you ever see it?—Yes.

3656. Perhaps you will be able to find it?—I will try. I think Mr. Ruttan has it, as he had charge of all the papers connected with the railroad in the safe in his office.

3657. Do you remember what the item was that he charged in the account against you for moneys advanced?—No; I do not. I got a statement which I now produce (Exhibit No. 94) about the 4th of April, 1878. That is the first statement I got of the moneys he was giving me. He used to give me five, ten, fifteen, twenty, thirty, and sometimes as much as forty thousand dollars.

Statement of account between Senator McDonald and witness.

3658. Do you remember if this money which he paid for you to Charlton, and also to Sutton, was part of the first item of \$35,000 in the account produced?—Probably it is in that item.

3659. Can you produce any other statement of advances made by Mr. McDonald to you?—Yes; I produce his own now, in his own handwriting. (Exhibit No. 95.)

Further statement of account.

3660. In this last document which you produce in Mr. McDonald's own handwriting, the first item is on December 20, 1876: "Advances, \$30,000." That is about the time that the money was paid at Cornwall, is it not?—I do not remember what year it was.

3661. Do you remember if that advance was just before Charlton withdrew his tender from the Government?—Yes; it was.

\$30,000 advance for the purpose of paying Charlton & Sutton.

3662. A letter appears here in the Blue Book, dated 21st of that same month in which Charlton withdrew his tender. Now looking at the date of this letter and the date of that charge, are you able to say

**Tendering—
Contract No. 15.**

whether that was for the advances to Charlton and to Sutton?—Very likely it is.

Letter from
Marcus Smith.

3663. Have you any letter from Mr. Marcus Smith upon the subject of those works?—Yes; I produce it. (Exhibit No. 96.)

Senator
McDonald
charged 10 per
cent. on advances
and on security
given to Govern-
ment.

3664. You said that Mr. McDonald charged you 10 per cent. interest upon his advances?—Yes.

3665. Did he charge you that same rate upon the amount of security which he furnished to the Government?—Yes.

3666. What was the amount of that security?—\$80,000. I did not bargain for that at all; but when he made the statement I found it there.

Nature of
security.

3667. Are you aware that the security as was finally accepted by the Government was upon lands and not money?—It was, in the first instance, a cheque marked "good" by the Consolidated Bank; but after that he got property transferred for the cheque, and got his cheque back

After Senator
McDonald got his
money security
back continued to
charge interest.

3668. Did he continue to charge you interest upon the security after he got his cheque back?—Yes; from the beginning.

3669. So that while he was getting the use of the lands, he was also drawing interest from you for the amount of the security?—Yes; he is doing that yet. I have a balance sheet here that I got from Mitchell McDonald, when we settled up a few months ago, as to the balance I was to pay still.

3670. Was Mitchell acting for his father's estate?—Yes; and he is now.

3671. This statement does not take any notice of the note which you gave?—No.

3672. This is beside the note?—Yes, it is all paid; unless this \$3,000 for the next year for interest on the security is put up.

Helping News-
papers.

3673. Have you at any time had any negotiations with the Government, or with any of the Departments of the Government, in which you paid other persons for their influence or assistance?—No; I do not know that I had. I assisted Mackintosh in the paper. He was my security in one instance or two in making tenders, and getting my other tenders along with myself, and I assisted him with his paper or he would have gone down. That is all the influence I paid for in Ottawa, or in the Government, or to anybody else.

Mackintosh
security for wit-
ness who assisted
him in his paper.
Paid no one for
influence.

3674. Do you mean that you assisted him with money?—Yes.

3675. In supporting the newspaper do you mean?—Yes; he was in very difficult circumstances, and he was likely to burst up. He had been very kind to me, and got me assistance once or twice in securities in making up tenders; and I was a stranger there, and did not know any person, and he got them for me, and that is the way I assisted him.

Never understood
that Mackintosh
had any influence
with the Govern-
ment for which
this money was
given.

3676. Was it ever understood between you and him that you were to compensate him for any influence that he had used with any member of the Government?—No; not at all. Whenever I was wanting anything he used to see after it for me in Ottawa.

Influencing
Clerks.

3677. Did you ever make any gifts or payments of money to any one connected with the Departments of the Government?—No; not one

Influencing
Clerks—
Contract No. 15.

that I know of in any shape. Mackintosh is the only one that I ever assisted in Ottawa that I know of.

3678. Is your recollection good about officers in the Departments? Are you quite sure you never made gifts of any kind to them?—No.

3679. Do you mean no, you are not sure, or what?—No; I never did.

Pemb. Branch—
Contract 5 A.

3680. Were you interested in any other work on account of the Government after section 15?—No; excepting that and 14—Sifton & Ward's contract—and the Pembina Branch.

3681. You have already spoken about the Pembina Branch going south from St. Boniface. Now as to the Pembina Branch going north, was that work let by public tender?—No; I did not tender for it. It was given by Order-in-Council. I was to do the grading of it for the same price that I had done the section from here to Pembina, and all other works that were to be done were to be at the same prices that I had for section 15.

Did not tender for this contract; authorized by Order-in-Council (11th May, 1877), to proceed with work as part of contract 5, the grading to be paid for at contract 5 prices, and the rest of the work at section 15 prices.

3682. You spoke of having helped Mackintosh in the support of his newspaper as you have described: have you helped any person else in the support of any other newspaper?—Yes; I had one here.

Helping News-
papers.

Helped a news-
paper man in
Winnipeg.

3683. For what reason did you help him?—We had no other paper here at that time, and I had reason to know that the *Free Press* was working against me, and I was bound to have another paper to support me. They used to get things into the *Free Press* paper. For instance, the last thing I noticed we had two men killed; and they had it in their paper two or three days running, as though it were an accident every day. Then when another accident happened they would have it: "Another melancholy accident on Section 15!!" It went on so that I thought I would get another paper.

Reason why.

3684. Was your object in helping him entirely to advance your own interest?—Yes.

The man he
helped without
any influence
with the Govern-
ment.

3685. Was it on account of any influence he had with the Government?—No; he has no influence with the Government.

3686. Were you promised in any way that he would be of any assistance to you with any of the Departments as a compensation for helping his paper?—No.

3687. Were you led to expect anything of that kind?—No; I did not think of such a thing.

Contract 5 A.

3688. Now, returning to this north section of the Pembina Branch, you say it was let, as you understand, by Order-in-Council; how was that fact communicated to you?—I think I have a document from Mr. Braan. I cannot lay my hands on it; but I think I got the information either from Mr. Braan or Mr. Rowan, I am not sure which. I do not recollect how I got it. The reason was: I was track laying on section 14, and the iron was all here; and it was considered to be the cheapest and best way to lay the track down to Selkirk and take iron to 15, as the water was getting low in the river, and they could not take it down over the rapids. It was the cheapest and easiest way.

How he came to
get the building
of this portion of
the Pacific Rail-
way by private
contract.

**Railway Con-
struction—
Contract 5 A.**

Building a line considered easiest and cheapest way of getting iron to section 14.

Witness offered to do grading at same rate as original contract, and to lay track at rate for sections 14 and 15.

Cannot explain how he came to get section 15 prices for all the work other than grading.

Character of country.

Things the prices were established by an offer from the Government.

3689. Before it was decided that you should do the work, did you communicate your proposition as to the terms to any one connected with the Government?—I am sure I cannot remember at the present moment. It is very likely that Mr. Rowan and I had some talk about it, but I do not recollect it. It was considered to be the easiest and cheapest way of getting iron down to section 14.

3690. In a memorandum dated 19th of April, 1877, signed by Mr. Fleming, the Chief Engineer, he states that an offer had come from you to do the grading of the extension at the same rate as your original contract, and to lay the track at the same rate as the present contract for sections 14 and 15. Do you remember whether you made that offer by writing or by word of mouth?—I do not recollect it.

3691. Does that agree with your understanding as to the substance of the offer?—Yes.

3692. Do you remember whether your offer included any other item except those two—that is, the grading and laying of the track?—Yes; I think they notified me that they would accept the offer for doing the grading, and pay me the prices I had for section 15 for doing all the other works.

3693. How did it come to be arranged that you were to get the prices of section 15 for all the other works, unless there had been some discussion between you and the engineer, or some one on the part of the Government, as to these particulars?—I really could not answer the question. I do not remember. That is the way it was settled and gone on with. I do not recollect any more than I have told you.

3694. What sort of country is it from St Boniface to Selkirk over which this part of the work was done?—It is a very wet country, and it was a very wet season, and we made the road up to our knees in water a great part of the way. The men had to cut three or four feet of brush to put under their tents to keep them out of the water. That was in the spring of 1878, I think.

3695. The Order-in-Council was in May, 1877?—Then it must have been in 1877. I had to get the iron down and start the contract on 14, and that was the easiest and cheapest way for the Government.

3696. You made an offer yourself about two items, the grading and the track laying, but there are a great many other items?—I do not remember making the offer about the track laying, but I made the offer about the excavation, at 22 cts. a yard, and it was understood that I was to have the same prices I got on 15 for whatever extra work I did.

3697. I am trying to find out how it came to be so arranged. Were the prices for all the other items, beside the grading and track laying, established by an offer from the Government to you?—I think it must be so, because I got notified to that effect by Mr. Braun. I do not know whether I have the letter unless Mr. Ruttan has it.

3698. In one of the Blue Books a telegram is stated to have been sent from Mr. Braun authorizing you to do all those works in the way you have described—that is, upon the basis of stated prices as to two items, and all the other work upon section 15 prices?—Yes.

**Railway Construction—
Contract 5 A.**

3699. Is it your recollection that that was the only authority given to you to proceed upon that basis?—I think so. I do not remember of anything else. The price is the same on 15 for track laying.

3700. In some of those prices to which section 15 rates were attached, the work was paid for at a very much higher rate than on the lower part of the same branch?—It was all the same prices except the earth work—the same as section 15 prices.

3701. But they are not the same as the lower part of the Pembina Branch prices?—I graded from here, and laid the track and ballasted, and put in the cattle guards and trestle work.

3702. In doing all this work you did some of it at very much higher prices than you did the same work on the lower part of the branch?—No.

Did most of work at very much higher prices than on lower part of Pembina Branch.

3703. What did you get for off-take ditches for the south end of the branch?—I think it was 33 cts., but I am not sure.

33 cts. for off-take ditches on south branch.

3704. What was your price for the northern section?—45 cts.

45 cts. on northern.

3705. Why were you paid so much higher for the northern section?—That was Sutton & Thompson's tender price for 15.

3706. Is not that a higher price than the same work on the Pembina Branch could have been done for by other persons?—I could have done it for less than that myself.

Could have done it for less.

3707. If those off-take ditches had been let by public tender, what do you believe the work would have been done for?—If it had been let in small quantities it might have been done for 19 or 20 or 25 cts. Mr. Rowan let two or three off-takes in my contract last summer, and he let them at 25 cts. a yard.

Work might have been let by public tender for 19, or 20, or 25 cts.

3708. You think if it had been let by tender it would have been done for 20 or 25 cts.?—Perhaps for 19 to 20 or 22 cts.

The Government offered him more than double the price at which they could have got the work done had they called publicly for tenders.

3709. So that the Government offered you more than double the price at which it could have been done if it had been let by tender, in your opinion?—Yes; it could have been let for about one-half.

3710. What was the whole amount of that particular item for off-take ditches?—I could not tell you. There would not be more than 20,000 or 25,000 yards, or somewhere there.

The whole item of off-take ditches amounted to nearly 25,000.

3711. I think one of the statements published shows that the whole item amounted to nearly \$25,000?—I dare say it was.

3712. Mr. Fleming stated that the quantity was nearly 55,000 yards in the off-take ditches alone, on the north end of the branch?—I do not know. I could not tell you.

3713. That amounted to nearly \$25,000?—Of course it did. There were a great many of them we had to make a mile or two long.

3714. As long as you got 45 cts. a yard for them I suppose you would not care if they were five miles long?—No; I would like to be making them yet. I am not finding fault, but you must remember I lost \$7 a yard in the tunnels on 15.

45 cts. a yard a large price

3715. At the time that you were instructed to proceed with that work, were you notified that the Government intended to limit the

**Railway Construction—
Contract 5 A.**

whole expenditure to any sum, or about any sum?—I do not know. I did not hear anything about it.

Does not know that in the Order-in-Council it was calculated the expenditure would not exceed \$60,000.

3716. The Order-in-Council is based upon the proposition that no more than \$60,000 should be spent altogether. Was any such idea communicated to you?—I do not know anything about that.

Nor that the actual expenditure approached \$160,000.

3717. As a matter of fact has not the expenditure been nearly \$160,000?—I do not know they paid me for all I did.

Work on the north branch completed.

3718. Has that work on the north end of the branch been completed?—Yes.

3719. Is there any dispute between you and the Government about that?—I do not know that there is any. I got a final estimate.

3720. Has the account about it been closed between you and the Government?—Yes; I got a final estimate and got my money.

Full ballasted.

3721. Was it half ballasted or full ballasted?—It was full ballast. There are about 9,000 yards of earth for off-take drains let to some other persons on this same section last summer that ought to have been done by me.

Did make fencing at \$1 a rod, finding all materials.

3722. Did you do the fencing on the north section?—Yes.

3723. Was it done by a separate arrangement?—That was an arrangement between Mr. Rowan and me.

3724. That was not done by public competition?—No.

3725. What rate did you get for that?—\$1 a rod.

3726. The Government finding all the materials?—No; I found everything myself.

3727. What kind of a fence was it?—A post and board fence.

3728. Has that work been finished?—Yes.

3729. And paid for?—Yes.

No dispute with Government, save about tap-drains.

3730. And there is no dispute between you and the Government about it?—No; except the tap-drains that I have spoken of.

3731. The Government saved money by letting it to somebody else?—Yes.

3732. Then you have been paid in full for all the work north of St. Boniface up to Selkirk?—Yes; I have been paid for all the work from Selkirk to Emerson.

3733. Except this claim for off-take ditches?—Yes; but that does not amount to anything. I took what they gave me; and I was content with it. I left it all to them.

3734. Is there any other matter that you wish to explain about any of those contracts upon which you have given evidence?—No; I do not know of anything else.

Railway Location.

If the line had gone half a-mile south the big bay at Cross Lake might have been saved.

3735. Do you know anything about the nature of the country south of Cross Lake, whether it would have been an easier location for the line of railway than the one adopted?—I do not know anything about that. I never was north or south of the line. I know that at Cross Lake, if they had gone south about a mile, they might have escaped that big bay that we have been working at night and day all last summer—you can stand on the bank and see it.

**Railway Location—
Shoal Lake.**

3736. Did you ever go over that half mile yourself to see?—You can see it from the road. It is upon solid rock, but it runs about nearly to grade. Less than half a mile would have done it, and it would have saved a very troublesome place.

3737. Have you any idea how much money would have been saved if that line had gone south as you describe?—I could not say; but I am certain that there would have been money saved, and it would have made a better road. You could not tell unless you got the quantities. It took twice as much as it should to fill this bay, as we had to find the bottom, and then it slid up the bay 400 or 500 feet.

Money would thus have been saved and a better road secured

3738. Could it have been done in a shorter time?—Yes; if I had had an engineer in 1877 when I commenced, a go-ahead fellow like Schreiber, I would have had an engine at Rat Portage long ago and saved money to myself.

Might have saved money for self and Government if he had had to deal with Schreiber instead of Rowan.

3739. Would you have saved money to the Government?—Yes; because I would have had the railroad through a year ago, if I had had him instead of Rowan and Carre. I would have had the engines running to Rat Portage over a year ago. I am certain of that.

WINNIPEG, Wednesday, 15th Sept., 1880.

FRASER.

JAMES H. FRASER, sworn and examined:

By the Chairman:—

3740. Where do you live?—I reside at present in Winnipeg.

3741. How long have you lived here?—I came up here, I think, last April was a year.

3742. Where did you live before that?—In New Glasgow, Nova Scotia.

**Tendering—
Contract No. 43.**
Before taking up residence at Winnipeg, lived in New Glasgow, Nova Scotia.

3743. Have you been interested in any proceeding on account of the Canadian Pacific Railway?—Yes.

3744. What transaction?—The first transaction was the section B contract.

First transaction in which interested in connection with Canadian Pacific Railway, section B.

3745. That is known as contract 42?—Yes.

3746. Was the work on that section let by public competition?—Yes.

3747. Was there more than one advertisement asking for tenders?—It was advertised, I think, in most of the papers in Canada.

3748. I mean were tenders asked for on different occasions?—Not that I remember of.

3749. Were you one of the persons tendering?—Yes.

3750. In your own name, or associated with others?—In a company.

3751. Who were the persons?—Fraser, Grant, & Pitblado.

3752. Where do they live?—They lived in Truro, Nova Scotia.

3753. Both Grant and Pitblado?—Yes.

The firm of Fraser Grant & Pitblado, of which witness was a partner tendered for work. Grant and Pitblado live in Truro, Nova Scotia.

**Tendering—
Contract No. 42.**

Interested one-third each.

3754. Were you interested in equal proportions—that is, one-third each?—Yes; one-third each. We tendered together as a company.

3755. Having each a one-third interest?—That was the understanding. Each equal shares. I think the time was extended for receiving the tenders after the first advertisement, but I would not be certain.

Sixty-seven and a-half miles the length of contract 42.

3756. What is the length of the section on which you became interested?—Sixty-seven and a-half miles.

3757. That is known as section B?—Yes.

3758. Under contract 42?—Yes.

How tenders were called for

3759. Were tenders invited for any greater length of line than that?—They were asked for separately or in one tender, for the vacancy in the Thunder Bay section. I think the other section was 118 miles, and the whole was asked for in separate tenders, or in one, section A and Section B.

3760. Did the tenders asked for by the same advertisement cover the whole length as well as sections A and B?—Yes; either in whole or in part.

His firm put in two distinct tenders, one for section A, and one for section B, the tenders also covering the whole length.

3761. Did you tender for the whole or in part?—We put in two different tenders, one for section A and one for B.

3762. But none for the whole line?—Yes; we put in one for the whole line—that is, our tender for A and tender for B together would be for the whole line.

3763. But I understand that three forms of tenders were asked for: one form for the whole line, one for the western, and one for the eastern sections; did you put in one form for the whole section?—No; but we put in for the aggregate of the two tenders.

Tendered for whole as well as for each section.

3764. Then you did make a tender for the whole as well as each section?—Yes.

Got contract on one section.

3765. I understand that you only got the contract on one section?—Yes.

Not lowest tenderers.

3766. Were you the lowest tenderer upon that section?—No.

Nicholson, Morse & Co. the lowest.

3767. Who was the lowest?—Nicholson, Morse & Co. were the lowest.

3768. Did you know Nicholson, Morse, or Marpole?—I did not know them when they tendered.

3769. Did you know Nicholson?—I met Nicholson afterwards in Ottawa when we were waiting for the decision of the contract.

To whom contract was awarded.

3770. Do you remember how long after the tenders were opened before it was decided who was to get the contract?—It was quite a time. The contract was awarded to Nicholson, Morse & Marpole, and they were allowed a certain time to put up their deposit.

3771. Besides naming a price in your tenders, were you called upon to name a time at which the line would be finished?—We were.

Time mentioned in tender for completing work.

3772. Do you remember what times you named in your tenders?—Three years for one section and two years for the whole line.

3773. So that if you got one section you were not called upon to finish it until the end of three years, but if you got the whole line you

Tendering—
Contract No. 42.

were bound to finish it in two years?—The price I put in for finishing it in two years was very largely in excess of the price for three years.

3774. Did you put in a price for two years for each section as well as for the whole line?—Yes.

3775. Upon what basis did you get the contract?—Upon the three years time.

3776. Had you the option of taking it at two years or at three years, or was it with the Government?—It was with the Government.

3777. And they accepted the offer upon the basis of three years?—Yes; they accepted it upon the basis of three years, and offered a large additional price if it could be finished within two years. It was a certain percentage—I forget what the percentage was—but I did not expect it could be finished in two years.

Got the contract on the basis of three years time.

3778. That percentage was the percentage that was mentioned in your tender?—No; this was an offer that the Government were making to induce the contractors to finish their work within two years.

3779. When you met Nicholson at Ottawa, had it become known that they were offered the contract?—They were negotiating for their security at the time that I got acquainted with them.

Nicholson, Morse & Marpole, were negotiating for their security when witness became acquainted with them.

3780. Then it must have been known to them that they had the offer of the contract?—They were notified.

3781. Do you know how much lower than your tender their price was?—I could not remember it now. I did at the time, but I have no recollection of what the difference was. They were considerably lower.

3782. Had you any negotiation with Nicholson or any one on behalf of this firm?—No; nothing with respect to the contract.

3783. Had any person, on account of your firm, any negotiation with them?—Not with my consent.

Had no negotiations directly or indirectly with any one respecting this firm and the contract for which they were tendering.

3784. Had they without your consent?—I could not say. There were none of my partners, neither Grant nor Pitblado, because they were not there at the time.

3785. Are you aware of any negotiations by anyone, on your behalf, with any member of this firm upon the subject of their not completing their securities?—No; not that I am aware of.

3786. Were you aware that Morse & Co. had retired and withdrawn their tender before you were notified that your own would be accepted?—No; I knew then they retired. The only way that I knew was, the other firm was notified that the contract was awarded to them on the condition that they should put up their security.

Knew that Nicholson, Morse & Co., had retired by the fact that Andrews, Jones & Co., were notified that the contract was awarded to them if they would put up security.

3787. Who were they?—Andrews, Jones & Co. were the next, and mine was the next.

3788. How were you made aware that Andrews, Jones & Co. had been awarded the contract?—It was current in Ottawa when we were all there; and whenever a contract was awarded it was publicly known to whom. He received a notice to that effect from the Department of Public Works.

**Tendering—
Contract No 42.**

3789. Who received that notice?—The successful tenderer. Jones received that notice after Morse & Nicholson failed to put up their security.

Andrews, Jones & Co., made their notification public.

3790. Did Andrews, Jones & Co. make that public?—Yes; they were notified, and they made it public. Contractors were notified publicly, very often in the hotel.

3791. Was it made known that they were awarded the contract on the condition that they should put up the deposit in a certain time?—Those were the terms of the contract; that they should put up the deposit.

3792. At the time that they made it known that they were awarded the contract?—I could not say.

\$206,000 amount of deposit required.

3793. Do you remember what the amount of deposit was which was required by the Government?—\$206,000. That was about the amount in our case. Theirs would not be that. It was 5 per cent. on the bulk sum of the contract, and theirs would probably be a little less than that.

While these negotiations were going forward, witness was not in communication with any person directly or indirectly connected with Government.

3794. During the time that those negotiations were going on about having the tenders supported by deposit, were you in communication with any person belonging to the Government, or connected with the Government?—No.

Thought the thing was settled when Andrews, Jones & Co. were awarded the contract, as they were well backed by a New York firm represented by Smith.

3795. Nor none of the Departmental officers?—Not any of them. Whenever Jones was awarded the contract I left Ottawa and went away, as I considered that was final, because his figures were not far from mine, and the party that was backing them up was, I thought, quite able to do so, and they would put up the deposit within the time allowed. They were allowed eight days, and I went away, considering the whole thing was settled.

3796. Who were the parties backing them up to whom you allude?—They were a firm in New York. I did not know them, but they said they were wealthy people. A man named Smith was the party, I think, that was negotiating.

3797. Do you mean that Smith was the New York man?—Yes.

3798. You say you understood that he was a responsible man?—Yes.

3799. But you did not know him?—No.

3800. How did you understand that this awarding of the contract was final?—It was generally understood that they would put up the deposit. It was generally known that he would put up the deposit.

3801. Was one of the firm of Andrews, Jones & Co. in Ottawa at the time?—There was one of them, I think, I do not know which. I do not know either of them to speak to.

Understood that they had eight days to put up deposit.

3802. You say when you left Ottawa it was understood that he had eight days to put up the deposit?—That was the time given.

3803. How were you aware that that was the time given?—That was the time the others were given. I cannot say I know it from any authority, except that it was said he had eight days to put his money up.

Witness under impression that Nicholson, Morse & Co's., time had been considerably extended.

3804. Do you say the others got eight days time?—They were given more. Their time was extended.

3805. Whose time?—Nicholson, Morse & Co.

Tendering—
Contract No. 42.

3806. How much was it extended?—I think it was extended eight days after notice was served upon them, and eight days longer.

3807. So that in your opinion Nicholson, Morse & Co had sixteen days time?—I could not say.

3808. After you became aware that Andrews, Jones & Co were likely to get the contract, do you say that you expected them to get eight days time to put up the money?—Yes.

Supposed that Andrews, Jones & Co. got eight days to put up deposit.

3809. But your only reason for supposing that was that the previous firm had got eight days time?—The only reason was that immediately when the contract was awarded to Jones he started to New York to make his arrangements to put up his deposit, and it would take him that time to go and return.

Reason for this supposition.

3810. Was any other partner of your firm present at Ottawa during that time?—I was the only partner there at that time.

3811. Was there any other person in Ottawa at that time interested in your getting the contract?—Not that I know of.

3812. At that time had you made an arrangement that some person else should be interested with you if you got the contract?—Not at that time. Manning spoke to me when he supposed I was pretty close, and he wanted to take an interest with me, if I got the contract—that is Manning, Shields & McDonald. I do not remember what time it was that they spoke to me.

Manning wanted to take an interest with witness.

3813. You say that they spoke to you when it was understood that you were pretty close: I am now asking you when it would be supposed that you were pretty close?—It is very likely when it was awarded to Nicholson & Morse.

3814. Had they made a proposition to you at that time?—No; but I spoke very freely about my tender being so close.

3815. At what time did Manning or any one on behalf of his firm make a proposal to become interested with you?—I could not say as to the time.

3816. I am not speaking of the day nor the month, but of the time in the progress of the whole arrangement?—I think it was after Smith had gone away to New York after the contract was awarded. I think it was then.

After Smith (the contract having been awarded) had gone to New York, Manning made a proposal to witness.

3817. But before it had come to your turn?—Yes; before it came to my turn.

3818. What was the arrangement made between you and Manning, or any one on behalf of his firm?—There was no arrangement made farther than this: that they spoke to me, and asked me if it came to my tender, would I take in any partners; that they were very close to me, and would I make arrangements with them. They were a few thousand dollars above me again. They were so very close to me that we merely talked it over.

Manning & Co. asked witness and his partners whether in case of the contract coming to them they would take the former in.

3819. You were speaking of proposals, I am asking you at what time was the first arrangement made?—The first arrangement was made the time that Smith went to New York, I think. That was the first arrangement.

**Tendering—
Contract No. 42.**

3820. What was that arrangement?—That if I got the contract they would associate themselves with me.

3821. Was that so arranged?—Yes; between ourselves.

Arrangement
with Manning &
Co. Terms of.

3822. But it was so arranged?—Yes; I think it was the time that Smith was away.

3823. Upon what terms were they to take a share in the contract?—There were no terms, but they were to put up their share of the security, \$103,000.

3824. One-half?—Yes.

3825. Do you mean that your firm was to retain a one-half interest in the contract, and Manning's firm was to become interested in the other half, each party to put up one-half of the security?—Yes.

3826. Was that arrangement reduced to writing?—No.

3827. Was it not reduced to writing before you became the successful competitor?—No; there was no writing on it.

Arrangement not
reduced to writing
until after
contract had been
awarded.

3828. No writing until after you were awarded the contract?—Until I was awarded the contract.

3829. Was that understanding between your firm and the Manning firm made known to other persons in the locality, either tending or about there?—I think not. I think this arrangement was made after the contract was awarded to Andrews, Jones & Co. This arrangement with Manning & Co. was with me, that if the contract was awarded to me I would associate with our company Manning, Shields & McDonald.

John Shields, at
Ottawa, most of
the time while
negotiations
going forward;
Manning and
McDonald there
occasionally.

3830. Was any person representing the firm of Manning & Co. at Ottawa during this time that it was uncertain whether Andrew, Jones & Co. would put up their deposit?—John Shields was there most of the time, and McDonald and Manning would be there occasionally.

3831. So that two of the partners were there all the time?—Two of them were generally there all the time.

A member of the
Manning firm
told him
Andrews, Jones
& Co. not likely
to put up security.

3832. Did you hear from either of these gentlemen whether the probability of your getting the contract was increasing, or whether it was more likely you would get it at last than it was in the beginning?—One of that firm told me that he did not think Smith would put up the security for Jones; that he was afraid of the contract, that he had not the prices to carry it out properly; that he was too high for one part of the work, and two low for the other, and that they were afraid to risk it.

3833. Who do you mean by one of the firm?—I do not know whether it was Shields or Manning.

Did not know
how this infor-
mation was
obtained.

3834. Did they tell you where they had got that information?—No; I did not ask them.

3835. Did it strike you as strange that they, being competitors of Jones & Co.'s, should know about the decision of Smith who was backing Jones & Co.?—I could not say how they were getting information. I was a stranger and was not acquainted with many people, except those with whom I formed an acquaintance when I was up there. It turned out as they said, Smith never put up the money and did not come back at all.

Tendering—
Contract No. 42.

3836. Do you know, as a matter of fact, that Smith never had the privilege as long as eight days to come back and put up the money?—I could not say. There was part of the money put up.

3837. Within the eight days?—Within the eight days.

3838. You were aware of it at the time?—I understood that it was.

3839. How did you know that?—I could not give you any authority but the street rumour that there was so much money put up.

The street rumour was that Andrews, Jones & Co had put up part of the security.

3840. And you understood that from street rumour before the contract was awarded to you?—Yes; there was part of the money put up before the contract was awarded to me, and they were waiting for the balance.

3841. And was that understood before the contract was awarded to you?—Yes; I understood it from common report. I did not have it from any authority, and could not say whether it was the case or not.

Did not have this information from any authoritative source.

3842. Were you aware that another sum was put up a day or two after that and before it was awarded to you?—No; I was not aware of it.

3843. It appears from a copy of a letter published in the Blue Book of 1880, concerning these tenders, that the time given to Andrews Jones & Co. was named as ending on Saturday, the 1st of March, and not at the end of eight days after the 26th of February, when it was awarded to them; and it also appears by a letter to the Minister of Public Works, dated as of the 29th of February, that you stated that should the contract for section B be allotted to you, you were prepared to associate with you Shields, Manning & McDonald?—Yes.

3844. Are you prepared to say whether that was the correct date?—I could not say about the date.

3845. Were any of your Nova Scotia partners in the Province of Ontario at that time?—No.

None of witness's Nova Scotia partners in the province at the time.

3846. Do you know whether your tender which was accepted was based upon finishing the road one year later than Andrews, Jones & Co. had offered to finish it for their price?—I could not say. I never saw theirs.

3847. Was it not generally understood among you tenderers that such was the case?—The tenders were put in in so many different ways that I never enquired how they were. There were some in for two years, and some in for three years, and they were all mixed up. I was awarded the contract on Wednesday evening late, on condition that I put up the 5 per cent. deposit by four o'clock on Saturday.

Witness awarded the contract on Wednesday evening, on condition that he put up 5 per cent. by four o'clock on Saturday.

3848. How do you know it was late on Wednesday evening?—Because it was in the Russell House I got the notice. I was in the Russell House late that evening when Mr. Bradley gave me the notice, and the condition was that I was to put up the 5 per cent. deposit by four o'clock on Saturday. Three days we got.

3849. That was three days besides the day on which you got the notice?—No; three days. Thursday and Friday, and until four o'clock on Saturday. That is all the time I got to put up the deposit.

3850. Did your firm put up their share of the security within the time named?—We put up the whole of it. I put up the whole of the

Put up the whole security before three o'clock on Saturday.

**Tendering -
Contract No. 42.**

money by three o'clock on Saturday. I thought that Manning & Co. thought we would fail in putting up our security, and as they were only a short distance above us, they thought we were beaten, and I got a little scared that they would not put up their half. I telegraphed to my partners, and I put up \$30,000 myself that I had in Ottawa, and they put up \$100,000 through the Halifax Banking Co., and I put up \$80,000 on Saturday again. That was the whole of the money that was required.

3851. You and your partners put up \$100,000 in Halifax?—Yes.

3852. And you also put up \$80,000 and \$30,000 in Ottawa?—Yes.

Put up altogether
\$220,000.

3853. So that you and your partners put up \$210,000 altogether?—Yes; and we had two deposits of \$5,000 that accompanied our tenders besides. That remained in the Receiver General's hands for us, and that was \$10,000 more.

3854. So that you and your Nova Scotia partners furnished security to the extent of \$220,000 without any assistance from Manning or his company?—Yes.

Arrangement
with Manning &
Co. afterwards
carried out, and
witness's firm
withdrew one-
half their deposit.

3855. Was the arrangement that you had made with Manning and his partners carried out afterwards by admitting them into a half share in the contract?—We carried it out with them. We thought we could have got clear of them, but on account of putting in a letter associating ourselves with Manning & Co., we felt bound to carry out our part of the arrangement. So we withdrew our half of the money and they put up theirs. They put it up about half-past three o'clock that Saturday in the Receiver-General's office. There was over \$320,000 deposited altogether between Manning and ourselves.

Over \$320,000
deposited by
Manning & Co.,
and Fraser & Co.

3856. It seems that the time given to Andrews, Jones & Co. was not more than three days, while the time given to the previous and lower tenderer was more than eight days; do you know how it happened that they were allowed such a short time?—I think that they were allowed more than three days. I think there is a mistake there.

Perhaps the fact
that the season
was passing made
it undesirable to
extend time.

3857. If they were not allowed more than three days, do you know why it was that the time was limited to that?—I could not say unless it was that the season was passing, and it was very much against the interest of the contract to be detaining it, on account of the ice breaking up.

3858. Do you mean in the interest of the contractor?—Yes.

3859. Would that be a likely reason for shutting out a contractor, because he was to suffer?—No.

3860. Then could it have been for that reason?—No.

3861. Can you explain or give any reason why those gentlemen who were second on the list had only three days given to them, while a lower tenderer had more than eight days?—I think they had more than three.

3862. Assuming that they had not more than three days, can you explain it?—I cannot explain it further than that the want of money prevented them from putting up the security.

3863. Was there any discussion upon that subject between you and Manning, or any one of his firm?—No.

Tendering—
Contract no. 42.

3864. Then according to your understanding of that subject, the reason why the security was not put up by them was because their backer failed to furnish it, or was unwilling to furnish it?—I think he was unwilling to furnish it.

Witness's opinion as to the reason why Andr was, Jones & Co's. deposit was not put up.

3865. And that they were allowed about eight days to furnish it if they wished?—They got ample time to furnish it if they were prepared to take the contract.

Thinks Andrews, Jones & Co., had ample time.

3866. Do you say that that was your understanding at the time, at Ottawa?—Yes; I say that they had ample time furnished them to put up the money if they were prepared to take the contract.

3867. What would you call ample time?—Eight days is quite sufficient, and, if they were prepared, three days might do.

3868. Prepared after they had got the notice?—If they were prepared to accept the contract when they tendered. When they tender they ought to know.

3869. Have you been accustomed to tender for public works?—Yes; less or more, for twenty-seven years.

3870. Is it usual for persons tendering to be prepared with their deposit at the time of tendering? I do not mean the deposit that accompanies the tender, but I mean the deposit afterwards to be made when they enter into the contract?—They ought to be prepared to know how to get it.

Tenderers should be prepared to know where to get deposit.

3871. But is it usual for them to have the actual command of it at the time? For instance, although each person tendering might be called upon to put up \$200,000, is it usual for each tenderer to have command of \$200,000?—No; not to have command of it, but they require to know where they are going to get it.

Though not usual for each tenderer to have command of the amount when tender is put in.

3872. But is it usual for them to have such a positive command of it as to enable them to put it up in three days?—It is not usual.

Nor is it usual to have such command of it as to be able to put it up in three days.

3873. Then if three days was the whole time allowed to Andrews, Jones & Co. to put up \$200,000, was it less than the usual time allowed to persons under the circumstances?—I could not say about that, because we were only allowed the same. Three days was a very short time

By Mr. Keefer :—

3874. Was it not an unusually short time to put up that amount of money?—It was. Three days was a very short time.

Three days a very short time.

3875. Did you ever know in your experience of a contract of this amount where a person tendering was required to furnish \$200,000 security in three days?—Well, I never had anything so heavy as that before, and I do not know of anything in the Dominion in which so large a deposit was demanded in so short a time.

By the Chairman :—

3876. I suppose you began to get control of your deposit when you heard that Smith was not likely to furnish the security for Andrews, Jones & Co.?—No; not until it was awarded. We never made a move about our security until the contract was awarded to our company.

Witness made no move about security until contract was awarded his firm.

3877. But you had previously made arrangements by which you could command it at short notice?—No; we had no arrangement at all

**Tendering—
Contract No. 42.**

further than we knew that we could get the security; but we made no arrangement.

3878. Were the arrangements carried out principally by your partners in Nova Scotia after they knew you had got the contract?—It was after I had telegraphed to them that they went to Halifax and made the arrangement for \$100,000, and I made arrangements in Ottawa on Saturday for the \$80,000—Saturday afternoon.

3879. Did any one of your Nova Scotia partners, or yourself, come up to this part of the country at the time the work was commenced?—My partners came up here.

3880. Grant and Pitblado?—Yes.

3881. Have you remained interested in this contract to the extent that you were in the beginning?—No; I have gone out of it.

Sold out interest
to partners,
Manning, Shields
& McDonald.

3882. To whom have you sold your interest?—We sold it out to our partners, McDonald, Manning & Shields, and they took in some other partners.

3883. Was there any dispute between you and the Government connected with this transaction?—No.

3884. As far as the Government is concerned you have arranged satisfactorily?—As far as the Government is concerned it is, but we had a dispute with the company which is not settled.

3885. With the Toronto contractors you mean?—Yes.

3886. Were you paid any bonus by the Toronto men to give them one-half of the contract?—They bought out our interest for a certain amount.

3887. That is the first half?—No; they gave us nothing for the first half.

Manning, Shields
& McDonald to
pay them \$50,000
for their half of
contract.

3888. What was the price that they were to give you for the other half?—They were to pay us fifty odd thousand dollars when we got it.

3889. How long after you had made the contract was it before they bought out your remaining half interest?—We entered into contract with them in March, and I think it was some time in July or August.

3890. Was there any understanding before you closed the contract with the Government that at some future time Manning & McDonald could get your remaining half interest?—No; not the remotest.

3891. That was entirely the subject of subsequent negotiations?—It was the result of subsequent troubles that arose among ourselves.

**Fraser & Grant—
Whitehead
Partnership—
Contract No. 15.**
Arranged to buy
half of White-
head's contract.

3892. What was the next transaction in which you were interested on account of the Canadian Pacific Railway?—My partner went in with Mr. Whitehead. We went in. I was down at Nova Scotia at the time that arrangement was made with Mr. Whitehead to buy the half of his contract.

3893. Did you take part in the negotiations?—No.

3894. Who was acting?—Grant was here, but I was liable for his actions.

3895. I am asking who was acting?—Grant.

**Fraser & Grant-
Whitehead
Partnership-
Contract No. 15.**

3896. Was the arrangement made through Grant's negotiations?—Yes.
3897. Is that the arrangement to which Mr. Whitehead alluded in his evidence?—I expect so.
3898. You were present?—I was present when he spoke about the contract.
3899. How was that arrangement brought about? Are you aware, or are you only aware from what has been told you by other persons?—I am aware that Mr. Whitehead was in financial difficulties.
3900. How were you aware of that?—There were a great many men unpaid on the line.
3901. How were you aware of it?—I was here previously, in the first part of the summer, and I knew there was a number of men unpaid on the works. Cooper, of Cooper & Fairman, was the party who took an active interest in making the arrangement.
3902. How do you know that if you were not there?—Their name is embodied in the sealed agreement, in which Cooper was protected for his amount if the contract was carried out.
3903. Do you mean that in the new partnership established between your firm and Whitehead there was a condition expressed that Cooper should be secured his claim, and that that is part of the terms of the partnership?—Yes; if the contract was carried out and he got a half interest in it.
3904. Have you a copy of that agreement?—I have not got a copy with me; but I can get a copy in the city here.
3905. Were you aware before that partnership with Mr. Whitehead was arranged, that such a partnership between your firm and Mr. Whitehead was likely to be carried out with him?—I did expect it to be carried out.
3906. What reason had you for expecting it?—The amount of his indebtedness, as I was informed, was not very large, and we were to pay half for the plant. The plant was to be valued. Mr. Whitehead was to appoint one arbitrator and we were to appoint an arbitrator, and Mr. Brydges was to be appointed umpire.
3907. I am asking whether, before these terms were agreed upon, you had any expectation that such a thing would be accomplished?—We were to pay him half of the plant.
3908. Those were some of the considerations of the agreement. I want you to begin at some time before the arrangement and tell us why you expected there would be such an agreement?—I did not until I got the notice by telegraph down at Halifax. Mr. Grant telegraphed me that he had bought out half of Mr. Whitehead's interest, and wished me to be embodied in it, as we were partners. I agreed to it and I telegraphed him back that I would meet him at Ottawa.
3909. You say that was the first intimation you had of such a partnership either accomplished or intended?—That was the first intimation of the contract or entering into the partnership.
3910. Had you any intimation before that such a thing was likely to happen?—Grant had spoken to me before that he had been talking to Mr. Whitehead about it.

How an arrangement with Whitehead was brought about.

Expected partnership with Whitehead would be carried out.

I learned by telegram that Grant had bought out half of Whitehead's contract.

**Fraser & Grant-
Whitehead
Partnership-
Contract No. 15.**

Grant had told him that he had been talking to Whitehead about entering into partnership with him.

Had no conversation with any one at Ottawa, as to bringing about this partnership.

Partnership with Whitehead did not include Pitblado.

Nature of agreement with Whitehead.

Financial standing of self and Grant, at date of agreement.

Could hardly say what he and his partner were worth.

3911. What did he tell you?—That he was talking to Mr. Whitehead about entering into a partnership with him. I asked him upon what conditions, and he said if we would buy half the plant and go in with him and finish up the work.

3912. Where were you when Mr. Grant and you were talking about this?—That was before I left Winnipeg. It was early in the season—probably two months before this occurred.

3913. Then did you go from Winnipeg to Nova Scotia, or did you stop in Ottawa?—No; I went straight to Nova Scotia. I was making arrangements for the British Columbia works.

3914. Had you any negotiation or conversation with any other person at Ottawa, as to bringing about this partnership?—Not with Mr. Whitehead.

3915. Had you with any one?—Not with any one. As far as I was personally concerned, I did not wish it myself.

3916. Have you any knowledge—I mean knowledge of your own—of the arrangement made with Mr. Whitehead, beyond what that document expresses?—Nothing.

3917. Your information is derived from other parties?—From my partner.

3918. Where is he?—He is down at Minneapolis.

3919. Is he likely to be back here shortly?—I could not say.

3920. Are you still in partnership with him?—No, not now, excepting this partnership with Mr. Whitehead. It is not settled yet.

3921. This partnership with Mr. Whitehead did not include Pitblado?—No.

3922. Were you and Grant each interested to the extent of one-quarter?—Yes; each to the extent of one-quarter.

3923. And Mr. Whitehead to the extent of one-half?—Yes.

3924. Had a partnership existed between you and Grant alone—I mean without Pitblado—as to any other matter except this partnership with Whitehead?—Nothing except section B. We were never in partnership.

3925. What was the financial standing of yourself and Grant as a firm at the time of entering into partnership with Whitehead?—I could hardly say. When we associated ourselves with Whitehead our financial standing went down pretty low.

3926. I am speaking of at the time—if you like, the day before?—Probably our financial standing the day before would be, between us, \$120,000.

3927. Do you think that you and Grant together were worth about \$120,000 over and above your liabilities at that time?—I do not know that we worth that, but we could command that capital. I could hardly say what we were worth; we did not owe any debts.

3928. Could you give no approximate estimate of what you were worth?—No; I could not, because we had considerable property up in the Halifax Banking Company.

**Fraser & Grant-
Whitehead
Partnership-
Contract No. 15.**

3929. Do you mean in stock?—No; the time we were there we did not get it all relieved.

3930. You mean by way of security to the institution?—Yes.

3931. Would not the debt that was owed by the Toronto men to you be equivalent to the property that was pledged down there?—Yes.

3932. That would not make your assets any less then?—No.

3933. I am asking you what you think your assets were worth over your liabilities the day before you went into partnership with Whitehead?—I should think we would be worth from \$100,000 to \$120,000. Perhaps worth \$100,000 to \$120,000.

3934. While you were interested in the work in contract No. 42, had you any engineer looking after the interests of the contractors?—We had. **Contract No. 42.** Arthur Bain and J R. McDonnell were looking after interests of firm.

3935. Who was it?—Arthur Bain and John R. McDonnell.

3936. What is their address?—I cannot say where Bain has gone to.

3937. Did he leave after you sold out?—No; he was on there quite a time. He left here lately, and I think he has gone on some survey to the North-West; but McDonnell is still there. I think he has a contract there now. He is an uncle of the present contractor.

3938. Is there any other matter in which you had any transaction connected with the Canadian Pacific Railway?—Nothing that I know of except those two transactions. **Contract No. 15.**

3939. Is there any other matter which you wish to explain connected with the Pacific Railway?—There is nothing, except as far as the carrying out of the agreement with Mr. Whitehead, that we saw the work was so far behind in debt, more than we expected, that it would be impossible for us to carry on the work to advantage. Found some of the work so far behind in debt that it was not possible to carry on work with advantage.

WINNIPEG, Thursday, 16th September, 1880.

ALBERT H. CLARK, sworn and examined:

By the Chairman:—

3940. Do you know anything about the work performed on contract 14?—Yes.

3941. Were you engaged on that work?—I was engaged there over two years. Employed two years as walking boss.

3942. In what capacity?—As a walking boss or superintendent.

3943. Did the work at the Julius Muskeg come under your knowledge?—Not directly; only I have been over it frequently.

3944. The men in your charge were not employed at that portion of the work?—No.

3945. Then how did you obtain knowledge about that work?—I obtained knowledge of it by being frequently there and passing over it. His knowledge of Julius Muskeg.

3946. Do you know whether the work performed at that place was different from the work required under the specification?—Yes; it was different. Work different from that required under specification.

**Railway Construction—
Contract No. 14.
(Contractors')
Claims.**

Eighty feet between where ditch dug and the embankment.

Further than they should have moved earth.

Regular width of clearing 132 feet; of embankment seventeen feet.

To disadvantage of contractors.

Wet, swampy ground. Earth had to be wheeled on plank to a great distance.

This ditch 9 cts. to 10 cts. a yard heavier than one within specification.

Does not know gross amount of disadvantage to contractors.

3947. In what respect was it different?—On account of the ditch being further away from the grade that was made. According to the specification there was a berm of ten feet, and I should think that the berm or space there between where they dug the ditch and made the embankment, was nearer eighty feet. Of course I never measured it.

3948. Would that place it outside of the railway proper?—I do not know that it would place it outside of the railway proper, but it was placing it further than they should have moved the earth.

3949. What was the width of the railway line at that point?—The railway was cut out wider on account of the ditch. The regular width of the clearing was 132 feet altogether, and the regular width of the embankment was seventeen feet on the top.

3950. Was this ditch outside of the railway limit?—Yes; I should think it was regularly outside of the railway limits.

3951. Was this difference a disadvantage to the contractors?—Yes.

3952. In what way was it to their disadvantage?—In having to move their materials so much farther. This place was a wet, swampy ground, and the earth had to be wheeled with barrows, and it required more plank and took more men. They had to wheel it three times as far as they would otherwise have had to do.

3953. You say it had to be wheeled over plank?—Yes.

3954. All of it?—Yes.

3955. How were those planks supported?—By temporary trestle work.

3956. Could the plank not be laid on the natural surface of the earth?—No; it could not be laid on the natural surface, there would have to be some blocking put under it.

3957. What distance did this ditch continue along the side of the road?—I do not exactly know, but I should think four or five miles.

3958. Have you made any estimate of the extra cost of this ditch over a ditch which would have been properly within the specification?—Yes; I should think, according to my judgment, there would have been from 9 to 10 cts. a yard difference.

3959. You mean per yard of the earth excavated in the ditch?—Yes; per cubic yard.

3960. Whether it was wasted or put into the embankment?—I mean the way it was put in, and if it had been put in in the ordinary way it would have made a difference.

3961. I am asking whether that 9 or 10 cts. applies to all the material that was taken out of the ditch, or only to what was put into the road-bed?—Only to what was put into the road-bed.

3962. Some of it was wasted, then?—Yes; it only applies to that which was put into the road-bed.

3963. Do you know how much was put into the road-bed?—I do not.

3964. Then you do not know the gross amount of the difference which was the disadvantage to the contractors?—No.

3965. You only know the rate per yard of that which was put into the road-bed?—That is all.

**Railway Construction—
Contract No. 14.
Contractors' Claims.**

3966. And you think that was 9 or 10 cts. a yard?—Yes.

3967. Do you mean that it would cost the contractor 9 or 10 cts. a yard more than if the ditch had been built or made according to the specification?—Yes; that is what I mean.

3968. So that 9 or 10 cts. a yard would not afford him any profit, but would only compensate him for his loss?—That is all.

3969. Do you mean that the contractors would be obliged to pay 9 or 10 cts. a yard more for getting this work done than if it had been done according to specification?—Yes.

3970. You do not mean that 9 or 10 cents a yard would have been a fair price for the contractor to undertake to do it for as including his profit?—No; I mean that as an extra price.

3971. Out of the pocket of the contractor?—Yes.

3972. How do you arrive at that price of 9 or 10 cts.?—I have arrived at it by the difference in wheeling and difference in plant that it would take to do that amount of work. That is the way I arrived at it, and it is generally the mode we take.

How witness arrived at the price of 9 cts. to 10 cts. a yard.

3973. How many yards a day would one man's labour excavate and move to the line if the ditch was only ten feet from it?—I had an estimate of from fifteen to twenty-five yards in some places.

3974. What would it average?—I think in that material they would not average more than ten yards a day, that is supposing the haul was regular.

3975. I am speaking of the ten feet berm through this muskeg. That would be according to specification, would it not?—Yes.

3976. How much would one man's labour take out and move to the line per day from it?—I suppose one man would probably take out ten yards of that material.

One man's labour a day: ten yards

3977. That is if it were within the line of the specification?—Yes.

3978. How many yards would one man's labour move from the distance at which this ditch was really situated?—I should think that he would probably move between six and seven yards.

At distance in this case only from six to seven yards.

3979. So that at this distance a man's labour would move about three yards per day less than if the ditch were according to specification?—Yes; about that.

3980. What was the value of one man's labour at that time?—About \$2 per day at that time.

About \$2 a day the value of one man's labour at the time.

3981. Did that cover his board?—Yes.

3982. At that rate every nine or ten yards put into the line would cost how much more than if it had been put in under specification?—I have not figured it.

3983. Does he not lose three-tenths of his price if ten yards would cost \$2 under the specification and he only gets seven yards done for it under the work as actually executed?—I suppose about that.

3984. You must have gone through this process to have arrived at the cost in your own mind. You did not guess at the 9 or 10 cts. a yard?—No; I went through it so often that I know it.

Asked to explain.

**Railway Con-
struction—
Contract No. 14.
Contractors'
Claims.**

Price for excavat-
ing line ditches
under specifica-
tion, 26 cts.

Not usual to
waste material
coming out of
line ditches.

Cause of loss.

Knows line
between Broken-
head and White-
mouth.

Change of line
between these
points disadvan-
tageous to
contractor.

Character of both
lines compared.

3985. Then if you are familiar with it because you have gone through it so often, will you explain it to me?—I could not come much nearer to it. I have given you the quantity a man would move at that distance, and how much he would move at the other.

3986. Do you know what price the contractors were to have for excavating line ditches under the specification?—I never saw the contract, but as far as I heard it was 26 cts. a yard.

3987. Have you made any estimate of the earth that was wasted out of this excavation in the Julius Muskeg?—No; I have not.

3988. Was it usual to waste any of the material which came out of the line ditches within the limits of the specification?—It is not usual to waste it at all, unless there is an over balance of what is wanted in the embankment, and then, of course, it is wasted.

3989. I suppose it costs no more to the contractor to waste earth on the outside of this ditch than it would to waste earth on a line ditch within the limits of the specification?—No.

3990. So that on the item of earth wasted you do not think there is any loss to the contractor?—I do not think there is any loss in that respect. They were not required to move it any further away than the side of the ditch, if it were not required to be put into the embankment.

3991. It was moving the material an extra distance which led to the loss to the contractor?—Yes.

3992. Three-tenths of the price to the contractor at 26 cts. would amount to something under 8 cts. Is the balance of the 9 or 10 cts. that you speak of applicable to the cost of the foundation upon which they wheeled the barrows?—Yes; planks and extra wheel-barrows, and extra tools.

3993. On the whole, do you think 9 or 10 cts. a yard would be a fair estimate of the extra cost to the contractors on account of this ditch being outside of the limits proper?—Yes.

3994. Do you know anything about the change of line between stations 1710 and 1700—that is between Brokenhead and Whitemouth?—Yes; I have been on both lines considerably before there was any work done.

3995. You mean between the first located line and the line that was finally adopted?—Yes; on the north line, and the one that was adopted.

3996. Do you think the change was advantageous to the contractor, or the reverse?—I should say it was the reverse.

3997. For what reason?—Because there was a great deal less swamp and muskeg, and the clearing, from all appearances, was lighter on the north line.

3998. What sort of material was it?—Some parts clay, some parts inclined to sand and gravel, and some muskeg. I think the Julius Muskeg proper was not nearly as long on the north line as it was on the south line. It was considerably shorter and ran out more into a neck.

3999. Did this portion of the line of which you are speaking embrace any part of the Julius Muskeg?—Yes.

**Railway Construction—
Contract No. 14.
Contractors' Claims.**

4000. Both the first and second line?—Yes.

4001. But you say there was more of it on the southern line?—Yes.

4002. If they had adhered to the north line how would it have been worked—by hand, or by horses, or by implements?—There was a great deal of it could have been worked by horses or scrapers. Fully one-half of north line could have been worked by horses.

4003. What proportion of it?—I should think fully one-half.

4004. Was that a level portion of the line, or was it very steep?—It was middling level. There were steeper banks on both sides of the muskegs on the north line than there were on the south line. I should consider, speaking from experience, that the north line was a considerably higher grade than it was on the south line.

4005. Would it be more easily worked on that account?—It would be more easily worked because it was drier ground and could be worked with horses and scrapers. Ground drier and therefore more easily worked.

4006. Do you mean that the contractor could get out a much larger quantity of material at the same cost to himself than he could on the south line?—Yes.

4007. Could he not employ the same implements and animals upon the south line?—Not on so much of it. There was a little that he could plough and scrape, but very little, on the south line—that is between Brokenhead and Whitemouth. Work can be done with horses and scrapers for one-third less than in any other way.

4008. Is it much less expensive to excavate with animals and implements than by men's labour?—Yes. I have always found that we could do it by horses and scrapers for about one-third less than we could do it in any other way. Wheel-barrows come next.

4009. How was it actually done on the southern line?—It was done principally with wheel-barrows. There was a small portion, I think, near Rennie Station, that was done with plough and scraper, but it was very stony. Done with wheel-barrows.

4010. Have you made any estimate of the difference between the cost to the contractor of moving material on those two different lines?—I have not particularly figured out an estimate any more than if I were going to look at a piece of work to see what difference I should make between the two. That is about all. Of course I have sat and figured it roughly, but I have not made any very minute figures with regard to it.

4011. What difference do you think it would make to the contractor in the cost to him?—I should think in the neighbourhood of between 6 and 7 per cent. Difference of from 6 to 7 per cent. to contractor.

4012. Do you mean that the same quantity of material would cost him 6 or 7 per cent. more for moving it on the south line than it would cost him if he had to move it on the north line?—Yes.

4013. I understand you are not able to say what the aggregate cost would be, but you establish that as the basis of calculation?—Yes. If I were going to take the piece of work, I should take that figure as a basis.

4014. About what proportion of the whole quantity of material do you think was more expensive on the south line than on the north line?—I should think about two-thirds. About two-thirds of the material more expensive on south than it would have been on the north.

**Railway Construction—
Contract No. 14.**

4015. Have you gone over the country at all south of the present line?—No; I have never been much over it. I have been just out and in.

4016. You are not able to give us an idea whether it is a country over which a railway could have been made more easily than the present line?—No; I have not sufficiently gone through it to know.

BIRRELL. JAMES BIRRELL, sworn and examined :

By the Chairman :—

**Fraser & Grant—
Whitehead
Partnership.**

4017. Did Mr. J. H. Fraser give you any document to give to the Commission?—He instructed me to get this document from Mr. Biggs. It was in his office.

4018. And at his request you now produce it?—Yes. (Exhibit No. 97.)

SIFTON.

JOHN W. SIFTON's examination continued :

By the Chairman :—

**Railway Construction—
Contract No. 14.**

**Claim for coffer
dams.**

4019. What is the next item upon which you make any claim, after the ones you have previously alluded to?—Item No. 5, for coffer dams.

4020. Will you explain why it is that you consider you have a claim upon that head?—In the first place it is usual, under all contracts that I ever had, to be paid extra for coffer dams. It is impossible to estimate them, and unless there is a special provision made to cover them in the specification we are usually paid for them by day's work.

4021. Were the coffer dams built at the direction of the Government engineer, or entirely at your own option?—They have to be put up in certain cases. In this case it was impossible to do the work without putting up coffer dams.

4022. Would it be impossible to do the work without getting men there also?—Yes.

**Specification does
not cover coffer
dams.**

4023. Then why do you charge extra for putting in coffer dams for doing work that you could not perform without them?—In the first place it is usual, where the specifications do not cover these items, to have them paid for by the day. We claim that the specification did not cover this work, and we brought the matter to the notice of the acting Chief Engineer.

**Marcus Smith's
opinion and
instructions.**

4024. Who was that?—Mr. Marcus Smith. Mr. Smith said he had not studied the specification, but that he would look over it that night and see whether it covered it or not. "If it does not cover it," he said, "you certainly have a right to be paid for it under the contract, or the clause which provides that any work which is not covered by the specification shall be paid for by adding 15 per cent. for tools, &c." Mr. Smith looked over the specification, and concluded that it did not cover this item of work, and said to me and my brother—we were both together—"Go on with this work and keep an account of it, and I will instruct the engineer in charge of the work to keep an account, so that

he can certify to your bills every month." We charged the actual amount of labour expended on the work, adding to it the 15 per cent. allowed by the specification. The engineers on the work certified to those bills, and they are the correct bills which are produced in this item.

**Railway Construction—
Contract No. 14.
Contractors'
Claims.**

4025. Did Mr. Smith's remarks apply to special bridges at stations 3776, 3849 and 3960, as well as the one at the Whitemouth centre channel?—Yes; it applied to any place where it became necessary.

4026. Then his remarks were general, and not relating only to the particular spot of which you were speaking at the time?—No; his remarks were general, and the instructions to the engineers were to examine and keep account of the labour we expended on such works.

Marcus Smith's remarks applied generally.

4027. Do you mean that his instructions were to your engineer?—Yes.

4028. Were you present when he gave those instructions?—I was not present; but they had instructions, and they acted under those instructions.

4029. Were those instructions in writing, do you know?—I could not tell you, but I can find out by some of the engineers in charge.

4030. Did the engineers tell you that they had those instructions?—Yes, they were very particular in their accounts always. They kept the days so that they were able to certify exactly to the amount of labour that was done.

4031. Is there anything further about that item?—No.

4032. What is the next item?—The next item is loss in delay caused by teaming of plant, &c., from Fisher's Landing to Winnipeg, instead of bringing it by boat. The amount \$595 is the actual difference that it would have cost us at this point if we could have brought it a month previous by boat.

Claim for loss in delay by teaming plant.

4033. What is the next item?—The next item is roads that were made by us for the carrying on of the work. Our specification and contract bind us to provide all our own roads for carrying on the work of this contract. We came in here when there were no roads at all—in this country east of Red River. We expected to have to do that, but during the time of carrying on our works the Government was carrying on works on section 15, and building engineers' houses along the line of road. They were taking out their supplies, and much of the cost and labour of keeping up these roads were occasioned by the amount of stuff that was taken over them by the Government. They used them, and we asked for an allowance. Mr. Rowan and Mr. Smith both said we had a reasonable claim for allowance, as all we could be asked to do was to keep up roads for ourselves, and we were keeping them up for the Government. The last year and a half of this time there was a large amount of stuff taken over our road for contract 15, and taken over the road-bed of 14, and we had to expend a large amount of money to put it in shape again.

Claim for loss in repairing waggon roads made to carry on the work, which were also used by the Government.

For last year and a-half goods taken over their railroad for contract 15, with consequent loss.

4034. Do you mean the road-bed of the railway line?—Yes; there were places in which they could go nowhere else, and we had to go over our work again and put it in shape.

Claim for Wag-
gon Roads,
&c.—
Contract No. 14.

By Mr. Keefer :—

4035. Had you made it up to formation level?—Yes; we had made it up to formation level. I was over the road all the time, and I know the amount of stuff that was taken over it for the Government and for contract 15 and other works. I think I am very safe when I say that it would not have cost over half the amount to have kept up our own roads that it did actually cost us on account of the Government.

By the Chairman :—

4036. What do you consider to be the total cost of making and maintaining this road from the beginning until the time that the Government ceased to use it?—During our time of it?

Total cost of road
for carrying sup-
plies \$13,617.50.

4037. Yes?—We kept an account of the cost of it to us; \$13,617.50 was the amount that our books showed. We kept a road account, and this is certified by our foreman and the men who brought in their accounts, and that is the amount we paid for it.

4038. This road was partly over the bed formed for the railway: do you estimate in your cost of the road the making of that road-bed for the railway?—No; merely the levelling of it in places. It was only some two or three miles in one place, and three or four miles in another, where it was better for the teams to go on than the road through the woods.

4039. How much of the road-bed of the railway line was used for the traffic which you describe?—Sometimes there were only a very few miles used, and then at other times when there would be a severe rain the teams would turn on the road-bed wherever they could get the chance.

\$13,000 claimed
for roads outside
of railway line,
except \$500 for
levelling this.

4040. Do I understand that your item of \$13,000 was for the roads made outside of the railway line?—All with the exception of about \$400 or \$500—I could not give the exact amount—that was for levelling this road.

4041. So that the cost to you of putting the railway line in order after it had been used for carrying in supplies for section 15, would not amount to more than \$500 altogether?—No.

4042. The highest would be for the preparation of the roads, and keeping them up outside of the railway line altogether?—Yes.

4043. I suppose that if the road had never been used for the supplies on section 15, you would have been obliged to build a road for your own purposes?—Yes.

A road for the use
of section 14 alone
would not have
cost more than
half.

4044. What would it have cost you to build the road for your own purposes alone?—I do not think it would have cost me more than half that amount.

4045. Do you mean that the construction of the road amounted to about half of this \$13,000, or more?—Yes; I think that the construction of the road amounted to less than \$13,000. The construction of the road amounted to perhaps \$4,000 or \$5,000, and the keeping of it up to the balance.

4046. I am asking, first of all, what the construction of the road cost?—That is what I am not certain about.

Claim for Wag-
gon Roads,
&c.—
Contract No. 14.
Construction of
road cost about
\$5,000.

4047. How much do you think?—I think \$5,000 or \$6,000, or perhaps \$4,000 or \$5,000 for the first construction of the road.

4048. Was the balance of this item incurred by the repairing of the road?—Yes

4049. At different times?—Yes; at different times. We had constantly to keep on the men repairing the roads on account of the Government.

4050. But the original cost of construction you would have had to bear at all events whether the Government used it afterwards or not?—Yes.

4051. You do not think the Government ought to share any part of that item?—No.

4052. Then, after it was constructed, did you bring over the road more supplies than the Government did?—No; I think not.

4053. Do you mean that the Government used it as much as you did after it was constructed?—I think they used it more. You understand that a large amount of supplies were taken to 15 by the contractor. I include that with what went for the Government.

After road was
constructed it
was used more for
section 15 than
for section 14.

4054. You mean supplies used by the contractors?—Yes.

4055. Then why should the Government pay for the contractors getting supplies over the road?—I do not know; we had not anything to do with it. They went over the road and it would have been pretty hard to stop them.

4056. I understood you to say that the Government used the road for taking in supplies for building the engineers' houses?—Yes.

Government
used it for carry-
ing supplies to
build engineers'
houses.

4057. Now, for that use of it by the Government, how much was it worth?—I think it would amount to one-fourth of the use of the road.

4058. And how much did the contractors use your road for their purposes?—I think the contractors for 15 took as much stuff over it as we did altogether.

4059. At that rate you would use the road to the extent of four-ninths; the contractors to the extent of four-ninths, and the Government to the extent of one-ninth; have you estimated it as closely as that for the sake of ascertaining the proportion that each party used it?—I do not think I have.

4060. You understand what I mean? I wish you to separate, for the present, the amount of use which the Government had of your road, as distinguished from the amount of use which the contractors had of it. Can you do that?—Yes; I think I have done that in my answer. Your explanation of it is right.

4061. You think that the proportions I have named are the correct proportions, as far as you can judge?—Yes.

4062. Then taking the first cost, which you assumed to be \$5,000, from the whole item a balance would be left of \$8,617. From what you say you think the Government, for its purposes, had the use of the road to the extent of one-ninth after the construction?—Yes.

Government use
amounted to
about one-ninth.

4063. Do you mean by that, that the expense of keeping it in repair for the sole use of the Government would be equal to one-ninth of the

Claim for Wag-
gon Roads,
&c.—
Contract No. 14.

whole repairs?—The latter part of the time the stuff for contract 14 was taken over the road, but during the whole of the three years previous, the Government would be entitled, according to our calculation, to bear one-quarter of the expense.

4064. During what time do you say?—During the first three years.

4065. Do you mean that was before the contractors commenced?—Yes.

4066. They would be entitled to bear what proportion of the expense?—They would be entitled to bear one-quarter of the expense.

Cost of repairing
waggon road
for three years
from \$5,000 to
\$6,000.

4067. One-fifth according to your own calculation. Can you say what the whole cost of repairing was for the first three years?—Between \$5,000 and \$6,000. The greatest amount of the repairs was during that time.

4068. Do you mean that for the first three years, the Government, for its own purposes, used your road to an extent equal to about one-fifth of the whole use?—Yes.

4069. What would the balance of the time be?—The balance of the time would be about six months.

4070. And for the balance of the time, about six months, the Government did not use it?—Yes; they used it right along in the same proportion, but then it was more used by contractors during that time.

4071. Then assuming that the Government was not liable for the use of it by the contractors, is it your contention that the Government ought to pay somewhere about \$1,000 of the repairs?—Yes.

What Govern-
ment should pay.

4072. But if they were also liable for the contractors' use of it, they would have to pay some \$5,000 of the repairs?—Yes.

4073. What is your estimate of what their proportion of the claim would be?—There is a little more than that. We claim that we would not have had to build as expensive a road as that if there was not as much travel on it.

A road up to a
certain mark a
necessity.

4074. Why did you make it a road equal to the expenditure of \$5,000?—We had to do it to keep it up. In the first place we did not do it, but when their travel came along, we found we had to build it up.

4075. That would be repairing, would it not?—We built the first year only twenty miles, our "toll roads" as we call them, and extended them as we went on with the work. Then it became necessary to build in some places very permanent works.

No request was
made by Govern-
ment respecting
this supply road.

4076. Were you requested to make your first construction more solid or more permanent?—No; they did not request us at all. They said nothing to us about these roads.

4077. You did that of your own option?—Yes.

4078. But you say you spent more on them because you expected more travel over them than your own?—Yes; they were travelling on them all the time. They had let the contracts to build their engineers' houses.

This claim under
Rowan's consid-
eration.

4079. Has the item for this use of the roads been under the consideration of any of the engineers?—It has been under the consideration of Mr. Rowan, who has reported on it. I do not know what his report is. We understood in Ottawa that Mr. Marcus Smith had reported on

this item, but we know nothing about it. Part of our claims were reported on.

4080. Have you explained to Mr. Rowan, on the ground, the nature of your claim, and pointed out where the road was used?—Yes.

4081. So that he has had the materials on which to form an opinion?—Yes; and all the accounts went through his hands.

4082. Is there anything further about this item which you would like to explain?—No; there is nothing further.

4083. What is the next item?—The next item is increase of rock on the east end. I may say, with regard to that increase of rock, our schedule of quantities said that there was 10,000 yards of loose rock, or about that. Up to within a very short time before the contract was completed—about a year—we knew nothing about any more rock being on it. We were doing the rock that was over the located road in different places, and knew nothing about that until the re-location of the last mile and a quarter, which, by turning it to the south, threw us into heavy rock cuttings. Had this been located a year before, so that we could have got at it at the same time we were doing the other rock work we could have had it completed at the same time. Had we known, by our specification or schedule of quantities, that there was any likelihood of this rock being there we would have made provision for it.

Next item: claim for increase of rock on re-located line.

4084. I do not quite understand what you complain of. Is it that the specification or bill of works did not give you the proper idea of the approximate amount which you would have to excavate?—Yes.

4085. Do you mean that it misled you to your disadvantage?—Yes. I mean that it misled us as to the calculations made. We had no idea of this quantity of rock at the eastern end of the contract. During the whole carrying on of the contract, up to the end of last year, we had no knowledge of anything of the kind being there, and on the original line marked out for us there was no such thing.

No such quantity of rock on original line marked out for contractors.

4086. If this large quantity had been found upon the line originally located, would you have any cause of complaint, or any claim for extras?—No; we would not have any cause of complaint if it had been located, and we had got to work at it in the right time.

Nature of claim.

4087. Then your claim is because you did not get the information in proper time?—That is part of it. The other is that the actual change of line increased our work at a place where it increased the cost of the work. You see if it had been the original line there would have been only a few yards of the rock. In that case it would have been earth work on which we would have had a profit.

4088. I understood you to say that if you had taken out the original quantity, 33,738 yards on the line as first located, you would have had no claim?—Certainly not.

4089. About how much would it have cost you on the line originally located?—It would have cost us just as much at the time as it would on this line.

4090. Then the change in location did not increase the cost to you?—The change in location did increase the cost, because on the other line there was no rock.

**Railway Construction—
Contract No. 14.**

Change of location made no difference in cost.

Ground of claim not the increase of rock but delay.

Contract provides that in case of delay there should be an equivalent extension of time.

Time sufficiently extended.

Lost nothing.

But thinks an increase of quantity at a late period ought to be favourably considered.

4091. I am asking you if the quantity had been on the original line what would it have cost you?—It would have made no difference.

4092. The change in location made no difference in the cost?—No.

4093. So that the change of line is not the basis of your claim, unless the taking out of the same quantity on the other line would have cost you less?—It is.

4094. Do you claim that the taking out of 33,700 yards on the first line would have been the foundation of a claim for extras against the Government?—I do not claim it on any other grounds than the delay which prevented us from going on with it at the proper time.

4095. Now you say the only claim is on account of the time you got the information?—Yes.

4096. Does your contract require that you should get the information on such subjects at any particular time?—No; it does not.

4097. Then why do you think it is incumbent upon the Government to give you the information at a particular time?—I think it is but reasonable that information should be given within a reasonable time before the contract runs out.

4098. Does not your contract provide that if you are delayed in the work any particular time you should get an extension for a similar period to complete it?—Yes.

4099. And that the time in addition for completing it shall be a compensation for the time which you were delayed in commencing it?—Yes.

4100. Have you had that additional time?—We have had the delay.

4101. Then have you not had the compensation?—No; we have not had the delay, because I contend it would have taken the whole time to have finished that east end more than it would on the other. We ought to have been made acquainted with that fact simultaneously with the commencement of the contract.

4102. It was not some of the work which you handed over to Mr. Whitehead?—No; we handed over a little of it, but it was a matter of request that we should stop.

4103. But you have had sufficient time to take it out?—Yes; and we took it out.

4104. So that you have had extension of time sufficient to enable you to do it?—Yes.

4105. You have lost nothing by being enabled to do it in the extended time?—No; we lost nothing, because we got time to finish it.

4106. Is there anything further about that item which you wish to say?—Nothing, only just this: that all our rock cuttings cost us more for doing it than the contract price. Whatever was in the schedule we accepted, as we would be obliged to do that anyway, whatever it would cost us, but the increase of the quantity at that late day, we consider, ought to be favourably considered in the settlement.

4107. Do you mean that you have no claim for it under your contract, and that the allowance of it would be as a favour more than as a right?—I have no claim under our contract except for delay.

**Railway Construction—
Contract No. 14.**

4108. You do not claim it as a right, but ask for it as a favour?—Yes; we did a large amount of work that we had not calculated on doing.

Next item: claim on account of Selkirk Station Ground.

4109. What is your next item?—Selkirk Station Ground, No. 9.

4110. Was that in your original contract?—Yes; we had to complete the station ground. We were obliged under our contract to do any work on the section that we might be ordered to perform. This station was finished, paid for, and taken off our hands as complete. Then we were asked to go back, as they wished to enlarge the ground, change the grade and prepare it for building an engine house. We went back to do the work, but when it was laid out we found that it was not work that we ought to be called upon to do under our contract, as it had been done before, and if we were called back to do it, it should be done as the contract provided, by day labour. It happened that the acting Engineer-in-Chief, Mr. Smith, was away just at the time we commenced, but Mr. Smith, Mr. Rowan, Mr. Thompson, the Division Engineer, my brother and myself, met on the ground where the work was being done, and I called Mr. Smith's attention to the matter. He looked over it, and said he would think about it. "Well," I said, "we are going on with the work now, but we want to know whether we are to be paid for it, because if we are not to be paid for it, and we do not know how we are going to be paid for it, we will quit." "Well," he said, "I cannot settle that in a moment; it requires some consideration. You ought not to be compelled to do it under your contract, I can see that very plainly."

Work they should not have been called on to do.

Marcus Smith's opinion that they should not be compelled to do this work under their contract.

4111. Who said that?—Mr. Marcus Smith; and I said to him: "I will leave this matter in the hands of the District Engineer, Mr. Rowan, and the Division Engineer, Mr. Thompson, and let them settle on the extra amount." He said: "We will not pay you by the day. We do not want any work done that way that we can help, but," said he, "they will settle on the extra amount you are entitled to receive for it." I said I was satisfied with that; I was satisfied that they would do what was right, and perfectly satisfied to accept their decision on the matter. I called their attention to it some time after and they did settle on the price, and gave us a statement as to the amount they would allow. They allowed us 24 cts. extra on 19,364 yards.

Rowan & Thompson allowed 24 cts. extra on 19,364 yards.

4112. Who allowed that?—Mr. Rowan and Mr. Thompson.

4113. Did they certify to it?—They certified to that, and made a return recommending it under the instructions given to them by Mr. Smith.

4114. So that your claim is not for the whole price of that material; you ask for the difference over your contract price?—Yes; we just agreed to whatever they would do.

4115. Is there anything further on that item that you wish to say?—There is nothing further on that item.

Further explanation as to claim on this backed up by Whitehead.

4116. Is there any other item about which you have not spoken?—I want to refer to item No. 10 again, as you asked me on a previous occasion for some figures on that matter. Our claim for item No. 10 is based on the difference between our contract price for it and the price we contracted with Mr. Whitehead to complete the work for. There were three fills to be done by Mr. Whitehead. The first of those fills was located at station 3980. In that fill there was 37,005 yards

Difference between contract price and Whitehead's price claimed.

**Claims on fills
banked by
Whitehead-**

Contract No. 14.

Fill at station
3860, 87,006 yards
put in, hauled
9,200 feet.

Fill at station
3869, 15,390 yards
put in, hauled
11,100 feet.

Fill at station
4113, 175,567 yards,
put in and hauled
12,500 feet.

Total amount of
difference be-
tween contract
price and White-
head's price
\$210,863.83.

put in. It was hauled an average distance of 9,200 feet. I am not very sure that my figures are correct or not. The difference in Mr. Whitehead's price and in the contract we made would be \$24,423.30 in that fill. The next fill is at station 3999. In that fill there were 15,390 yards, which was hauled an average distance of 11,100 feet. The difference in that fill between the sub-contract with Mr. Whitehead and the Government price to us, is \$12,627.60. In the third fill, at station 4113, there were 175,567 yards. That was hauled an average distance of 12,500 feet, and the difference between our contract price for it and the price paid to Mr. Whitehead, was \$173,812.93. The total amount is \$210,863.83.

4117. Have you estimated what it would be at the contractor's price, 40 cts.?—No.

4118. How did you arrive at the length of the extra haul? I understand that you commenced from the end of the 1,200 feet?—Yes.

4119. Was there any limit over the 1,200 feet at which you were to be paid for the haul?—There was no limit in the specification; I deduct, you see, the 1,200 feet in each case.

Extra haul 12,500
ft. less 1,200 = 11,300
ft.

4120. When you give the number of feet for extra haul, it is after deducting the first 1,200 feet?—Yes.

4121. You make the extra haul on this large item something over two miles?—Yes.

4122. And do you think you ought to be paid for that extra haul at a cent per yard for every 100 feet?—Yes.

4123. Your figures must be wrong some way or other. If your extra haul was 12,500 feet upon an average, that would be \$1.25 for every cubic yard hauled?—No; deduct the 1,200 feet.

4124. I thought this was after deducting the 1,200 feet. I asked you particularly about that?—I did not understand you. That is the total.

4125. Then that is the average haul, and not the average extra haul?—Yes.

4126. In your contract was there any provision for completing those voids in any other way than by earth embankments?—No; there never was any other way spoken of or intimated whatever. That is the way it was calculated to be filled.

4127. I suppose the hauling of the earth was done by cars and engines?—Yes; it was done by machinery.

4128. Did you ever consider the probable cost of bridging over those voids instead of filling them with earth embankment?—I never estimated it.

Optional with
Government to
fill or trestle the
voids.

4129. Was there a clause in your agreement with the Government, by which they were permitted to omit this work if they thought proper?—There is no doubt about that. They could have put in timber if they wished.

4130. Had they the privilege of omitting this work from your contract if they wished?—No; not of omitting it. They would have had to do it with timber or some other way.

4131. But there was a provision by which they could have put trestle work into it if they pleased?—The general term of the contract allowed

Railway Construction—
Contract No 14.

them to put in trestle work wherever they saw fit. I take the contract and specification to mean that, but it would have been a very costly job to have put in trestle work.

4132. Were these fills, as you call them, over water stretches?—No; they were across gullies principally. The last fill was a neck of Cross Lake.

4133. Then would a large proportion of those fills require rock bases for trestle work?—Yes; I think a large proportion of them would require rock bases. They would have found rock in some places by sinking fifteen or twenty feet. A large portion of fills would require rock bases for trestle work.

4134. Where trestles are used over land openings it is usual to put rock bases under them?—Either rock or piles.

4135. Do you mean that the filling of those gaps upon which you make your claim would have cost anything like as much as your whole claim, if it were done with trestle?—I could not answer that question without calculating upon it. It would have cost a great deal. They were high and it would have cost a very great deal to have built trestle work.

4136. How high were the fills?—They would be, perhaps, about an average of from thirty to forty feet. Fills from thirty to forty feet.

4137. Is there anything further about that item?—No; only this: we always looked upon that as the best part of our work, and we had negotiations with Mr. Whitehead to sell him out our interest about that time. He made us an offer for it; and if we had not looked upon it as the very best part of our work we would have accepted it. Whitehead made an offer for this portion of work.

4138. You say that Mr. Whitehead made you an offer?—Yes.

4139. Do you mean to take from your hands the work which was not completed?—Yes.

4140. And do you say that his offer had reference to this portion of work which you had not completed?—Yes.

4141. Had it any reference to a much larger portion?—Not much larger.

4142. You think that his offer was for the purpose of gaining the profit on this portion?—Yes.

4143. Do you remember what he offered you?—I think it was \$50,000. It was to Mr. Farwell he made the offer. Whitehead offered \$50,000.

4144. Do you not think it was \$55,000?—I could not say.

4145. Do you remember that you offered to sell it to him at a certain price?—Yes; we offered it to him at \$70,000. Proposed to take \$70,000 which was what the profit was estimated at

4146. Then at that time you estimated your profit to be worth \$70,000?—Yes; at that time the estimate we had of that fill was much smaller than it is here. They did not think it would take as much earth to fill it. I think it was only estimated at that time it would take 125,000 yards to make the fill.

4147. Mr. Whitehead refused to give you \$70,000?—Yes.

4148. And the negotiations ended altogether?—Yes.

**Railway Con-
struction—
Contract No. 14.**

Three or four months after Whitehead refused to give \$70,000 the existing arrangement was made.

4149. How long had they ended before this new arrangement was made with Mr. Whitehead?—I could not say; but I should think three or four months.

4150. Then it was not about the time that you made the arrangement with him that he was offering to buy you out?—No.

4151. So that in that you are mistaken?—No.

4152. I understood you to say that about this time Mr. Whitehead was offering to buy you out?—It made no difference. It was this end of the work that he was anxious to get hold of as it had the profit in it.

4153. Do you mean that at the time you made the arrangement with Mr. Whitehead, you had the option of taking his offer of \$50,000, or of completing the work through him as a sub-contractor?—No; we had not entered into any particulars with him at all at that time. The other negotiations had entirely broken off.

Bond of indemnity for \$5,000 given to Whitehead to assure him work would be done so as not to delay him.

4154. I understood you to intimate that at the time you could have done something very favourable to yourself?—We could have done so before, but at that time we never spoke of renewing old negotiations at all. We had no option about it. We were forced in to make this arrangement, and that was all we could do. I would just like to show you, in regard to this matter, that we did everything we could, and were anxious to hurry on and keep out of Mr. Whitehead's way. Mr. Whitehead said he wanted to commence laying a track to a certain point, and he was very much afraid that we might delay him. He wanted a guarantee from us that the work would be done, and he would not accept any guarantee except my personal bond which I gave him, and which was carried out; the bond of indemnity of \$5,000.

Claims also for interest.

4155. Can you produce a copy of that bond?—I produce it. (Exhibit No. 98.) In regard to the last item we ask that the matter of interest be considered. The Government hold deposits of ours at the present time, and part of the last estimate, and also a part of the percentage in their hands, and we think at this extended period of time we ought to be allowed a reasonable amount of interest for their holding this money. I have an engineer who will be here to-morrow, who is working on the road, whom I wish to be examined in regard to that ditch, and in regard to the change of location.

4156. Is there anything further you wish to say?—No.

JARVIS.

**Surveys—
Party M.**

E. W. Jarvis, a
Civil Engineer.

EDWARD W. JARVIS, sworn and examined:

By the Chairman:—

4157. What is your profession?—Civil engineer.

4158. Have you been at any time engaged upon any work for the Canadian Pacific Railway?—Yes; on the surveys.

4159. When?—From May, 1871, to June, 1875.

Surveying from 1871 to 1875.

Survey from Whitefish Bay to Red River.

4160. Which survey were you first employed upon?—The survey from Lake of the Woods, starting from the eastern extremity at Whitefish Bay and running west to Red River.

4161. Did you survey between those two points?—Yes; that was the first season's work.

Surveys—
Party M.

4162. All the way?—Yes; all the way.

4163. At what point was your base of supplies that season?—At the outset it was at Thunder Bay.

4164. How far from the beginning of your work?—Four hundred miles I should say, by the Dawson route. I really do not know the exact distance in miles, but by the route over which the supplies came it was about 400 miles.

Base of supplies at Thunder Bay, 400 miles from commencement of work.

4165. From what point did you start to get in your supplies?—We started from Thunder Bay.

4166. What party did you take with you?—The surveying party was composed of myself, in charge, one transit man, one leveller, one assistant leveller, rod man, and two chain men, and about twenty-five axe men and packers.

4167. About thirty-two in all?—Yes; about thirty-two I should think.

Size of party thirty-two in all.

4168. Who had charge of providing you with supplies?—I rather think it was Mr. Alph. Jones who sent in supplies from Thunder Bay. There was a commissariat officer attached to each party; my commissariat officer was Mr. John Breden. He accompanied me.

Supplies.

4169. Was that in addition to the number you mentioned?—Yes; I had not mentioned him.

4170. Was he subordinate to Mr. Jones?—I think so.

4171. Had you any immediate control over your commissariat officer?—Yes; we acted in concert with regard to getting in the supplies. I instructed him as to what supplies I wanted, and he took means to procure them for me. After November, 1871, or during the month of November, he received orders to remain in the woods the whole winter. It was not contemplated at first that we were to remain out all winter, and I then despatched a man to Red River to purchase supplies.

4172. Who was that?—Mr. Gray.

4173. To whom did he make application?—I sent him in here to Mr. Bannatyne to purchase what supplies were needed.

Sent Gray to Winnipeg to purchase supplies from Bannatyne.

4174. Had Mr. Bannatyne any connection with the Pacific Railway?—No; he kept a general store here.

4175. Were you authorized to take that step, or was it left to your own discretion?—No; I took it on my own responsibility. The party were out there and the supplies were nearly run out, and I found it a great saving of time to get them in Winnipeg rather than wait until I got them from Thunder Bay. My supplies arrived from here sooner than the supplies sent from Thunder Bay.

4176. Did you allow your messenger to use his own discretion as to the prices he was to pay?—No; there were no orders left as to prices. The instructions to the messenger were to obtain the supplies on the understanding that those who furnished them should draw on Mr. Fleming for the amount contracted for at Ottawa. We had a small sum of cash furnished to us at the outset, \$50, which did not amount to much for that purpose.

Instructions to messenger as to manner of obtaining supplies.

4177. I wish to ascertain now the means by which the prices of those supplies were fixed?—I presume they were the ordinary current prices here. I had no control over the prices myself, except that duplicate

Prices of goods.

**Surveys—
Party III.**

invoices were sent with the goods to me. I knew the prices and certified to receiving the goods. The matter of prices was of no concern to me.

4178. Then you left the prices of the goods to be settled between the party who supplied them and the authorities at Ottawa?—Yes.

4179. Do you remember when you got the invoice whether, in your opinion, the prices were reasonable or unreasonable?—The prices appeared to me to be high, but hardly more than I expected them to be here at that time. The place was very isolated, and we could not expect to get them lower under the circumstances.

4180. Did you make any representation to the authorities at Ottawa upon the subject of prices?—No; I did not. I simply reported the fact of what I had done.

Difficulty of getting supplies.

4181. As to the supplies which were sent to you from Thunder Bay during the first season, do you remember whether there was any difficulty in getting what was sufficient to support your party?—It was very late in the season, I remember, when we received them, and owing, probably, to the length of the journey, the supplies were very nearly all consumed by the parties bringing them in. When the supplies that were supposed to last us over the winter arrived we were forced to send in here for more, they were so nearly exhausted.

Supplies nearly consumed on the way by supply party.

4182. That is supplies for the winter season?—Yes; the only supplies we received from Thunder Bay were clothing and supplies that were supposed to do us for the winter.

4183. Did you make any representations to any person at Ottawa as to the state of affairs?—I reported at Ottawa the state of affairs.

4184. Do you remember, in round numbers, the value of the supplies which you procured from Winnipeg for that winter?—I do not. Those that I individually procured I may possibly tell, but others were procured about Christmas, when another commissariat officer was appointed. Mr. Breden left me at the beginning of the winter, and Mr. W. E. Jones was appointed as the commissariat officer to my party and the next party east of mine—the party under charge of Mr. James.

Supplies sent from Thunder Bay inadequate.

4185. Were the supplies that were sent from Thunder Bay for that winter very inadequate?—Entirely inadequate.

4186. Do you know whether you had enough for one-half of the winter or one-quarter, or can you state any portion of the time for which they were probably sufficient?—Probably not enough for one month, I should think.

Chief Engineer sent instructions to remain out during winter and stated that supplies and winter clothing would be sent.

4187. You had to ask, as I understand, for enough to be sent from Thunder Bay to keep you during the winter?—No; we did not ask at all. The instructions came from Ottawa from the Chief Engineer to remain out during the winter, and stating that supplies and winter clothing would be sent to us, not mentioning the course they would take or the name of the person in charge of them.

4188. And it was after that that the supplies you speak of arrived?—Yes; some time after that.

4189. But not in sufficient quantities?—No, not in sufficient quantities: except the winter clothing. The winter clothing was ample.

**Surveys—
Party M.**

How he came to send to Winnipeg for supplies.

4190. Then on that emergency you decided to send a messenger to Winnipeg?—No; I did not make myself sufficiently clear. When I first arrived at Whitefish Bay the supplies were very nearly exhausted. I then sent a messenger to Winnipeg for supplies with a letter for the Chief Engineer reporting what I had done, and of course my supplies reached me before my report reached Mr. Fleming.

4191. These were supplies for the fall?—Yes; my messenger only returned late in September from here. The other supplies that I spoke of as being sent in for the winter, were sent in, I suppose, by orders from headquarters.

4192. Were those which you ordered from Winnipeg for the winter or only to complete the survey?—Only to complete the summer's work.

Supplies ordered at Winnipeg to complete summer's work.

4193. Was it after that you received the notice that you were to remain out during the winter, and that supplies would be forwarded to you?—Yes.

4194. You expected supplies to be forwarded sufficient to maintain you during the winter?—Yes.

4195. Did they come in sufficient quantity?—No.

4196. How was the deficiency made up?—The deficiency was made up after the appointment of Mr. Jones as commissariat officer. He had joined me, I think, about the middle of November, and I then pointed out the state of affairs to him, and he immediately returned to Winnipeg and shipped me out supplies from here. I pointed out to him the fact that the supplies received with the orders were insufficient to carry me through the winter, and that I must have more supplies immediately.

Sufficient supplies shipped by Jones.

4197. Do you know from whom he got those supplies?—He purchased them from different persons: Mr. Bannatyne, the Hudson Bay Co., Dr. Schultz, and others who were keeping stores.

4198. There was no officer appointed at that time in this locality to furnish supplies on the Government account called a purveyor, or any person of that kind?—No; there was no purveyor. A certain sum was placed to the credit of Mr. Jones with the Deputy Receiver-General here, and he made use of that money. That was a matter entirely between my commissariat officer and the Department. I had no control over it at all.

System of supply

4199. Was any work done on the surveys that winter?—Yes; we worked the whole winter.

4200. Still progressing westward?—Yes; we worked until the 30th of March, when we reached Red River.

4201. I understand that your line which you speak of was from Whitefish Bay in the first instance, to the point known as Keewatin?—Yes; Keewatin, or Rat Portage.

First line from Whitefish Bay to Keewatin.

4202. Can you indicate the direction from that point westward any distance?—The present location is almost identical with my line very nearly to Whitemouth River.

Present location on same line from Rat Portage to near Whitemouth River, whence witness struck more directly for Winnipeg than the present line.

4203. And then?—And then I struck more directly for Red River—that is, more directly for Winnipeg—than the present line does. I

**Surveys—
Party M.**

reached Red River at a point ten miles north of this, about half way between here and the Stone Fort.

4204. That survey was completed in March, 1872?—Yes; about the 30th of March.

4205. Did you remain under an engagement with the Government after that survey?—I did.

Plans and profiles made and quantities taken out.

4206. What was your next work?—After paying my men, my assistants remained here with me for two months, I think doing office work in connection with our previous nine month's field work. We made the plans and profiles, took out quantities, and made reports and sent them to Ottawa.

4207. Of this line?—Yes; of this line. Our instructions were to locate a line; but I reported to the engineer that it was impossible for us to locate a line from the data I had. The country was entirely unknown at that time; and we had not sufficient data from the rough survey we made to locate the line properly. We made an approximate location—that is to say, not on the ground but on paper projected from field notes.

By Mr. Keefer:—

Projected a location on paper.

4208. You projected a location on paper?—Yes; from cross-sections and slope angles.

By the Chairman:—

4209. Will you tell me what data you mean when you say "insufficient data." Do you mean the data you had were not sufficient in accuracy, or that you had not the data at all that were necessary?—We had sufficient data to complete an approximate location—that is to say, we were enabled from our notes to lay down on paper where we thought the line ought to be run as a located line, some distance away from our preliminary line at times. Those were data obtained from field notes, by cross-sections and surveys.

Cross sectioned portions of line.

4210. Did you cross-section the line that you ran at that time?—Yes; at points we did.

4211. Not all the way through?—No; not all the way through.

4212. Did you cross-section that portion of the line which is now part of the adopted line?—Yes; portions of it at Keewatin and Cross Lake.

4213. That is the portion which you cross-sectioned?—Yes; portions of that were cross-sectioned.

Owing to changes in location, not possible to compare the quantities.

4214. Was that line sufficiently cross-sectioned to give information upon the quantities of the line as finally located and now adopted?—No; I think not. I think the location has been so much changed, although adhering very nearly to the general direction of the line, that it would be impossible to compare the quantities. A very slight deviation in the location would make a material difference in the cross-sections in that section of the country.

Witness's plans and data burned up in the fire in the Pacific Railway offices, Ottawa.

4215. Then all the information you obtained upon the line run by you was no help in ascertaining the quantities in the bill of works at the time that this particular contract was offered to public competition?—None whatever. It was not made use of in any way. It did not

Surveys—
Party M.

exist at the time. My plans and all data were burned up in the fire in the Pacific Railway offices in 1873 or 1874.

4216. But I understand you to say that if they did exist they would not furnish any information to establish a bill of works upon them?—No.

4217. They would have been no help, in fact, in ascertaining the quantities for this particular line?—No; they could not have been used for that at all.

4218. Do you remember whether your instructions at that time directed you to make for any particular point on Red River?—No, they did not.

Instructions did not fix on any point in Red River. The western terminus and the way to it left to witness's discretion.

4219. It left the western terminus to your discretion?—Yes; as well as the means of getting there.

4220. The Red River on the west and the eastern starting point were the only two points indicated?—They were fixed. The approximate latitude of Red River was given me as the point I should cross.

4221. Do you remember how that was given?—If I remember right the latitude of Fort Garry was given without any definite instructions as to running to that point. It was simply a fixed point named latitude 49°52' north, which is about the latitude of Fort Garry. It was given to me more for information than instruction, I think.

4222. Were there written instructions given to you?—Yes; there were written instructions.

Written instructions.

4223. Do you know anything of the location of the existing line between Wentworth and Selkirk?—I have not been connected with it professionally, but I have travelled over the line.

4224. From your observation have you formed any opinion whether that was a more feasible or a less feasible line than the southern one which you located or surveyed?—I am under the impression that my line was a better one. That is to say, I think the character of the work is about similar, but my line was a more direct one.

Thinks his line more feasible than the existing line.

4225. Do you mean that the cost would have been about the same?—I imagine that the cost mile for mile would have been about the same except in one point, where I understand a great deal of money has been spent. It is known as the Julius Muskeg, on contract 14.

4226. Would your line have escaped that expensive point?—Yes; my opinion is that on my line we would have escaped it altogether.

The Julius Muskeg on section 14 would have been avoided.

4227. When compared with as much of the route of the railway as would be west of the Whitemouth, do you think that the southern line would be preferable?—I think it would.

4228. Unless there was some other object to be attained by going further north?—Yes; it was preferable unless there was some other object to be attained.

The south line in all respects preferable.

4229. Assuming that it was a matter of indifference whether the point at Selkirk or the point which you reached should be the one to adopt, do you say that the northern line would have been preferable to the southern line?—If it were a matter of indifference which point should be reached I should say that the south line would be preferable. I should prefer the south line for two reasons: the avoiding of this

**Surveys—
Party M.**

muskeg, and the greater facilities it would give for ballasting the line by running close to the foot of Bird Hill, where good ballast could be obtained.

4230. Did you cross-section any portion of this part of the line—I mean west of Whitemouth?—I did not.

**Eagle Lake to
Sturgeon
Lake.**

4231. What was your next work?—You mean after finishing those plans?

**Next employed to
run a line from
Eagle Lake to
Sturgeon Lake.**

4232. Yes?—I was then sent to a point 200 miles east of Red River called Eagle Lake, to start at the Hudson Bay Co.'s post there, and run a line easterly to Sturgeon Lake.

**One hundred and
fifty miles.**

4233. About what distance would that be?—I think by our line that was about 150 miles.

4234. That would be in the summer and fall of 1872?—That was from June, 1872, until the end of October.

**Base of, and
manner of pro-
curing supplies.**

4235. Where was your base of supplies at that time?—Winnipeg.

4236. Was it still under the same system that you described last? Had you a commissariat officer?—No; there was no commissariat officer attached to my party that season.

**Instructed to pur-
chase supplies
himself.**

4237. What was your arrangement for your supplies?—I was instructed to purchase my supplies myself. Mr. Jones was only instructed to find the transport.

4238. Did you purchase the supplies that season?—The supplies I took with me I purchased myself.

4239. Did you take enough with you for the whole season?—No; I did not. I sent Mr. Jones back for some more.

4240. Do you remember from whom you purchased your supplies that season, either directly or through Mr. Jones?—From all the principal storekeepers in the place.

4241. Did you fix the prices?—I did not.

**Goods sold at
current rates.**

4242. Who fixed them?—The goods were sold at, I presume, the current rates.

4243. Did you arrange about the prices?—I did not. I simply made myself acquainted with the market prices here, and became aware that I was charged the regular prices that those goods were selling at.

4244. Were the prices mentioned to you before the goods were ordered?—At the time of the purchase I became acquainted with the prices.

4245. Then you agreed for the prices with the sellers?—I may say that I agreed for the prices. I knew at what price the goods were selling, and the supplies I bought myself I knew the prices of at the time, because I certified to the accounts.

**This second
survey not made
available in the
location of line.**

4246. Has that survey been made available at all in the location of the line between Thunder Bay and Red River as now adopted?—I believe not. That line was run with a view to passing north of Lake Nipigon. The present line diverges considerably to the south-east.

4247. It crosses the present located line?—Yes.

Surveys—
Eagle Lake
to Stungam-
Lake.

4248. Only at one point?—I believe only at one point. That is the very point between Wabigoon Lake and Thunder Lake. That was the only point of intersection.

4249. What size was the party that you had with you that season?—Similar to that of the previous season.

4250. Was there any difficulty about the supplies which were furnished to your party?—None whatever about those that I took out with me, but there was considerable difficulty with the fresh supplies that Mr. Jones sent out to me. Difficulties regarding supplies.

4251. What was the difficulty?—That they were nearly all consumed before they arrived at our camp. The men who transported the goods not having been supplied with provisions, consumed those that they carried, and as they were a month on the road, they consumed nearly all of them.

4252. Do you know who had the organizing of this party?—I had myself.

4253. Do you mean that they were some of your party that were detailed off for the purpose of going to Winnipeg?—No; the instructions were sent to Mr. Jones to forward the supplies.

4254. He was then in Winnipeg?—He was either at Winnipeg or between my party and Winnipeg. I sent him instructions to send me supplies for my party for one month. Sent Jones instructions to send supplies for party for one month.

4255. Who organized the party to forward them?—Mr. Jones organized the transport.

4256. How many men were there in that party for transporting the supplies?—I think there were sixteen men. Size of supply party sixteen men.

4257. Any animals?—No.

4258. Did they pack the goods?—The goods were freighted over the North-West Angle road—a portion of the Dawson road—as far as the North-West Angle by teams. Transportation of supplies.

4259. There was a good travelled road over that portion of the country?—Yes; the road was kept open in those days. From North-West Angle the supplies were forwarded by boats.

4260. What kind of boats?—I believe they were York boats—Hudson Bay boats.

4261. To what point did the boats take the supplies?—The boats came up half-way to Eagle Lake.

4262. To what point would you call it?—I think that the name of the lake to where the boats came was Vermillion Lake, and then the goods were transferred to canoes at Vermillion Lake.

4263. Did the canoes take them to your starting point?—No; the canoes followed me up. They received instructions to follow me up on the line.

4264. Were they enabled to find you at a point further east than your starting point?—Yes; at English River. I was over 100 miles from my starting point.

4265. Was this whole journey longer than was expected at the time?—Yes; I think there were unnecessary delays.

**Surveys—
Eagle Lake
to Sturgeon
Lake.**

Unnecessary
delays caused by
men in charge of
the transport.

4266. Where do you think the delays were?—I think they were on the part of the men who were immediately in charge of the transport.

4267. Do you remember their names?—No; they were half-breeds.

4268. Do you remember any of them?—Yes; the chief store man was a man named Mousseau. He was at that time in the Hudson Bay Co.'s service.

4269. Did the Hudson Bay Co. undertake the transport of those goods?—I do not know whether the company were transporting them, or this man was hired for the occasion from them. The transport was arranged by Mr. Jones.

4270. Do you know where Mr. Jones is now?—I believe he is west of this, at Qu'Appelle, or at Fort Ellice.

4271. Is he now employed on the Pacific Railway?—No; he is not.

4272. Have you any idea of the value of the goods that were bought to be transported to you at that time?—By Mr. Jones?

4273. Yes?—No; I have not.

4274. Have you any idea of the total value of the goods which you bought earlier in the season?—No; I do not remember.

4275. Could you give any approximate idea?—No; I have no data upon which to base any idea at all, except my memory, and I do not think that will serve me correctly. I could jump at it, but of course it would not give you any information.

4276. Could you give any idea of the value of the goods or supplies which were lost by those delays?—No.

4277. Would it be less or more than \$1,000?—It would be in the neighbourhood of \$1,000. We estimated from \$10,000 to \$12,000 as the cost of the party for the season's outfit.

4278. What length of a season?—Taking one season with another—either the winter season or the summer season—about six months of the year.

4279. Do you mean about half of the year, either from spring to fall, or from fall to spring—is that what you call a season?—Yes.

4280. Assuming that to be the value of the supplies for the season for the party which you had with you, can you form any estimate of the amount of supplies which Mr. Jones bought?—It would only be an estimate. I should say from \$12,000 to \$15,000 would be the amount that he bought.

4281. When they reached you do you say you found that a large proportion of them had been consumed?—Yes.

4282. Was it necessary for you to order more supplies there to finish the season?—No; it was then too late. The remnant of the supplies only reached me about a week before I finished my summer's work, or rather, to speak more correctly, the supplies never reached me at all, for when I ran short I detailed one of my assistants to go back and look for them, and he found that they were about fifteen miles back of the point I was at. He took with him what he could carry on his small canoe, a few bags of flour and some pemmican, and

No idea of the
value of goods
bought.

Value of goods
supplied party
about \$1,000; cost
of party for
season's outfit
from \$10,000 to
\$12,000.

Defects in com-
missariat.

brought it to my camp, and I then sent word to those men not to come any further.

Surveys—
Eagle Lake
to Sturgeon
Lake.

4283. After those supplies reached you, had you sufficient to finish that season?—No; we were short of supplies for some time, and did without. Short of supplies.

4284. Was the only result of the supplies not reaching you properly that you were obliged to do with a shorter allowance?—That was all.

4285. The work was not stopped?—No; the work was not impeded at all. Work not impeded.

4286. That work took you down, I think you said, to October, 1872?—We reached Winnipeg at the end of October, 1872.

4287. Did you remain there in the employ of the Government?—I did.

4288. Were you in the office here during that winter season?—During that winter I left my assistants here making the plans and profiles, and proceeded to Ottawa myself. In Ottawa from fall of 1872 to Jan., 1873.

4289. How long did you remain there?—I remained until the end of January in Ottawa. I was working in the head office until the end of January, 1873.

4290. Did you remain in the employ of the Government after that?—I did. Eagle Lake to Rat Portage.

4291. At what work?—I then received instructions to connect the two sections I have already described, by running a line from Eagle Lake to Rat Portage—eighty miles.

4292. Did you run that line?—I did.

4293. What was the size of your party?—I had a party of three assistants and about twenty men in all—rather a smaller party than on the two other occasions, because I did away with canoe men and packers.

4294. Had the country been explored between those two points at the time you commenced?—Yes; I had explored it myself the previous year. Witness had himself explored the country previously.

4295. Had you been exploring it while the work of the survey was going on between Eagle River and Sturgeon Lake?—No; it was while the work was going on between Rat Portage and Red River.

4296. That was the season of 1871?—Yes; about a year previous—in January 1872.

4297. Was it merely an exploration or a survey?—Only an exploration, with barometer and compass.

4298. It was not what is called an instrumental survey?—No.

4299. Had any roads been made through that part of the country?—No; none whatever. We had to make our roads as we went. Made roads as they went on.

4300. What was the base of your supplies that season?—Winnipeg. Winnipeg base of supplies.

4301. Under what arrangement?—When I received my instructions in Ottawa to make the survey I sent orders to my assistants to procure the necessary supplies, hire the men, and start to a point that I would indicate where I would join them. My chief assistant did so, and he took trains and axe men, and started out to the lake called Shebandowan. Arrangements regarding supplies.

**Survey—
Eagle Lake to
Rat Portage.**

Joined party at
Eagle Lake, Feb.,
1873.

Supplies, value of.

Superior system
of supply.

Had neither pork
nor sugar—only
absolute neces-
saries.

A preliminary
instrumental
survey.

Cross-sectioned at
certain points.

Laid down a
centre line.

4302. Did you find your supplies there?—A depot was made, and the supplies were left there, and the party then proceeded to Eagle Lake, where I joined them in the middle of February with another assistant.

4303. Was there any difficulty about supplies that season?—None whatever.

4304. Did the value of the supplies which you furnished in that way exceed or equal the estimate which you have previously given?—It was a good deal less.

4305. Was it less in proportion to the size of the party?—It was not less in proportion. It was a shorter season and a smaller party.

4306. But was it in proportion to the party you indicated: a party of thirty for a six month's season?—I think it was rather less. It was under the average.

4307. How do you account for that. that an expenditure under the former average was sufficient to support the party; had the prices gone down?—No; I think the management in procuring supplies and getting them sent out was rather better.

4308. Do you mean management in purchasing or in transport?—In the transport, and in the quality of the supplies purchased. By "quality" I mean the kind of supplies. My assistant was a very good and a very energetic man, and the men that he hired were altogether natives. We had no white men and we took nothing but the native provender. We took nothing but pemmican and flour with us. We did away with pork and sugar and such things, such as we had taken in previous seasons. I took nothing but the absolute necessities.

4309. And that resulted in a saving?—I think so. So much so that we had a considerable portion of the supplies left when we reached Rat Portage in the March following, having estimated them on the old basis.

4310. You reached Rat Portage in March?—Yes.

4311. What time did you leave?—About the middle of February.

4312. Then you were only a few weeks on that survey?—We were only five weeks.

4313. What was the character of that survey?—It was called a preliminary instrumental survey.

4314. Did you locate any line?—We made an approximate location by cross-sections.

4315. Was it a thorough cross-sectioning?—No; only at particular points.

4316. Did you lay down a centre line for the railway on that occasion?—Yes.

4317. Did you take out the quantities at any time on that location?—No; we did not at that time. We sent all the data to Ottawa.

4318. Do you know whether the quantities were taken out at Ottawa upon those data furnished by you?—I believe they were.

4319. Did you continue in the service of the Government after March of 1873?—Yes; we remained here in April and May.

Surveys—
Cache Creek to
Seton Lake &
Thompson
River.

4320. And after that?—We were sent to British Columbia in the beginning of June, 1873.

4321. How did you proceed to British Columbia?—We proceeded by rail via San Francisco.

Proceeds to
British Columbia,
June, 1873.

4322. What party?—Myself and three assistants.

4323. When did you reach British Columbia?—We reached there about the 25th of June, 1873, and reported to Mr. Marcus Smith who was then in charge of the surveys there.

4324. Did you proceed with further work?—Yes; we made a survey there that season.

4325. Between what points?—We started at Cache Creek, and surveyed south-westerly to the Cascade Range, crossing the Fraser River at Lillooet, and terminating our survey at Seton Lake; then from Cache Creek north-westerly to the Thompson River, following the valley of the Bonaparte on the north side of the North Thompson River.

Extent of survey.

4326. About how many miles?—I should think it is about 180 miles or 200 miles.

Size of party, self
and three assist-
ants, and twenty
men, mule and
pack trains.

4327. What was the size of your party?—Myself and three assistants, about twenty men and a mule train and a pack train.

Thirty mules.

4328. How many animals?—About thirty mules.

4329. Where was the base of your supplies that season?—Chiefly Yale; but we also obtained supplies from Clinton.

Yale principal
base of supplies.

4330. Did you take your supplies with you intending to have enough for the season?—Yes; we took the season's supplies with us.

4331. Were the animals purchased absolutely, or only hired?—I think they were purchased, and were the property of the Government. The whole of the surveying was in the hands of a person named John Trutch.

John Trutch the
commissariat
officer.

4332. What was the name of his office?—We called him the commissariat officer.

By Mr. Keefer:—

4333. He is not the engineer of that name?—No; he was the brother of the ex-Governor.

By the Chairman:—

4334. Where did he live?—In Victoria.

4335. Did he take the responsibility of purchasing those supplies and pack animals?—As for the supplies I cannot say, but the pack animals were already the property of the Government before Mr. Trutch was appointed.

Pack animals
already the prop-
erty of the
Government.

4336. Then you used animals which the Government already owned?—Yes.

4337. Was there no purchase of animals for the requirements of your party that season?—No.

4338. As to the quantity of supplies did you consult with Mr. Trutch, or did he take the responsibility of ordering them upon his own discretion?—He took the whole responsibility. The system on the other

Trutch took
entire respon-
sibility.

**Surveys—
Cache Creek to
Seton Lake &
Thompson
River.**

Party preceded
him to starting
point.

side of the mountains was entirely different from the system on this side. Here the responsibility rested on the shoulders of the engineer in charge of the party as to quantities; there the whole matter was arranged by the Commissariat Department.

4339. Did you furnish him with the number of persons employed, and the length of the time of the service?—No; he was furnished from the head office with that. I had nothing to do with it. I was entirely independent of it. I simply proceeded with my assistants to my starting point, and there I found my party and supplies.

4340. Did you not take them with you?—No; they preceded us a few days.

4341. On whose orders?—On Mr. Trutch's orders.

4342. Independent of yours?—Yes. Of course I took charge of them when I arrived.

Supplies ample.

4343. Had you sufficient supplies for the season's work?—Yes; we had ample.

4344. More than enough?—Yes; more than enough. We brought some out with us in October.

4345. Out to what point?—Out to what is called the waggon road, a Government road running up the Fraser River.

4346. And what became of them after you brought them there?—We returned them to the Commissariat Department there.

Reported excess
of supplies, and
where stored to
Trutch.

4347. Was there a branch of the Commissariat Department there?—No; they were placed in store there, and we notified the Commissariat Department. There was a hotel there, and we placed the supplies in a store-house adjoining the hotel. It was a private store-house, rented by the Government.

4348. Did you notify Mr. Trutch?—We notified Mr. Trutch as to the quantity.

Made further
explorations for
a month. Then
paid party—sent
men to Victoria,
and the mules to
winter quarters,
at Kamloops.

4349. Had you any further responsibility as to those supplies?—No; after placing them in the store I took some of them out again as I was instructed to make further explorations, which occupied me about another month. I then paid the party, sending the men and assistants to Victoria, and the mules to their winter quarters at Kamloops.

4350. In whose charge did you send them?—I sent them in charge of my commissariat officer.

4351. To whom did you send them?—His instructions were to go with the animals and place them on the winter range and then to report at Victoria.

4352. You had not the responsibility of delivering them to any particular person?—No.

4353. You delivered them up to the charge of the commissariat officer?—Yes; with instructions to deliver them at a certain point.

No loss further
than a few
barrels of flour.

4354. Do you know whether there was any loss on the stores in connection with that season's work?—No; there was no loss of any kind except a few barrels of flour.

4355. Do you remember about what time you ended your survey upon the North Thompson?—About the middle of October.

4356. You say that after that you made another survey?—Yes; I made an exploration in what is known as the Horse Fly country, towards the Horse Fly Lakes, from a point on the Fraser River near Bridge Creek, and running in an easterly direction about eighty miles. We went on until we were turned back by the winter season coming on.

Exploration—
Fraser River
towards Horse
Fly Lakes.

4357. Was that an exploration, or an exploratory survey?—An exploration only, with compass and barometer.

4358. What was the size of your party on that occasion?—Three men and half a dozen mules.

Size of party,
three men; num-
ber of animals,
six mules.

4359. Altogether?—Yes; we simply travelled over the country.

4360. Was the previous examination of that season an exploration?—That was an instrumentalsurvey, all the work previous to that.

4361. Had you any difficulty about supplies on this last work that you describe?—No; I had not.

4362. That brings you down to the fall of 1873?—That brings us down to the end of November, 1873.

4363. For the purposes of exploration and making surveys which cannot be called instrumental, have you any impression about the size of parties that ought to be employed?—For simply exploratory purposes?

Size of party
necessary for
exploratory
surveys—three or
four men.

4364. Yes?—Yes; I think that a party of the size I have mentioned is about large enough for explorations in that country.

4365. About three men, with the engineer in charge?—Yes.

4366. How many animals?—We had half a dozen; it was about the right number. We only expected to be absent inside a month, and they were sufficient for that trip. The number required varies in different parts of the country. You would require more men on the east side of the Red River, because the transport of supplies is effected in a different way. In summer they would be canoed, and in winter they would be carried by dog-trains, and on men's backs, whereas in British Columbia they were packed on mules.

Number of
animals neces-
sary for an
exploratory
party—six.

4367. Do you mean that the explorations in the mountain range can be performed at less expense, as far as transport is concerned?—Yes; west of the mountain range.

4368. I think all the British Columbia section was called the mountain district, as distinguished from the prairie section?—Yes; but there are large plains in it. When you go up into the heart of the Rocky Mountains the feed ceases, but down in the lower valleys there is plenty of feed for animals all over.

Character of
British Columbia
section.

4369. Was this country which you surveyed in the fall of 1873 mountainous?—No; the end near Fraser River was rough; but the end near Thompson River was not so rough. It was a rolling country.

Country on
survey in the fall
of 1873, near
Fraser River
rough, but near
the Thompson
River rolling.

4370. Did you remain in British Columbia during the winter of 1873-74?—No; after I finished this exploration I rejoined my party in Victoria, and then returned to Ottawa.

Returned to
Ottawa.

4371. And spent the winter there?—Yes; my party remained in Ottawa during the winter. I was absent in England myself on leave. My party remained in the office, doing the office work necessary for the completion of this survey.

Surveys—

Tête Jaune Cache to Fraser River.

April, 1874, starts with party for British Columbia.

Runs line from Tête Jaune Cache to Fraser River.

Size of party, thirty-three animals, forty horses and eighty mules.

Party takes supplies with them.

Tête Jaune Cache the starting point.

Time occupied on survey.

Mr. Bell and party at Grand Rapids.

Animals sent to Kamloops.

Transport down Fraser in boats.

4372. When did you return?—I returned to Ottawa in April, 1874, and started immediately with my party for British Columbia.

4373. The same party?—The same party.

4374. Three assistants?—Yes; I am incorrect in saying that the three assistants accompanied me to Ottawa. One of them, Mr. Gray, remained in Victoria, and two accompanied me to Ottawa. The same two returned with me to British Columbia.

4375. Had you any further work in British Columbia?—Yes; that season we were sent up to the summit of the mountains to Tête Jaune Cache, and started to run a line down the Fraser River. No survey had been made there previously.

4376. Can you remember the size of the party?—I had my three assistants, previously mentioned, thirty men and about 120 animals.

4377. Mules?—Mules and horses—about forty horses and about eighty mules.

4378. Were they purchased specially for that party or were they already the property of the Government?—No; they were the property of the Government.

4379. What was the base of your supplies that season?—We took everything with us from the lower country—part from Victoria and part from Yale.

4380. And the animals too?—No; we took the animals from Kamloops. All the Government animals wintered at Kamloops. There was a waggon road from Yale to Kamloops.

4381. And from there the transport was with those animals?—Yes.

4382. Tête Jaune Cache was your starting point?—Yes.

4383. In what direction was the survey?—It was north-westerly, down the Fraser River.

4384. Had you sufficient supplies from that season's operations, or was there any difficulty about supplies?—No; we took in sufficient with us.

4385. How long were you engaged upon that survey?—From June, 1874, until about the middle of October.

4386. To what point did you make the survey?—We ran about 200 miles down the Fraser River until we connected with the next party coming up the river in charge of Mr. Bell, near a point called Grand Rapids.

4387. What became of your animals and supplies—if there were any supplies left?—The animals were sent back from Tête Jaune Cache. They had made two trips to Tête Jaune Cache, once with the party, and once after the party had started to work, and then they were returned to Kamloops. The transport down the Fraser was in three large boats which we built at Tête Jaune Cache for ourselves.

4388. Did your responsibility for the animals cease after that?—Yes; they were put in charge of the chief packer, and he was told to report to Mr. Marcus Smith wherever he found him. He was supposed to be somewhere between there and Victoria.

4389. The chief packer was one of your party?—The chief packer had been under my orders until we were finished with the animals, and then I gave him charge of them to return them to Kamloops.

Surveys—
Tête Jaune
Cache to
Fraser River.

4390. Do you know what became of the animals?—They returned to Kamloops, and were afterwards employed in some other part of the country.

4391. Were any of those surveys or examinations which you made in British Columbia, upon the line as it is now located?—No; I think the located line is different altogether.

No survey of
witness in British
Columbia on the
line located.

4392. About what time did you end that survey at the Grand Rapids?—About the middle of October we arrived at the Rapids, and then the two parties went down to Quesnelle Mouth by boat—No, we then, after ending that survey, went down to Fort George, where Mr. Marcus Smith and I made a short survey through, both parties working in connection up the Stewart River, about twenty miles.

Both parties go to
Fort George, and
survey up
Stewart River.

4393. Exploration?—No; an instrumental survey that was to connect with the line previously run by Mr. Bell. Then we returned to Quesnelle Mouth by boat, down to the Fraser River. There the party were paid off and returned to Victoria, with the exception of one of the assistants, Mr. Hannington, and myself. The Chief Engineer wished an exploration to be made in the mountains, and I volunteered to make it during the winter. He would not issue any instructions to that effect, but he simply said he wished another exploration made north of the Tête Jaune Cache, through the Rocky Mountains.

Exploration
from Fort
George to
Edmonton.

4394. Did you explore a line?—Yes; I organized a party at Quesnelle Mouth, consisting of my assistant, myself and six men, and six dog teams.

Organizes party
to explore line
north of Tête
Jaune Cache.

4395. Was Quesnelle Mouth the base of your supplies?—Yes.

4396. Did you take them with you in this train?—Yes; we took our supplies with us.

4397. For what length of time?—For the whole winter.

4398. Did you make the exploration?—Yes; you will find it fully set forth in the Blue Book; the whole story. This exploration followed the North Fork of the Fraser River, with the view of reaching the head of the Smoky River, which is on the east side of the mountains. It was reported that a practicable pass existed at the head of Smoky River, through the Rocky Mountains. We found, however, that there was no pass at the head of the north branch of the North Fork, and accordingly returned to the Forks and proceeded to the south branch of the North Fork, at the head of which we crossed the mountains, but at a very high altitude, and at a pass that would not be practicable for a line. Then following the eastern base of the mountains, we reached the Athabaska River, near Jasper House. From there we proceeded to Fort Edmonton where the exploration ended. Mr. Fleming wished to have the country above Edmonton, above the Saskatchewan, explored, but we were unable to do it owing to ill health. We ran out of provisions also, and were nearly starved to death.

Object of survey,
to see if practica-
ble pass existed at
head of Smokey
River.

Athabaska
River, thence to
Edmonton.

Out of supplies.

4399. Were your supplies insufficient?—No; they would not have been insufficient had the weather been at all fine and open, but we met with fearful storms, and there was an immense depth of snow, so that

Inclement
weather.

**Surveys—
Exploration
from Fort
George to
Edmonton.**

Length of exploration 900 miles.

Termini of exploration.

Went north of the previous explorations made from eastern base of Rocky Mountains to Edmonton.

Supplies began to give out about fifty miles from Jasper House.

Edmonton reached March, 1875.

At Winnipeg, 23rd May, 1875.

Declines to go to Tête Jaune Cache, and leaves the service.

we were detained a long time on the journey—a much longer time than we anticipated.

4400. What was the total length of the line of exploration?—The total length, as set down in the Blue Book for 1877, is 900 miles. That was the amount surveyed by compass and barometer.

4401. What was the starting point of that exploration?—Fort George, on the Fraser River.

4402. And the eastern end of it?—At Fort Edmonton, on the Saskatchewan River.

4403. Was your examination of the country from the eastern base of the Rocky Mountains to Edmonton an exploration or a survey?—It was only an exploration.

4404. Had it been explored before at all?—Yes; from the eastern base to Edmonton had been previously surveyed.

4405. Did you follow over the same line that had been previously explored?—No; I took another line further north, with a view to improving it.

4406. Has any portion of the line explored by you during that winter been adopted now as the probable route of the railway?—Yes; a portion of that line between the eastern base and Edmonton, as to the changes we suggested there, north of the line run by Mr. Moberly.

4407. Did you succeed in bringing the train with you to Edmonton?—No; those of the dogs that were still alive I left at Jasper House.

4408. About where did your supplies begin to give out?—Shortly before reaching Jasper House—about fifty miles from there.

4409. On reaching Jasper House were you not able to get supplies?—No; our reason for striking Jasper House was we expected to get supplies from the Hudson Bay Co. there, but we found the post was shut up.

4410. Then did you get any relief before you reached Edmonton? We got a little from the Indians. We got a small supply from them.

4411. The insufficiency of the supplies, as I understand you, arose not from defective arrangements at the beginning, but from unusual storms and unfavourable weather?—Yes; from unfavourable weather, and the roughness of the country generally, which delayed our progress.

4412. About what time did you reach Edmonton?—About the end of March.

4413. Did you break up the party there?—There were three Indians with me when I arrived there. Two of them I sent back to British Columbia, and I proceeded with my two assistants and another Indian to Winnipeg.

4414. About what time did you reach Winnipeg?—I arrived here about the 23rd of May, 1875.

4415. Were you employed after that on the Pacific Railway?—No; I proceeded then to Ottawa, leaving my assistant here, and made my report to the head office at Ottawa, but owing to the lateness of the season all the parties had been appointed for that season's work but one, and that one was at Tête Jaune Cache. Mr. Fleming asked me to

go there, but I declined as I did not wish to go to the mountains again. In the following June, I left the Government service.

4416. Besides having made this survey of the country south of section 14 in 1871, have you travelled over the country still further south?—Yes; travelled over the country due east from Winnipeg.

**Railway Location—
Contracts Nos. 14 and 15.**

Had travelled over the country east from Winnipeg.

4417. About what time was that?—I think that was in the spring of 1872, previous to starting on our season's work for 1872.

4418. In what way did you travel over it?—On foot.

4419. Was that north of the travelled road which you have spoken of?—Yes.

4420. What is that travelled road called?—It is generally called the Dawson road.

4421. You say that your direction was due east from Winnipeg?—Yes; the country that I saw would be about due east for fifteen or twenty miles.

4422. And then?—And then south to the Dawson road.

4423. So that your knowledge of the country between the Dawson road and the line which you ran in 1871 would be only to the extent of about fifteen or twenty miles?—That is all, in that immediate neighbourhood; but further east again I know more of the country south of the line.

Extent of his knowledge of the country.

4424. Do you mean north of the Dawson road?—Yes; in the neighbourhood of Cross Lake.

4425. Upon what occasions were you enabled to gain information about that country?—On various occasions on my surveys—travelling over the country with supplies for surveys.

4426. Have you travelled over it more than once?—Yes; I have been over that country south of the located line three different times.

4427. Have you, upon those occasions, considered the question whether there was a more feasible line than the one that has been adopted?—Yes; I have always considered it would be a better line south.

To the south better line than that located.

4428. Do you mean, looking at it from an engineering point of view?—Yes; I never was appointed officially to look at it, but my impression was such after travelling over it, that I reported that, in my judgment, a better line could be got further south.

4429. Do you remember whether that was a written report or a verbal communication?—I imagine that it was embraced in my written report to the engineer. I know that I mentioned it frequently in my conversation with Mr. Rowan.

4430. You think you also alluded to it in your official report?—I think so.

4431. From what point on the present line would you diverge to the south?—A very little west of Rat Portage it would leave the present line.

Would diverge from present line at a point west of Rat Portage.

4432. Have you ever considered the cost of a line over that section?—Not independently. I have gone over the matter with Mr. Carre, the late Division Engineer on that section. We have discussed the

On the subject of location co-incident with Carre.

**Railway Loca-
tion—
Contracts Nos.
14 and 15.**

A large saving
would have been
made by taking
line south—in
round numbers
\$500,000.

Still of opinion
that \$500,000
might have been
saved.

Formed opinion
as to relative
advantage of line
as early as 1872.

Witness thought
line should run
south-west from
Keewatin to
Shoal Lake, and
thence due west
to Winnipeg.

question frequently. His impression, I believe, coincided with mine as to the location.

4433. What is your impression as to the comparative cost of the present line and the line you consider more feasible?—I consider that there would be a large saving by taking the line to the south. The line would run a shorter distance through the rough country. The trend of the rough country is north west and south-east, consequently the further south your line is the sooner you get out of the rough country.

4434. Did you name the point at which you thought a deviation might have been made with advantage?—Yes; starting from a little west of Rat Portage.

4435. In round numbers what saving could have been effected if that line had been adopted instead of the one located?—We used to speak of it in round numbers at half a million of dollars at the time the contract was let.

4436. Do you still retain that opinion?—I do. I know nothing of contract 15 from actual exploration, but since work has been commenced, and from what I have heard of it, and seen of the profiles, I believe a large saving could have been effected.

4437. But without depending on rumours or any kind of hearsay data, what would your opinion be about the comparative cost of those two lines?—My opinion is, as I have stated just now. Of course I had to depend on hearsay for the amount of the contract that was let to Mr. Whitehead.

4438. Assuming the contract cost to be \$2,500,000?—Assuming it to be two and a half millions, I think half a million could have been saved by adopting this line.

4439. Had you formed any opinion on that subject before the contract was let, as to the probable cost?—I had formed my opinion as to the relative advantage of the two lines in 1872 and made my report on it, but not as to the cost, as I did not go in for cost. But with regard to the practicability of the two lines, I was altogether in favour of the south line.

4440. Is not any line practicable if money is no object?—Almost. It was simply that the question of cost did not arise in those days.

4441. When you say "practicable," do you mean a less expensive road to build?—Yes; less expensive to attain the same object.

4442. More practicable in a pecuniary sense as well as in an engineering sense?—Yes. I always had in view that the line would run south of the point I have indicated. It would run south-west from Keewatin, until it got to the latitude of Shoal Lake, and from there due west, as near as might be, as passing over a good country. From Keewatin to Shoal Lake, and from there direct to Winnipeg, as being the most direct and most easiest road to construct.

4443. Are you of the opinion that you would be more likely to get direct local traffic?—Yes; I am of the opinion that it would cause the road to pass through a good country for thirty miles, capable of being settled, whereas on the present constructed line the country is not fit for settlement.

4444. From the map, does it not appear that the length of the southern line would be greater than that of the located line?—To what point?

4445. To Red River?—No; it would be shorter. If I remember right I scaled it on the map, and found it to be shorter.

4446. I have an idea that in your former evidence before the Parliamentary Committee, you considered it would be three or four miles longer to Winnipeg?—My impression is that it would be shorter.

4447. But to Red River as an absolute terminus, what do you think?—I still think it would be a shorter distance, but it would shorten the through line as a whole, and I think that a portion of the saving in distance would be effected east of Red River, the common point being Keewatin.

4448. Returning again to the cost of exploring through the British Columbia country, and the country east of Red River: have you formed any opinion of the comparative cost of the length of the service? For instance, would any given length in British Columbia cost less to be explored than the same length in Keewatin district—purely a preliminary survey?—No; the average would be the same all over the continent.

4449. The average per mile would be the same?—Yes; with the exception of the prairie section, the average cost—whether you use canoes, mules, or dog-trains—would be the same for flying explorations.

4450. How would it be for instrumental surveys?—Always excepting the prairie sections, I think the instrumental surveys in British Columbia would be most expensive.

4451. For what reason?—As a matter of fact I know that in the case of my own parties they were more expensive. I judge from that as much as anything. I know that wages are very much higher in British Columbia, for one thing. Wages for axe men are 50 per cent. higher there than in this part of Canada. We had to give \$45 there, and only gave \$30 here.

4452. Do you remember what was the general character of the line which you surveyed in 1872 from Eagle Lake to Sturgeon Lake?—It was a favourable line for a railway. It was altogether through Laurentian formation, simply a rolling, rocky country interspersed with small lakes, but presenting no insuperable difficulties for railway construction.

By Mr. Keefer :—

4453. Much the same as contracts 41, 42 and 25?—I do not know those contracts by their names. It is very much lighter than the piece immediately east of Rat Portage.

4454. It was pretty near the summit, was it not—the height of land?—No; the height of land was this side of Eagle Lake. In that exploration we were altogether on the north side of the height of land. We did not cross it, and must have been some distance north of it.

By the Chairman :—

4455. Is there any other matter which you think would give any information on this subject?—No; I do not know of anything else. I have described to you all the country that I know from my own

**Railway Location—
Contracts Nos. 14 and 15.**

Comparative length of line.

Surveys.

Average comparative cost of surveys.

Excepting prairie average cost the same all over the continent for explorations.

Instrumental surveys would be more expensive in British Columbia.

Eagle Lake to Sturgeon Lake.

Character of line from Eagle Lake to Sturgeon Lake.

Explored on north side of the height of land.

**Railway Location—
Red River to
Edmonton.**

A better line
north of the
Saskatchewan.

experience and observation, with the exception of the western country between here and Edmonton, over the prairie region.

4455. What would you say about that?—The only point I would make about that is with regard to the location of the line: that the line could be, in my estimation, brought over a very much better location in another direction than the present one, between the end of the work at present going on and what is known as the second hundred—in fact between the crossing of the Assineboine and Edmonton. The line keeps south of the North Saskatchewan. It crosses the south side of the North Saskatchewan and keeps the south side all the way. By keeping north of the North Saskatchewan, and crossing it below the Forks, it would be a better line.

Would pass
through the
Moose Hills.

4457. About how far below the Forks?—Very near the Forks. It would pass through the Moose Hills.

By Mr Keefer:—

A fine country.

4458. It is through the forest?—It is a woody country—a very fine country. I understand that the proposed location from Battleford to Edmonton is through barren waste. It is so reported to me by the Indians and others in this section of the country.

By the Chairman:—

4459. You have not been over both lines?—No.

4460. Then your actual knowledge is confined to the north line?—Yes.

4461. Your other information, you say, is derived from the Indians?—Yes.

North line a favourable country, and would save the bridging of one branch of Saskatchewan.

4462. And you believe the north line to be over a very favourable section of the country?—Yes. I have seen a good deal of it, and I understand it to be a very favourable section of the country. It certainly saves the bridging of one branch of the Saskatchewan.

By Mr. Keefer:—

4463. You would not go to Edmonton at all?—No; I would pass immediately north of Edmonton. The best settlements are north of Edmonton, and I should judge from that that the best land is there.

By the Chairman:—

Reported these views to Marcus Smith.

4464. Have you reported your views about that north line to the authorities at Ottawa?—I think I have to Mr. Marcus Smith.

4465. In writing?—No; not in writing, but in conversations on various routes.

Red River Inundations.

4466. Have you given the question of inundations caused by the rising of Red River any consideration?—Yes; I have.

Instructed to report on most favourable crossing.

4467. Have you made any report on that subject to the Government, or have you assisted in any way in making a report?—I have only made reports of my own from actual surveys, and cross-sections of the river. In the spring of 1872, after we came in, I was instructed to report on the most favourable crossing of Red River.

4468. From whom did you get your instructions?—From Mr. Fleming.

4469. At what time of the year was that?—In April, 1872, I think,

**Railway Location—
Red River Inundation.**

4470. Did you make any examination?—I did; I made a survey from above the Forks of the Assineboine down to Lake Winnipeg, and I gathered all the data that was then available, with regard to the inundations that had previously taken place.

4471. Do you remember from what source you gathered the information?—From the inhabitants; chiefly those who had witnessed the facts. My principal information was received from Archbishop Taché, from his personal experience, and also from Mr. McDermott, and from old settlers here.

Sources of information regarding inundations.

4472. Did you take evidence?—Yes; I took evidence at several points.

4473. What was your judgment upon the subject?—I found that the area covered by the flood water had been diminished every time a flood had taken place. It had been so diminished that I judged no flood of the country outside of the river banks would ever occur. The channel is much wider, and less rainfall goes into the river as the country gets opened up and settled. There are several causes why the volume of water reaching the river could not be so large now as in former years. Settlement has a great deal to do with it. Ploughed land absorbs a great deal of the water which in previous years used to run from the surface of the prairie. The rainfall also seems to be lessening as the country settles up, and the action of the water in the breaking up of the ice in the spring is felt with considerable less violence than it used to be. That is to say, the spring is more gradual, and owing to the fact that the ice is more rotten, as it were, before the breaking up of the winter, there is less danger of the ice jam occurring which caused the last flood.

Result of investigation, area covered by flood smaller each time. Channel of river much wider. Less rainfall goes into the river as country gets opened up and settled.

4474. Do you remember where the ice jam took place which caused the last flood?—It is said to have taken place at Point Douglas, about two miles below the town.

Last ice jam took place at Point Douglas.

4475. Has not the country been inundated further back than that?—Only the overflow. I understand that the water was then backed up at the present site of Winnipeg, and flooded the prairie, but not to any great distance. I believe that the people of St. Andrews did not remove from their houses at all.

4476. Did you endeavour to ascertain whether the portions of the river that are confined by the firmest banks have widened of late years, or whether the widening has only been at other portions of the river?—I know that the whole river has been widened, both in the wide and narrow portions.

The river widened throughout.

4477. Are the narrow portions confined by rock sides more than the others?—Yes; and consequently the widening is not so great.

Narrow portions confined by rock. Therefore widening not so great, still it goes forward.

4478. It proceeds there much more slowly?—Yes.

4479. Still you think the widening goes forward?—Yes, I think so; all along the river.

By Mr. Keefer :—

4480. Do you think it would be a difficult thing to remove the rock which makes the jam down below?—I think not.

Not difficult to remove rock.

4481. Is it the rock in the river, or the rock at the sides of the river, which prevents the channel widening at those points?—At one place

**Railway Location—
Red River Inundations.**

Stone Fort.

it is from the rock in the river—at St. Andrews. There are boulders in the river and gravel formation on the banks. At the other point—at the Stone Fort, where the rock is *in situ* on the banks—the channel is deepening.

By the Chairman :—

4482. At that point is there no rock in the river?—No; no loose rock, or anything of that sort.

By Mr. Keefer :—

Rock formation extends all the way across river at Stone Fort.

4483. Do you think the rock formation extends all the way across the river at Stone Fort?—I think so. I know from actual observation that opposite the town of Winnipeg the river has widened over fifty feet in the last nine years, from surveys made here.

Rock stratified limestone.

4484. Do you know if the material of that rock is limestone or granite?—It is limestone altogether.

4485. Stratified limestone?—Yes.

By the Chairman :—

River crosses a greater area at Rapids than in 1872.

4486. Have you noticed any widening in the rock localities since you were here first?—Yes; I have observed a little washing away in the banks, but not very much. I am under the impression that the river now covers a greater area at the Rapids than it did when I made my surveys in 1871 and 1872.

4487. Do you think that the bed is lower?—I think that the channel at both those points is washed out, because navigation is much easier now than it was then. Steamers were not at that time able to pass at those points at some seasons, but now they are able to pass all summer. I think that the water has reached its usual level and that the channel is washed out. There must be a large amount of deposit carried down by the river, because the bar at the mouth is very rapidly increasing in size, and that all comes from the upper reaches of the river.

By Mr. Keefer :—

River never runs clear.

4488. Does the water of this river ever run clear?—I do not think so.

4489. Not in winter time?—To a certain extent the water is clearer in winter than in summer.

4490. Then it must always be carrying down a certain portion?—In the winter none of the bank is carried away, and the action of the water then scours the channel. Under no ordinary circumstances would a flood raise the water over the level of the city here.

By the Chairman :—

Line north of Lake Manitoba.

5491. Have you ever traversed the country north of Lake Manitoba?—No; I have not.

Comparative merits of lines north and south of Lake Manitoba. Line south of Manitoba preferable for construction and settlement.

4492. Have you formed any engineering opinion as to the expediency of running the line through Selkirk, and north of Manitoba, as compared with the line through Winnipeg south of Lake Manitoba?—I certainly consider the southern line a much more preferable line both for construction and settlement for agricultural purposes.

4493. Then as to working expenses?—The working expenses would depend on the length of the lines. The working expenses per mile would be the same on either line.

**Railway Location—
Line north of
Lake Mani-
toba.**

4494. That element would depend altogether on the mileage?—Yes; it would depend altogether on the mileage. I consider there would be no difference in working the line in the north than in the south. The maintenance of the permanent way might be more expensive in the north, because of the undesirable bottom to be met with.

4495. Do you think that the preference for the southern line ought to be a very decided one, or is it a question upon which people ought to be divided?—No; I should see no reason at all myself why a preference should be shown to the northern line.

4496. Are you speaking now from an engineering point of view, or from the fact of having an interest in this locality?—I am speaking from an engineering point of view as well as from having an interest in the country. I think it can be clearly shown, because after the line had been located there was no settlement along the route to the north, simply because no settlement could take place in a country that was nearly all swamp; whereas the western portion of the province, and the country adjacent thereto, between here and the point south of Lake Manitoba is becoming better settled all the time, and filling up rapidly. Then I think that the southern line would be cheaper to construct. With regard to one point, the crossing of Red River, an enormous outlay would be required to make a satisfactory crossing at Selkirk—very much more than a bridge could be built for at one or two other points on the river that could be named.

**Southern line
better on engineering and
economic
grounds.**

**Crossing at
Selkirk would
involve large
outlay.**

4497. In round numbers, what difference do you think could be made in such a crossing?—I should think that there would be about double the cost. I think a bridge could be built at a point near the rapids on the Red River for \$150,000, and at Selkirk it will cost \$300,000.

**Cost of a bridge
near the Rapids,
\$150,000; at
Selkirk, \$300,000.**

4498. Is this a matter to which you have given much consideration?—With regard to the cost of bridging Red River, I am now in charge of the construction of a railroad bridge which is being built here across Red River by the city of Winnipeg.

4499. Have you, as an engineer, given much consideration to the general direction of the line, whether it should be north or south of Lake Manitoba, or is that a matter upon which you are expressing your opinion now without much consideration?—You mean with regard to the direct through line?

4500. Yes?—It probably would be more direct going by the Narrows of Lake Manitoba.

4501. I am speaking about the expediency, from an engineer's point of view, of building the north or south line as a whole?—I should certainly say the south line by all means.

**South line more
expedient on engineering grounds.**

4502. Is that your opinion without giving it much consideration?—No; I have gone very closely into the question of the relative merits of the two lines, and I am satisfied that the one adopted west of here—that is, passing south of Lake Manitoba—is the better line of the two. It will be the better line to construct from an engineering point of view, the easiest and cheapest to maintain, and it will produce the

**Railway Location—
Line north of
Lake Manitoba.**

most local traffic. There will be little or no local traffic on the northern line at all.

4503. From what you have said about your employment on the Pacific Railway, I suppose this is a matter which you have been called upon at one time to report on officially to the authorities at Ottawa?—With regard to the line west?

4504. Altogether? This too?—No.

4505. You have never made any official report on these lines?—No; but I have given evidence before the Committee of the Senate. I have never made any report upon it.

Red River Crossing.

Reported on the survey of the river.

4506. Did you make any written report of the survey of the river to which you have alluded?—Yes; I have made reports of that.

4507. Was that report made to Mr. Rowan?—No; I think it was made direct to the Chief Engineer.

By Mr. Keefer :—

4508. Was it printed in the report of 1872?—No; Mr. Fleming only refers to the Stone Fort, in a foot note, as the crossing of Red River.

By the Chairman :—

4509. What point did you recommend as being the most feasible?—The point I recommended was immediately below the rapids at St. Andrews.

Point recommended for crossing about six miles above the Stone Fort.

4510. Do I understand that you are of the opinion that Mr. Fleming had adopted your suggestion about the Stone Fort crossing up to the time he made the report in 1874?—My suggestion was not the Stone Fort, but at a point above that, the St Andrews Rapids.

4511. How far above the Stone Fort?—Probably six miles.

4512. That is south of the Stone Fort?—Yes; I purposely made enquiries when I came here first about the navigation of the river, and it was owing to the rapids being impassable part of the year that I located it north of the rapids, so that vessels could come from Lake Winnipeg to the crossing without meeting any obstacles to navigation. I am of opinion that that is the best point in Manitoba to cross the Red River, from an engineering point of view.

Fourteen miles from Winnipeg.

4513. How far is that from Winnipeg?—It is about fourteen miles. At the same time we found a very satisfactory crossing here, at Point Douglas, where we are building the bridge at present; but that is open to the objection of being above the rapids. You must remove the rapids, or obstructions, before you can have the advantage of the navigation of the river to Lake Winnipeg. The crossing at the rapids has the recommendation of being accessible to the navigation of the lake, and of being the best crossing from an engineering point of view. The banks are high on both sides, the crossing narrow, and the formation is limestone and gravel. But, as I stated previously, the rapids are not now considered such an obstacle as they used to be. They were considered an obstacle when we first made the location here, but now it has been proved by the experience of several years that the steamers run over the rapids until very late in the season.

Advantages of the point recommended.

4514. Have you formed any opinion of the reason why Selkirk was adopted as the crossing place for the railway?—I believe that was the reason alleged—that it was accessible to the lake.

**Railway Location—
Red River Crossing.**

Reason why Selkirk was chosen as the crossing place.

4515. Have you formed any opinion of other reasons which are not alleged?—None but my own private opinions. In fact the reason I have given is the one that was given by Mr. Fleming when I asked him why he located the line further north.

4516. But if there are any other reasons, such as motives of individuals, it is our duty to ascertain them, and I am asking you whether you have reason to consider that there were other motives besides engineering motives?—No; it is hard to say what reason could be alleged in favour of that crossing, other than a nominal one. It certainly was on a more direct line, when it was intended to take the road north of Lake Manitoba. The further north you get on Red River the more direct your line would be. That might have had some influence on the decision.

WINNIPEG, Friday, 17th September, 1880.

JOHN J. McDONALD, sworn and examined:

McDONALD.

By the Chairman:—

**Tendering—
Contract No. 42.**

4517. Have you been interested in any transaction in connection with the Canadian Pacific Railway?—I am interested in contract 42.

Interested in contract 42.

4518. Was that the first in which you were interested?—Yes.

4519. When did you first become interested in that transaction?—The work was let a year ago last March. I was one of the parties who tendered for the work then with Mr. Manning, Mr. Shields and others.

4520. Were you connected with Manning & Shields in tendering for the contract?—Yes.

Tendered with Manning and Shields.

4521. Was your tender accepted?—No.

4522. Then how did you become interested in the contract?—We tendered for the work, and we afterwards went in with Grant, Fraser & Pitblado, whose tender was accepted.

Went in with Grant and Pitblado.

4523. Did you make any arrangement with them before you knew whether their tender was accepted or not?—Yes; we arranged with them that in the event of the contract coming to them we would go in with them. There was a regular agreement drawn up between us. Shields, Manning and myself signed an agreement with them to that effect.

4524. Have you any copy of that agreement?—No.

4525. Do you remember a letter having been written by Fraser, Grant & Pitblado to the Minister of Public Works, to the effect that you were to join them?—Yes; there was a letter written.

Letter from Fraser & Co. to Department saying witness and his friends were to join that firm.

4526. Was that the agreement you referred to?—I think the letter was sent by us all. I know there was a letter sent to the Minister of Public Works to the effect that in the event of the work being awarded to them, Shields, Manning and myself would be associated with them.

4527. Was that the only document embodying your agreement with Fraser, Grant & Pitblado?—That was the only one until our articles of partnership were made out—that I know of.

**Tendering—
Contract No. 42.**

Morse & Co. supposed to be the successful tenderers.

4528. At the time of your making that agreement with them, who was supposed to be the successful tenderer?—Morse & Co., of Toronto.

4529. Was that before the tender of Andrews, Jones, & Co. had been accepted?—Yes; we were speaking to Grant and Fraser in the event of it coming to them. Arrangement was made between us, verbally, before this letter was sent in—some days before.

4530. Had there been any document embodying that agreement?—No.

4531. Then you had arrived at an understanding before this letter was written?—Yes; a verbal agreement.

When agreement was made with Fraser & Co., Morse & Co. supposed to be the successful tenderers.

4532. Was it a positive agreement?—Yes; in the event of the work coming to them, we could go in with them.

4533. You say, at the time of this verbal agreement, Morse & Co. were supposed to be the successful tenderers?—Yes.

Morse & Co. failed to put up security.

4534. Did you then know whether Morse & Co. had got the offer of the contract?—They did not put up the security, I understand. They were too low in their figures, and could not even furnish the necessary security.

Tender of Andrews, Jones & Co. next.

4535. Then who next were offered the contract?—I think some American firm, Andrews, Jones & Co.

4536. Was that the only other tender next below that of Fraser, Grant & Pitblado?—I believe there was another one below Fraser's, but the check accompanying it was not marked good when it went in—so I understood.

4537. But, as I understand, you were led to expect that the tender of Andrews, Jones & Co. was the one which would be accepted below the one of Fraser, Grant & Pitblado's?—Yes.

Andrews, Jones & Co. supposed to be strongly backed.

4538. Then you had become interested in the transaction before Andrews, Jones & Co. were reached?—Yes; we thought that Andrews, Jones & Co. would go into it at the time, because they were supposed to have a large New York firm backing them.

4529. Were you at Ottawa about that time?—Yes; I was there all the time.

4540. Was there any person then there representing Andrews, Jones & Co.?—I never met any one; there may have been, but I do not know it.

4541. Do you know if Mr. N. F. Jones had been there?—There is a Jones from Brockville—a young man who used to be with Mr. Shanly at one time—but whether these are his initials (referring to a paper shown him by the Chairman) I cannot say, or whether he was interested in the contract. He is an engineer.

4542. Do you say that you are not aware of any person having been in Ottawa about that time representing that firm?—I do not know it myself as a fact; I did not meet even Morse & Co. For a long time I did not know who was representing the contract.

4543. Were there any others of your firm at Ottawa at that time?—Mr. Shields was there most of the time with me; and sometimes Mr. Manning.

4544. Did you take any part in the negotiations with either Morse & Co. or Andrews, Jones & Co., or with any one for them?—None whatever.
4545. Do you know who did negotiate with them on behalf of your firm?—No; I do not know that there ever was any negotiation between them and a member of our firm, or any one on their beha'f.
4546. Were there any negotiations in the shape of conversations with any one connected with your firm and any person connected with the Department?—No; not that I am aware of.
4547. You mean that you never heard of any interview between any member of your firm and any one in the Department?—I never did, Sir.
4548. Do you know what time was given Morse & Co. to put up their security after their tender had been accepted?—I forget at present; but I know they had considerable time to do it in.
4549. Had the next firm, Andrews, Jones & Co. the same time given them?—I do not know what time they had, they had some time to put money up, and I believe that Morse was trying to put up the money for Andrews, Jones & Co., and tried to negotiate to get into their tender and drop his own, but the Government could not entertain such a thing as that. That was what was reported at the time.
4550. Did you understand that the Government would not entertain such an arrangement as that?—I heard so.
4551. How did you hear that?—I am not prepared to say. We generally got all the news round the Russell Hotel, as it is there we generally get all the information we receive.
4552. I understand you to say that there was some negotiation with the Government on behalf of Morse & Co?—I was told that they went to the Department, and of course it would not be entertained at all. It would not be allowed.
4553. You say you do not know what time was allowed to Andrews, Jones & Co. to put up their security?—Not at present. I did know. I think it was five or eight days, or something like that—I forget exactly; but I know there was a certain time given to them to do it in and they failed. We got three days to put up.
4554. How did you get notice that you had three days?—Our firm was notified that our tender was accepted and we had got three days to put up.
4555. When you say your firm you mean Fraser, Grant & Co.?—Yes; we were associated with them.
4556. Did you put up your security in time?—Yes.
4557. Did you put up your security in equal shares?—No. Fraser, Grant & Pitblado put up one-half, and Manning, Shields and myself put up the other.
4558. Have you been in the same business before?—Yes.
4559. With the Government?—Yes.
4560. Where?—On the Intercolonial Railway.
4561. What was the amount involved in your contract?—Somewhere near \$600,000 or more—\$900,000. I had two contracts.

**Tendering—
Contract No. 43.**

Took no part in negotiation with either Morse & Co. or Andrews, Jones & Co.

Aware of no negotiations between a member or members of his firm and any person connected with Department.

Believes Morse & Co. tried to put up the money for Andrews, Jones & Co., but this an arrangement the Government would not entertain.

Refuses to say how he got this information.

Time given to put up security.

Security put up in time.

Had been employed on the intercolonial railway.

Extent of contract and form of security.

**Tendering—
Contract No. 42.**

4562. Were you required to put up any deposit?—No.

4563. Nothing to secure the fulfilment of your contract?—We had to give two bondsmen as security.

4564. And no money security?—No.

4565. Was the security by way of bond given after you executed the contract?—No. When we entered into the contract we had to give bonds; the men acting as bondsmen signed the contract with us.

**No time allowed
for furnishing
the bondsmen.**

4566. Was there any time allowed after you got the contract in which to furnish bondsmen?—No; we gave the names in at the time we signed the tender. The tender had to be signed by two responsible parties willing to become security.

4567. Have you had any experience in contracts where the security for the fulfilment of a contract was in the shape of a money deposit?—No; not until this present contract.

**Believes reason-
able time given
in all cases.**

4568. So you are not able to say whether the time given to any of the parties tendering for this contract was what would usually be considered a reasonable time or not?—I believe it was a reasonable time.

4569. I am asking whether you know from your experience that it was a reasonable time?—No; I do not.

4570. Do you say you think it was a reasonable time that was given to Andrews, Jones & Co.?—Yes.

4571. Do you know how much time was given them?—I do not know exactly.

4572. Then how do you form an opinion that it was a reasonable time?—We did form an opinion at the time that they had all the time they ought to have. Of course I might think so, being the next lowest tenderer and expecting the contract would come to us.

4573. Are you sure that you knew the time then that was given to them?—I would not be positive. I believe we knew the time, but I would not be positive of it.

4574. But you do not remember now what time you thought had been given?—No; I do not remember.

**Bought out
Fraser, Grant &
Co.**

4575. Have you still—I mean your firm—an interest in the contract to the extent of one-half, or more?—We have bought out Fraser, Grant & Pitblado. I bought them out and took in new men with us. I bought them on behalf of the firm.

**Other partners
taken in.**

4576. You have taken in other partners instead of Fraser, Grant & Pitblado?—Yes.

4577. Who are they?—Alexander McDonnell, James Isbester and Peter McLaren.

4578. So that the whole firm still comprises the same number of individuals?—Yes.

**\$52,500 paid for
half interest of
Fraser & Co.**

4579. What was the price of their half interest?—\$52,500.

4580. Was that beside any profits that had been made up to that time?—No; that was to cover everything except their expenses up to that time.

Tendering—
Contract No. 42.

4581. Does that amount cover their expenses?—No; I think the bond says that their expenses up to that time were to be allowed. I have not seen the bond for a year.

4582. Then your impression is that you agreed to give them a bonus of \$52,500 over and above their expenses for their half interest in the contract?—Yes.

4583. That would be calculating the whole value of the contract at \$105,000?—Yes.

4584. Are you aware of any other bonus or gift to any one to enable you to get this interest in the contract?—There is an interest that Mr. Manning and Mr. Shields have agreed to give a certain party who signed in the contract in Toronto. I have nothing to do with it. Interest of D. G. Close.

4585. Do you mean it is a share of their interest?—It is not settled yet between the firm what shape it is to be in, but we have nothing to do with it now.

4586. You must make that more plain to me; I do not understand you. Do you mean that Manning and Shields agreed to give some person a share in this contract?—They agreed, if it came to them, to give a certain share in the contract. I believe Mr. Manning and Mr. Shields expect the whole company to stand to it; but it is not settled yet. Close was to have a certain share in the contract.

4587. Has there been any dissent by the other members of the company from this action on the part of Mr. Manning and Mr. Shields?—There was partly, during Fraser & Grant's time; but it has never come to be under the new arrangement.

4588. What was that share given for?—You will have to ask some person else; I was not there.

4589. But your partners have explained to you what it was given for?—I understood it was one of the bondsmen for Morse & Co. He was satisfied that they were too low, and he said if he would withdraw his bond from them it would be brought to us, that they would give him this interest; that is all I know about it. Close one of the bondsmen for Morse & Co.

4590. You mean that is the account your partners gave you of it?—Yes; I believe that to be a correct account, so far as I know.

4591. Have you had any conversation with the individual himself on the subject?—I had not, up to the time the contract was let; but I think I met him once in Toronto since. He wanted to know in what shape the contract was to be in, and I told him I knew nothing about it. Had met Close in Toronto, who wanted to know in what shape the contract was to be.

4592. Did he give you an account of his views of the transaction—I mean, what he contended was coming to him?—No, I don't think he did; no more than he told me what he expected to get.

4593. What did he say he expected to get?—The interest they agreed to give him.

4594. What interest was that?—A twenty-fourth part of the profits of the contract, whatever it would be. Extent of Close's interest.

4595. Who was the individual?—Mr. Close.

4596. Does he live in Toronto?—Yes; he is a merchant there.

4597. Was it Mr. Manning or Mr. Shields, or both, who arranged this matter with Mr. Close, according to their account of it?—Both of them.

**Tendering—
Contract No. 42.**

Morse & Co. failed to put up the security.

4598. You say Morse & Co. failed to get the contract, because they could not put up the security?—They failed to put up the security. I think, when this arrangement was made, it was when Morse was trying to get in with Andrews, Jones & Co. I told him that he should not do it, because no Government would allow a low tender to go in with parties in a higher tender. That was my view of it.

4599. Do you say you never made any negotiations with any one, on behalf of Andrews, Jones, & Co.?—No.

Andrews, Jones & Co. did not do their best to put up security.

4600. Do you think they did their best to put up their security?—I do not think they did.

4601. Why not?—Because of what I heard at Ottawa at that time, Andrews left for New York and did not bother himself, and the security that was put up was put up by Morse, who expected that, if they got the contract, he would be allowed to go in with them. I believe the New York firm was perfectly able to put up the security if they wanted to.

Andrews, Jones & Co. backed by Smith, who was reputed very wealthy.

4602. Who did you hear was able to put up the security?—Andrews, Jones & Co. They were backed by a man named Smith, who was reputed to be a very wealthy man.

4603. There was no question about the solvency of the firm?—No, but they considered the prices too low; and it was not expedient to fulfill the contract.

Sources of information.

4604. Do you remember who you understood that from?—No. I talked over the matter with so many that I do not know who it was. I was there to get all the information I could from any person I could meet.

4605. Would you judge it to be reliable information?—It would depend upon the party I got it from.

4606. I suppose information from some one connected with the Department would be more reliable than from an outsider?—Sometimes it might, and sometimes it might not. I might meet some person outside who I would not hesitate to ask.

By questioning one person and another might find out something.

4607. Which of them?—I would ask Mr. Chapleau, if I met him, or Mr. Townsend, who is now on the Welland Canal, or Mr. Douglas. Sometimes I might find out something, but nothing I could go and base any figures on.

4608. You say sometimes you might find out something?—Yes; I have been twelve or fourteen years tendering, backwards and forwards.

4609. And sometimes you succeeded?—I do not know; I never got but two contracts.

More information got at Russell House than anywhere else.

4610. I am speaking of getting information?—I think we got more information around the Russell Hotel than anywhere else. There were some parties better posted there than others.

4611. Who were the parties best posted?—There was A. P. Macdonald, I could get a good deal of information from him; and there was Mr. Goodwin; we could get a good deal from them. Then there was John Heney, who might tell some things—we could find out from him.

4612. Did you ascertain that the information you had from those whom you have named was, as a rule, reliable?—No; not particularly.

**Tendering—
Contract No. 42.**

4613. Do you mean you got information from those men which was not reliable?—No; but there were several lists, supposed to be lists, of tenders which had been put in. Several lists of tenders were about.

4614. Who had these lists?—A. P. Macdonald had one. I got one—a list of five names—from a man named LaBerge, of Montreal; he was a contractor tendering there.

4615. Were these lists supposed to be correct lists of tenders that had been filed in the Department?—They were supposed to be, but I know that some of them were not, because I compared them and they differed.

4616. Did any of them turn out to be correct in the rank in which tenders were placed?—I cannot say. Cannot say whether any of those lists were correct.

4617. Why can you not say?—Because I have not compared them with the correct list. I have never taken the trouble to compare them after the work was let. After the contract was let, the regular list of tenderers was published.

4618. Were these written lists or printed lists?—They were written in pencil generally.

4619. Have you any of these lists that were circulated at that time?—No.

4620. Have you had any communications with any one connected with any of the Departments on this subject, either before or since the letting of the contract?—Not particularly that I know of; no more than if I met any of them, as I am very intimate with them, I would speak to them casually, but nothing particularly. In possession of none of the lists of tenders circulated before award.
Influencing Clerks, &c.

4621. Do you state now, as a matter of evidence, that the only promise, or gift or bonus, from any one of your firm to any person, on account of getting this contract, was to this gentleman in Toronto?—That was all from any person connected with the work. This man Close was supposed to be one of the sureties, and when they got him to withdraw ———

4622. Have you knowledge of anything being given to any person not connected with the work?—Yes; I have promised to give something to a party myself. Witness promised should he get contract to give \$4,000 to Chapleau.

4623. In what shape?—If I succeeded in doing the work I would do something for him.

4624. Have you succeeded in doing the work?—If I succeeded in getting the contract.

4625. In what shape were you to do something?—I was to give him something.

4626. What was the something?—A certain amount of money, if I succeeded.

4627. Where does he live?—He lives in Ottawa.

4628. What is his name?—Chapleau.

4629. Which Department is he in?—He is in the Public Works Department. It was for nothing in the Department that I was to give it to him.

4630. What were you to give him?—\$4,000.

**Tendering—
Cont. act No. 42.**

**Influencing
Clerks, &c.**

Consideration for
which the \$4,000
was to be given.

Chapleau's posi-
tion in Railway
Department.

The \$4,000 promis-
ed with the hope
that it would in-
duce Chapleau to
influence Smith
not to put up the
money for
Andrews, Jones
& Co.

Has given him
\$500.

Does not know of
a cent to be given
to any one save
Chapleau and
Close.

Firm has not
contributed
anything to news-

4631. Then, according to your promise you would now pay him \$4,000 for having got the contract?—He was a personal friend of Mr. Smith's in New York. He told me that Mr. Smith could not come to put up the money, and I said: "Well, if he does not come to time and put up the security, I will give you \$4,000." Whether he saw Smith or not, I do not know, but I know they were personal friends. He used to stop with him in New York, when he was there. I do not know whether he had any influence over Smith or not; I was led to expect so, as I was told that they were personal friends.

4632. Was there more than one Chapleau in that Department?—No; not in that Department. He is the Secretary of Public Works at present, so it is very easy to know who he is. At that time, he was correspondence clerk, I think, in the Railway Department, or copying clerk, or something, I do not know exactly his position, but he was in one of those Departments, writing all the time.

4633. That was before the change of Departments?—Yes.

4634. So that, at that time, he was connected with the Department which had charge of those contracts?—Yes. He was in the Department, but not in the office where tenders were opened. He had no connection with the Department where the tenders were opened. The tenders never came before him.

4635. You mean that your promise had no effect upon the ranking of the tenders?—No; what I did it for was: if Smith did not appear there (because I knew he was a moneyed man, or I understood so)—if he did not put in his appearance there the others would not put the money up, and I knew Chapleau to be a person I friend, and I asked him if he could do something for me.

4636. Did he inform you that he had any reason for supposing that \$4,000 would silence Smith?—No; he did not lead me to believe that.

4637. It was by way of a proposition?—I do not for a moment suppose that Smith was getting any of this money.

4638. You supposed it was for Chapleau's own benefit?—Yes; if he would influence Smith not to come forward.

4639. From his own personal friendship?—Yes; that is it exactly.

4640. Have you paid any part of this money to him?—I gave him \$500.

4641. No more?—No.

4642. When was that given?—It was given perhaps within the last six months. I cannot say exactly the date. I could find out by hunting up my cheque book.

4643. This spring or summer?—Yes.

4644. Have you reason to believe that any other promise or gift was given on behalf of any one of your firm to any one else?—No; I do not know of a cent to any soul outside of these two.

4645. Have you reason to believe that any one of your firm will hereafter give anything more than this one twenty-fourth to Mr. Close and \$4,000 to Mr. Chapleau?—No. I have not the slightest idea.

4646. Have you reason to believe that any of your firm has contributed to the support of any newspaper or any other indirect means of

influence in your favour?—No; and I think if they did I would know it. I am not aware of anything.

**Tendering—
Contract No 42.**
papers to secure
their influence.

4647. Does anything else occur to you which ought to be stated that would give us knowledge of matters referred to this Commission for investigation?—No.

4648. Have you anything which you yourself wish to say about this matter?—No; not here.

JOHN SHIELDS' sworn and examined :

SHIELDS.

By the Chairman :—

4649. Have you been interested in any transaction on account of the Canadian Pacific Railway?—I have.

4650. Which was the first transaction?—Contract 42.

4651. That is the same contract spoken of by Mr. McDonald, the last witness?—Yes; the same contract.

4652. Do you remember when you first became interested?—I think we made the contract with the Government on the 20th March, 1879.

Date of contract,
20th March, 1879.

4653. Were you before that time interested in obtaining the contract?—Yes. When we went to Ottawa, after we had put in our tender, Mr. McDonald, myself and others who are associated with us, met Mr. Fraser, Mr. Grant and Mr. Pitblado, and before I, at least, knew anything of the standing of the tenderers, or heard of the standing of tenderers, except vague rumours, to which we could pay no attention, we made an arrangement that if our tender was the lowest and was accepted they should become our partners, and if theirs was the lowest we should become their partners. They felt that they were incompetent to handle such a heavy undertaking.

Arrangements
with Fraser,
Grant & Co.

4654. Who thought them incompetent?—They stated themselves that they thought they were not sufficiently strong.

Fraser, Grant &
Co. thought they
were not suffi-
ciently strong.

4655. Which of them stated that?—Fraser and Grant stated that.

4656. Were they both at Ottawa?—Yes.

4657. And Pitblado?—Yes; Pitblado was at Ottawa, too.

4658. Then you met the whole of the Nova Scotia branch of your firm at Ottawa?—Yes.

4659. Did they all remain in Ottawa up to the time of letting the contract?—No; I think not. I think that they all went home except Mr. Fraser.

4660. Were negotiations completed before they went home?—The negotiation between them and us was a verbal agreement which was understood between us before they went home.

A verbal agree-
ment with Fraser
& Co.

4661. What was the substance of that verbal agreement?—Just what I stated, that whichever of our tenders would be lowest the whole six would share. I do not think we even knew what the figures of each other's tenders were at that time.

**Tendering—
Contract No. 42.**

4662. When you became jointly interested in that question, would it not be named between you?—Probably it was afterwards, but I know it was not named previous to that.

Agreement made without amount of tenders being known.

4663. Do you mean that this agreement was made without your knowing the amount of their tender or they knowing the amount of your tender?—I do; distinctly.

4664. If your tender was the lowest were you three strong enough to manage the contract without them?—I do not know.

Does not think three would be sufficient to manage so large a contract.

4665. What was your opinion? Was it your opinion that you were strong enough to manage it without the Nova Scotia firm?—I do not think that three would be strong enough to manage it, because when they went out we took in three other partners.

4666. But they did not know at that time that they were going out, and that you were going to take in three others?—No.

Further reasons for the partnership.

4667. I will ask you what moved your mind when you were tendering? You say it was thought by them that they were not strong enough to manage the contract without taking in partners?—They stated it at the time.

4668. Was that one of your reasons?—I do not think it was.

Thought that if witness's firm's tender did not succeed that of Fraser & Co. might.

4669. Did you mean to mislead me by stating that that was your reason?—I stated that as the reason that they gave us. The reason that I, at least, as a member of the firm, thought that the work was a heavy undertaking, and that it would require a large number, and if we did not succeed with our own tender that theirs might succeed.

4670. Do you mean that it would require six persons or more capital to manage it?—I believe it required all.

The work was of such magnitude as to require a strong practical executive, and large financial resources.

4671. A firm of more than three persons?—I believe it required a very strong business management, a very requisite practical knowledge of the work, and it required a very strong financial firm to do the work.

4672. Did you think you were moving in the direction of obtaining that when you were negotiating with that firm?—We thought so at the time.

The work large enough to have given a sufficient profit to the two firms.

4673. Was that one of the reasons which moved you in this arrangement?—Partially. We thought there was a better chance of getting the work with their tenders and ours combined than with each singly, and we thought in case the work was obtained there was enough for both firms.

4674. You mean enough profit for both?—Yes; enough profit for both of them.

4675. Do you mean that if your firm obtained the contract that it would be to your advantage to unite those other Nova Scotia men with you?—We thought so at the time.

4676. That was one of your motives for the arrangement?—Yes; we thought so at the time.

4677. Were you aware at that time that any person had tendered lower than either you or Fraser & Grant?—Not at that time.

Thinks McDonald mistaken as to the date when

4678. Mr. McDonald's recollection is that it was supposed that Morse & Co. were the successful tenderers at the time?—I have heard

Mr. McDonald's evidence, and I think that he is mistaken. I think it was a day or so after the tenders went in, and I do not think the standing of the tenderers was ascertained at that time.

**Tendering—
Contract No. 42.**
relative position
of tenders became
known.

4679. Can you say how long it was after you made this verbal agreement with Fraser & Grant, that the letter was sent to the Department by them, stating that you were to be associated?—The arrangement was made with Fraser & Grant immediately after the tenders went in—some time in January, about the end of January, I think; and the letter went in, I think, about the end of February or the beginning of March.

4680. You say that the arrangement with Fraser & Grant was completed verbally; do you know of any document embodying it except the letter sent to the Department, of which you have spoken?—None that I am aware of.

No document
embodying agree-
ment, other than
letter sent to
Department.

4681. You say that your recollection of the verbal arrangement is that it was made about the end of January?—Immediately on the tenders being sent into the Department, and before we even knew of the figures—the comparative figures—with regard to the tenders.

4682. Then it was after your verbal arrangement with Fraser & Grant that you were aware of Morse & Co. having been awarded the contract?—Yes.

After arrange-
ment had been
made with Fraser
& Grant, learned
that Morse &
Co. had been
awarded contract

4683. So that as soon as you knew that fact you knew you were interested in Morse & Co. not getting the contract?—Yes; I heard that Morse & Co. were the lowest.

4684. Did you know the persons upon whom Morse & Co. depended as sureties?—I heard Mr. McDonald state now that Mr. Close was Morse & Co.'s security.

P. G. Close, Morse
& Co.'s security.

4685. You say that you heard Mr. McDonald state that now; do you mean that that is the first time you heard it?—I think I did hear it before.

4686. Then why did you point out to me that you heard Mr. McDonald say it?—Because I had forgotten it entirely. I have heard it before.

4687. Then why point out to me that Mr. McDonald mentioned it?—I thought Mr. McDonald was in error until it came to my recollection that I heard he was Morse's security.

4688. How did you hear that?—Mr. Close, I think, told me so himself.

Close informed
witness that he
was Morse & Co.'s
security.

4689. Where?—In Ottawa.

4690. Was Mr. Close down there?—He was.

4691. At that time?—Yes.

4692. Did you see him more than once on that subject?—He stayed at the hotel where I did—at the Russell House.

4693. Did you see him more than once on this subject?—I never saw him on the subject at all.

4694. When was he telling you?—He may have casually mentioned it. We did not take that of any account, a man being security. That was a mere matter of form.

A man being
security not a
matter of great
consequence.

**Tendering—
Contract no. 42.**

4695. I suppose it was considered a matter of substance or it would not be required?—You could substitute other names for security when the contract was made if they were approved of by the Government.

4696. Did you take part in any negotiation with Mr. Close upon the subject of his being surety for Morse & Co.?—No.

4697. Who managed the negotiation?—There was no negotiation with Close upon the subject of his being surety for Morse.

Relations with
Close.

4698. Do you mean on the subject of his not being surety?—I mean that Morse had about six weeks in order to put up the sureties. Their tender was before the Department about six weeks, and after their tender was thrown out, and another called upon, Mr. Close came to Mr. Manning and myself and said that he would get an interest with Andrews, Jones & Co., and that upon certain conditions, such as putting up security with us and finding working capital, we agreed to give him an interest with us if the work was obtained for us. But Morse & Co. were entirely out of the question; their tender had been disposed of previous to that—at least, for some time previous—and Andrews, Jones & Co. had been called upon to put up their securities at that time.

Morse & Co. out of
the way, and
Andrews, Jones &
Co. had been called
on to put up
their securities.

Agreed upon certain
conditions
that Close should
have an interest
in contract.

4799. You thought that Mr. Close might assist in putting up the security for Andrews, Jones & Co. at that time?—We did not know but what he might. He said he could obtain an interest in their contract, and we agreed, upon certain conditions, that he should have an interest in ours—that is, putting up his securities and doing his part of the work, &c.

4700. Do you mean to say that as an equivalent for the interest which he would lose by Andrews, Jones & Co. not getting the contract, you offered him a share in yours?—Not altogether.

4701. If not altogether, in what respect?—Mr. Close stated that he could get an interest in it if he were disposed. Mr. Close would probably have got an interest in our first tender—he might have got an interest in our first tender had we got the whole of the work for section C; we were very favourably disposed to him.

The names in
tender for the
whole work (C)
did not represent
all those who
would have been
interested. Had
whole work come
to them Close
would probably
have been inter-
ested.

4702. How do you mean that he might have got an interest in contract C?—Because although we tendered, the tender does not represent all the names interested in the first tenders, and had the contract come to those tenders for the whole work, as at first arranged, the probabilities are that he would have had an interest in those tenders.

4703. Why do you say it was probable he would have had an interest?—Because it was understood.

An understand-
ing that Close
should have an
interest.

4704. Understood between whom?—Between some of the parties that he should have an interest.

4705. Some of which parties?—Myself and others.

4706. What others?—I have no particular recollection now, but I think his name was mentioned to McDonald and Manning.

4707. You think it was mentioned to them?—Yes.

4708. What makes you think it was mentioned to them?—I have a recollection that it was discussed.

4709. Were you present when it was mentioned to them?—I have no distinct recollection of discussing the matter at that time, but there

Tendering—
Contract No. 44.

was a large number of parties. This was supposed to be a very heavy work at that time, and we were trying to get the two sections, A and B, and trying to get the three contracts, and there were a number of parties behind us who, had we got that contract, would have been with us, and Mr. Close was one of them.

4710. Why do you say he was one of those?—Because it was arranged that he should have an interest.

4711. Between whom was it arranged?—He spoke to me about it, and I spoke to the other partners about it. There was no written agreement but there was a verbal agreement between us.

Close spoke to witness about having an interest and witness spoke to his partners.

4712. I understand you to treat a verbal agreement as a binding agreement?—Yes; when all parties carry out their agreement, I suppose it is.

4713. Do you think that agreements are only binding when they are carried out?—I think that an agreement, whether written or verbal, ought to be carried out.

4714. I am speaking of the existence of such agreements, not of their fulfilment. I wish to find out from you when the existence of that agreement began?—From the start.

The agreement with Close existed from the start.

4715. Who made the agreement that Close was to be interested with Manning, McDonald, & Shields?—Which do you mean?

4716. You say that before any tender was put in, or at the time of the tenders being put in, that there was an agreement that Close was to become interested with you and McDonald and Manning—that is what you have led me to understand: now I ask you who made that agreement?—I think I made the agreement with Mr. Close, and Mr. Close spoke to me at the time when we came to the tender we put in.

Witness thinks he made the agreement with Close.

4717. Now do you say there was an agreement made between you and Mr. Close at that time?—Yes; I think there was an understood agreement.

4718. Do you not know whether there was?—There was, I think.

4719. Now, knowing as you do, was there an agreement made?—There was no well defined agreement understood.

No well defined agreement.

4720. Then why talk to me about an agreement?—It was understood that he should have an interest with us.

4721. How was it understood?—There were no details arranged.

No details arranged.

4722. Was it understood in your mind alone?—It was understood in his as well as in ours.

4723. What makes you believe that it was understood in his mind?—Because he spoke to me about it. There was a simple understanding that he was to have an interest in our original tender when it was put in.

4724. Would you say now on your oath whether there was an agreement at that time between you and Mr. Close that he should have a share in the contract, if you succeeded in getting it?—I can only put it in the way I have put it; that there was an understanding between Mr. Close and us, that should it come to our original tender for section C, that he should have an interest.

Witness cannot put it in any other way than that there was an understanding that should the original tender for section C. prove successful he would have an interest.

**Tendering—
Contract No. 42.**

4725. Do you mean that the understanding should have a different signification from the agreement? You have prevaricated a good deal, and have talked to me about simple agreements; all that I want you to say on your oath is: whether there was a distinct understanding between you and any one else that Mr. Close was to have that share in the contract?—I do not think there was, that any specified division was to be appropriated to Mr. Close, or that there was any detailed agreement entered into with him either verbally or otherwise, only there was a simple understanding that he should have an interest.

4726. What do you mean by a simple understanding? Do you mean it was suggested that he might have an interest?—No; there was an arrangement between both parties that he should have the share in it, if it came to our tender.

There was a definite understanding that Close should have a share in the original tender.

4727. Was there a definite understanding, or a positive agreement, that he should have any share, whether the share was designated or not?—I think there was.

4728. Do you not know, when you were the party who acted in it?—Yes; there was to be a share in the original tender.

4729. Was that the understanding between you and Mr. Close?—Yes.

4730. Why did you tell me that he spoke to Manning and McDonald, as if the only understanding arrived at was through that channel, and not through you?—I do not remember making the statement.

4731. Yes; at the beginning you evidently wished me to believe that this whole affair was undefined in your mind; you wished it to be understood that it came through somebody else?—No; it is you who are mistaken. What I said was in reference to the security to Morse, because I had forgotten entirely that he was Morse's security, and not what you said.

Agreement with Close made through witness.

4732. This arrangement about the share in the contract, was it made through Manning and McDonald, or through you?—I think it was made through me. What share?

4733. That at some time or other Mr. Close might get a share in your contract?—Which particular share do you mean?

4734. There was no particular share defined?—In what particular tender?

4735. The tender of which you are speaking: that is, the tender of Jones, Manning & McDonald?—That is the original tender?

4736. Yes?—I think it was done through me. I do not know what conversation there was.

4737. Do you not know that you commenced your evidence on that very subject, saying that you thought he had mentioned it to Manning and McDonald?—I have no recollection of it now.

Nature of agreement with Close.

4738. Was the understanding which you have described as existing between you and Close in relation to any other tender, except that which embraced the whole line?—No.

4739. He was to get a share only in the event of your firm getting the contract for the whole line?—Yes.

Tendering—
Contract No. 42.

4740. When it was known at Ottawa that Morse & Co. had been the successful tenderers for one of those sections only, were you not then aware that it was an object to you that Morse & Co. should not put up the security, so that you should get the contract for that section?—Before we had any dealings with Mr. Close, Morse & Co.'s tender was entirely disposed of by the Government. Andrews, Jones & Co. had been called upon to put up securities.

4741. Then, taking Andrews, Jones & Co, did you understand that in speaking of their position you had referred only to one section, not to the whole line?—Yes.

4742. Then why was it that you at that time proposed that Mr. Close should have a share in your tender for that section—your contract for that section—if you obtained it?—Because Mr. Close had been one of the parties in the original tender, or was understood to be one of the parties in the original tender. Reason why witness proposed that Close should have a share in tender for section B.

4743. He was only interested, if at all, in the possibility of your getting the whole line?—Yes; at that time.

4744. Then why did you offer him a share in this contract for the section? He never before had any chance of getting that, had he?—Yes; he had.

4745. What chance had he?—In getting an interest with us.

4746. In that particular section?—In case the securities were not put up, or in case any of the tenderers found that their tender was too low or could not find security, in that event it might come to our tender.

4747. Which tender?—The original tender we put in; we put in three tenders originally; a tender for each of the sections, and for the whole line.

4748. But you were dealing at that time in Ottawa with Mr. Close upon a different basis from that which you had previously done, that is to admit him to a chance in the tender for this one section?—This was not done in Ottawa, it was done in Toronto. We all came home after tendering, and after Morse & Co. were disposed of, Close said he could get an interest in Andrews, Jones & Co.'s tender if he did not get an interest or had no interest with us. Fresh arrangement made with Close in Toronto.

4749. Did you negotiate this matter with Mr. Close—I am speaking of this last arrangement alone—or did either Manning or McDonald take part in it?—Mr. Manning and I were together.

4750. Were you three present at the arrangement?—Yes.

4751. Where was it?—In Toronto.

4752. At what place in Toronto?—I think they met at my office; I am not certain. Manning, Close & Shields made agreement in the office of witness.

4753. But upon that occasion you gave him a letter embodying your understanding?—Yes.

4754. Did you keep any copy of that letter?—I have kept no copy of it; I presume Mr. Manning has a copy.

4755. Are you still interested to the extent that you were originally in this contract?—No. Witness no longer interested in contract having withdrawn, and his father having taken his place.

4756. Why not?—I withdrew from it; my father took my place in the contract.

**Tendering—
Contract No. 42.**

Date of his withdrawal.

4757. Do you know at what time that was accomplished?—I think it was some time in June last.

4758. June of 1879 or 1880?—June of 1879.

4759. That was I suppose by mutual arrangement with the partners at that time?—Yes.

4760. Was that arrangement reduced to writing?—His name is now in the amended contract with the Government and the firm instead of mine.

4761. Who has been looking after the interest of your father in the matter?—I have.

4762. Have you spent much of your time in the neighbourhood of the work?—I have spent nearly all my time in connection with the work and his business since we got the contract.

Reasons for withdrawal.

4763. Has there been any particular change in your circumstances between your getting the contract and your father becoming a partner instead of you?—Yes; that was the cause of putting my father in my place.

4764. What was the change in your circumstances?—The change was that I got into business difficulties.

4765. Did that result in any change of your property?—No—Yes; it did.

4766. Could you get into the Insolvent Court without there being a change in your property?—I did not catch the question that you put.

4767. Did all your property or interest pass to somebody else after you became a contractor and before your father took your place in the partnership?—No.

4768. No change took place then before your father went in?—No.

4769. Was it soon after your father took your place in the partnership that there was a change in your property?—Yes; not long.

4770. How long?—I think some months.

4771. More than one month?—About two months.

4772. Is your father a man of means?—Yes; he is reasonably well off.

Consideration for transfer to his father.

4773. Was anything given to you for your share that was transferred to him?—My father put up the securities for me in the contract—the original securities—I think some \$36,000.

4774. Was anything given to you for the transferring of your share to him in the contract?—No.

4775. That was a transfer without value then?—It was a transfer without value, owing to his having put up the securities.

Acted for his father in buying out the Nova Scotia firm.

4776. Were you in the partnership at the time the arrangement was made to buy out Nova Scotia members of the firm?—I was acting for my father then.

4777. Did you take part in those negotiations?—I did.

4778. Had you authority from your father to do so?—I had.

Tendering—
Contract No. 43.

4779. So that that transfer is properly consummated, as you understand that the Fraser, Grant & Pitblado firm have no longer any interest in it?—I understand it to be so.

4780. You signed the contract yourself originally?—I did.

No gift, not a cent given to any one to witness's knowledge on account of his firm being interested in this contract.

4781. Have you reason to believe that any gift, bonus, or advantage, has been promised or given to any one on account of any one of that firm being interested in this contract?—Not a cent to my knowledge.

4782. Is there any other matter which you wish to mention to the Commission connected with this transaction?—None.

MOLLOY.

JOHN MOLLOY, sworn and examined:

By the Chairman:—

Railway Construction—
Contract No. 14.
Contractors' claims.

4783. Have you been in any way connected with any of the works of the Canadian Pacific Railway?—Yes.

4784. In what capacity?—I was one of the assistant engineers on contract 14 from June, 1875, to July, 1877.

Assistant engineer on contract 14.

4785. On the part of the Government?—Yes.

4786. There are some claims made by Sifton, Ward & Co. in connection with that contract: one for change of the location of the line and another for a ditch at the Julius Muskeg?—Yes; I was in charge of the work on the Julius Muskeg at that time

In charge of work on Julius Muskeg.

4787. Do you know about work at this ditch?—Yes; I know something about it. What the claims are I am not aware of, but I know concerning the work.

4788. They say the ditch on the Julius Muskeg is at a greater distance from the line than the specification described?—Yes, that is the case; I laid out the ditch myself. There is a ditch for about four and a-half miles, ninety feet from the centre of the railway line to the centre of the ditch, to the best of my recollection.

Ditch on Julius Muskeg at a greater distance from line than described by specification.

4789. What is the greatest distance which there could be between the centre of the line and the centre of the ditch, if the ditch was within the specification?—That would depend upon the depth of the ditch and the height of the bank. From the centre of the railway line to the extreme limits would be fifty feet.

4790. How do you make it fifty feet?—That is the limit of the railway. One hundred and thirty-two feet was the limit of the telegraph clearing.

4791. You say the whole width of the railway line would be 100 feet?—One hundred feet on the section I was on.

Width of railway line on section where witness worked 100 feet.

4792. Might not the line be laid out at one side of the centre of that 100 feet?—It was not.

4793. I am asking if it might not be under the specification?—No; it could not be under the specification, unless the specification was first altered. All our plans and cross-sections show that.

4794. Then the specification made it impossible to have the ditch within them and more than fifty feet from the centre of the line to

**Railway Construction—
Contract No. 14.
Contractors' Claims.**

Extent of extra haul.

Thinks distance extended to even beyond ninety feet.

Cannot say what would be extreme limit from the centre of the ditch to the line if it was within the specification.

The berm ten feet from the bottom of slope.

From centre line of the railway to the outer limit of the railway fifty feet.

Thinks the ditch must be within fifty feet of the centre line to be within the specifications.

the centre of the ditch?—Yes; it would be quite impossible from the centre of the line to the outside of the ditch.

4795. In this case, where it was ninety feet, was there somewhere about eighty feet extra haul if the earth from the ditch was put into the line?—Yes; there would be more than ninety feet. Taking the centre of the ditch to the centre of the railway would be ninety feet. Now in one place that ditch was over thirteen feet at one point over the regulation, I should say it was thirteen and three-tenths—that would be a little over forty-nine feet wide—then the bottom of the ditch was four feet, half of that depth would be two feet, and taking two from half of forty-nine it would extend that distance to even beyond ninety feet.

4796. Would it not be the same distance on the inside of the centre line as it was outside?—Certainly.

4797. Then if that much was saved in the distance on the inside of the centre line, would it not compensate for the same distance outside of the line?—That would make the average ninety feet.

4798. What would have been the distance from the centre of the ditch to the railway line, if it was within the specification?—That would depend on the height of the bank. It was a three feet bank, and the slopes of the bank would be four and a-half feet. Take half the width of the road-bed, eight and a-half feet, and add it to ten feet would be eighteen and a-half feet, that would be a slope of ten feet for the berm, and that would be the distance of the ordinary line.

4799. I am asking for the extreme limit that there could be from the centre of the ditch to the line, if it was in the specification?—Taking the ordinary ditch it would be about four feet. It would be impossible for any man to say what it would be to the centre of the ditch, because it would depend on the depth.

4800. Can you tell me the extreme limit that it could be?—No; I could not. We have had them from ten feet to thirty feet.

4801. I am talking of the centre line of the ditch, that would not affect the depth of the ditch?—Certainly it would; the berm is ten feet from the bottom of the slope.

4802. If you have only fifteen feet to go and come upon from the outside of the railway to the centre of the line, is it possible to get more than fifty feet from the centre of the line to the centre of the ditch?—No; but we have gone outside of that.

4803. I started this part of the subject with asking you the distance, within the specifications, that could possibly exist between the centre line of the railway and the central line of the ditch?—From the centre line of the railway to the outer limit of the railway was fifty feet.

4804. Do the specifications require that the ditch should be within the limit of the railway?—There is nothing said of that, that I am aware of, in the specifications.

4805. May a ditch be made on the line of that railway outside 100 feet, and be within the specification?—I think not.

4806. Then it must be within fifty feet to be within the specification?—I think so.

4807. If it is within fifty feet and within the specification, what is the greatest distance which can exist between the centre of the ditch and

**Railway Construction—
Contract No. 14.
Contractors' Claims.**

the centre of the line?—It would be fifty feet from the centre of the ditch to outside of the line.

4808. Can you answer my question? What is the narrowest width that that ditch is permitted to be made?—That would depend upon the bank.

4809. What is the narrowest width that the ditch can be made?—It could be made six inches.

The ditch could be made six inches wide.

4810. Now assuming that it is six inches wide, can you not tell me the greatest distance that could exist within the specifications from the centre of ditch to the centre of the line?—It would depend upon the depth of the ditch.

4811. Can you tell me the greatest distance that could exist under the specifications from the centre line of the ditch to the centre of the railway? Have you not powers of calculation enough to state that, as you sit there?—It would depend on the depth of the ditch.

The distance depends on the depth of the ditch.

4812. I am asking you, supposing six inches to be the narrowest point of the ditch, what would be the distance from the side to the centre?—If you tell me the depth, I can tell you; it must have a certain slope to come down.

4813. How deep could the ditch be made if it were six inches wide on top?—The slope would be nine inches.

In a ditch of six inches wide on top the slope would be nine inches and a berm of five feet nine inches.

4814. Can you tell me the depth of a ditch that would be six inches wide on top?—Nine inches.

4815. Can you tell me what is the width of that ditch?—There is a berm ther of five feet nine inches taken off fifty feet.

4816. Can you take off five feet nine inches from fifty feet?—Certainly; it leaves forty-four feet three inches.

Five feet nine inches from fifty feet gives forty-four feet three inches.

4817. Now then, from that basis, can you tell me the greatest distance which could exist between the centre line of the ditch and the centre line of the railway?—No, I could not; it all depends on the depth of the ditch.

4818. But, in speaking of the greatest length which could exist in the way I am describing, you must take, I suppose, the narrowest ditch that could be made, in order to maintain the greatest length?—Then take a ditch fifty feet wide.

4819. I am talking of the greatest length and not the shortest length, I am trying to get you to calculate. Could you have a greater length than forty-four feet three inches?—No; I could not possibly have a greater length than that if it were a six inch ditch.

4820. You understand now that you could not have a longer line than forty-four feet three inches on that basis?—No.

4821. In this case you say the centre line from the ditch, as executed to the railway, was ninety feet?—Yes.

From centre line to the ditch ninety feet.

4822. Can you tell me how much that exceeded the greatest length that it could have been under the specification?—The greatest length it could have been under the specification would be fifty feet from the centre of the line.

**Railway Construction.
Contract No. 14.
Contractors' Claims.**

Extent of extra haul forty-five feet nine inches more than it could have been if the ditch had been within the specification.

Instructions not to have ditch less than four feet.

Forty-six feet a fair average for excess of haul.

Cost of extra haul to contractors.

Average day's work for a man, ten yards of earth.

4823. I am talking about the centre line of the ditch; surely you must understand what I am saying?—That would be forty-five feet nine inches.

4824. Then do you mean that the length over which this earth had to be hauled from the ditch to the railway was on an average forty-five feet nine inches more than it could possibly have been if the ditch had been within the specification?—Yes.

4825. It has been suggested that it would be impossible, under the specification, to make a ditch so narrow as six inches. Do you know how that was?—Our instructions were not to have the ditch less than four feet.

4826. Then why do you take into account a ditch of six inches only in estimating the possible length?—That is the smallest ditch that could possibly be made.

4827. Could you make it as low as that under the specification?—Those were our instructions, but we had to make a ditch afterwards less than four feet.

4828. Have you ever calculated, in your own way, to ascertain the average extra haul made by Sifton & Ward on this particular work from the haul that would have been required if it had been made under the specification?—No; I never made such a calculation.

4829. Do you think that forty-five feet nine inches is a fair average for his excess of haul?—Yes; say forty-six feet in round figures.

4830. Do you think there was that much excess of haul?—I do.

4831. I suppose the loading and unloading of the barrow would have to take place, whether the haul was long or short?—Certainly.

4832. It would only be then for the time occupied in the excessive haul?—Yes; for going backwards and forwards and making the plank on which to wheel the barrow.

4833. Have you any idea how far a man can propel a barrow of earth in a day's work?—No; I never made any such calculation.

4834. It is only the propulsion of this barrow of earth for which they make the claim, as I understand?—Yes, and there is the coming back.

4835. Is that propelling backwards?—They draw it backwards.

4836. I mean it is the locomotion of the barrow?—Yes; and that would make about ninety feet instead of twenty.

4837. I am directing my questions now to the value of this extra haul, or rather the cost of it, to Sifton & Co.: that would depend on the value of a day's labor, would it not?—Certainly.

4838. The length that a man could so propel and haul a barrow in a day's labor?—Yes

4839. You say that you have never considered that question?—No; because some will do a good deal more than others.

4840. In several days' labour you take the average of a man's strength. Have you never estimated how much a man can do in a day's work?—Yes; as a rule about ten yards.

4841. Have you made the calculation?—Yes.

**Railway Construction—
Contract No. 14.
Contractors' Claims.**

4842. For the same reason you can calculate how far a man would propel a barrow?—I am speaking from experience that a man can excavate about ten yards a day.

4843. Have you in any way formed an opinion of the value of this extra haul of Sifton & Co.'s?—It would be at least one-third more. Their estimates were one-third less.

Sifton's extra haul, one-third more, or 9 cts. a yard.

4844. Do you mean that from making up the estimates from time to time, you have ascertained that any given number of men take out one-third less, with this long haul than they would have taken out if they had only the regulation haul?—Yes, than they did on other portions of the road with the same quantity of earth.

4845. Then assuming the value to be 26 cts. per yard, you make the cost to the contractor of this extra haul about 9 cts. per yard?—Yes, about that; one-third or a little under 9 cts. per yard.

4846. Would he be entitled to something besides that for providing plank and trestle work on which those barrows were wheeled?—Yes; it took a great deal more for the long haul than for the short one.

Contractor entitled to something more on account of plank and trestle work.

4847. Have you estimated what would be a fair price for that?—No; it was done by the men before I had anything to do with that part, and I could not give an estimate. It was a very expensive work, the men had to make the plank with broad axes and small axes in the woods.

4848. Who was your engineer in charge?—Mr. Thompson.

Thompson, engineer in charge.

4849. Were you one of his assistants?—Yes.

4850. At the time that the work was going on was it discussed between you and Mr. Thompson whether it might be the foundation of a claim between the contractor and the Government?—He said it would be an open claim, that at present Mr. Rowan controlled that ditch as an off-take drain.

4851. Was it the practice to move the earth from off-take drains into the line of embankments?—No.

Practice as to off-take drains.

4852. But in this case the material was moved from the ditch into the bank, as a rule?—The bank was made out of the ditch.

4853. So that the practice in this instance was different to the practice in respect to other off-take ditches?—Yes; according to the specification off-take ditches run at right angles to the line, while this ran parallel to the line throughout; there was no diversion or angle whatever.

Rule broken.

4854. Do you know what proportion of this material taken from this ditch was put upon the line?—I could not say that, because I arrived there before that portion of the road was disputed.

4855. Upon another item of this claim—this change of location—do you remember the locality at which the change was made?—Yes; I have been over the ground.

Claim relating to change of location.

4856. Was it made at more than one locality?—Not that I am aware of; it was made from the northern survey to the southern one.

4857. I mean about the locality on the line—for instance, the number of the station?—It was made a short distance east of Brokenhead River—I should say about station 1020. I would not be positive in that matter, but if I had the profile I could tell.

Locality of change.

**Railway Construction—
Contract No. 14.
Contractors' Claims.**

Line changed for a number of miles between Brokenhead to near Whitemouth River.

Quality of material to be moved heavier in the new location.

Change to south made it necessary to cross a greater length of Julius Muskeg.

Work on southern line 25 to 30 per cent. dearer.

Three-fourths of northern line could have been worked at cheaper rate.

Manner of taking progress estimates.

4858. Was it only in the neighbourhood of that locality?—That is the one I am cognizant of.

4859. For what length was it changed?—It was changed for a number of miles, between Brokenhead to near Whitemouth River.

4860. How far was it changed at the most extreme point?—In the neighbourhood of twenty miles.

4861. I mean what distance was it changed in the south?—In some places it might be a mile. I think a mile would be the extreme distance at any point.

4862. At the extreme point the new line was only a mile south of the located line?—About that.

4863. Was there any considerable difference in the quality of the material which had to be removed, occasioned by that change of location?—Yes.

4864. What kind of material was it upon the first located line?—The greatest part of the northern line was high and dry, gravel and sandy ridges.

4865. Did it cover any part of the Julius Muskeg region?—Yes; but that portion of it was narrower and the soundings were not so deep.

4866. So that change to the south made it necessary to cross a greater length of the Julius Muskeg?—Yes; a more difficult part.

4866½. The greater part of the northern line you say was sand and gravel?—A great deal of it was high—what we would call dry ridges—in fact it is from the neighbourhood of the old line they take out the ballast for the purpose of ballasting the road.

4867. Would that be done by hand labour, or would machinery be used?—Horses, scrapers and waggons would be used.

4868. Would that be less expensive to the contractors than hand labour with barrows?—Certainly.

4869. What per cent. cheaper?—Were I the contractor myself I would say 25 per cent. cheaper—perhaps 30 per cent. cheaper. It would be 30 per cent. cheaper at least.

4870. Then it would cost nearly 50 per cent. more to do the same amount of work on the southern line?—Certainly it would. The greater part of the southern line was covered with water until it was drawn off.

4871. How much of the western line do you think could have been worked at this cheaper rate than the southern line?—Three-fourths of it.

4872. Could you state between what stations?—No; I would rather state between what points. It is three years since I have been there and I have forgotten the number of the stations; I would say about station 1020, a point near Brokenhead River, to station 2240 near Whitemouth; that is as near as I can come to it, I will not swear to that.

4873. What is about the mileage of that distance?—Nearly twenty miles.

4874. In taking progress estimates of work executed do they number from station to station in the estimates?—No; not in returning the estimates, we take our estimates on the line from station to station but

**Railway Construction—
Contract No. 14.
Contractors' Claims.**

we do not return them from stations, but very often in a lump sum, or from station to station as the engineer in charge would direct. It would depend on his fancy, but on 14 it was done.

4875. Have you made up any calculation of the amount of extra cost to which the contractors would be put by this change of line?—I could not do that, because I am not aware of the quantities that were on the north line; unless I knew the quantities that were in the northern line it would be impossible for me to do it, but I have considered the difference in expense between the north and south lines.

4876. Not knowing actual quantities on the north line which was not worked, have you any idea what percentage of the south line should bear the additional price you have named?—Were I the contractor for these two lines to-morrow, I would take the northern line at 5 cts. per yard cheaper than the southern one.

Northern line could have been done at 5 cts. a yard cheaper than the southern one.

4877. You mean for the whole length of line?—Yes.

4878. Do you mean by that that you think the extra cost of that work to Sifton & Ward was as much as 5 cts. a yard over the whole length of the south line?—I do think so; I am speaking of between these two points.

4879. You mean as far as it relates to those twenty miles alteration?—Yes; between Brokenhead and Whitemouth.

4880. Do you know what the object was in changing the location?—I do not, unless to make a nice profile upon paper; that is the only reason I could assign for it.

**Engineer's Claim—
Contract No. 14.
Claim made by witness on Government.**

4881. Have you any other matter connected with the Pacific Railway upon which you wish to give evidence?—I have some accounts which I sent in to the paymaster.

4882. Do you wish to produce it?—Yes; I produce it. (Exhibit No. 99.)

4883. How did this account arise?—It arose by refusal of payment.

4884. You mean refusal to pay it to you?—Yes.

4885. Who refused to pay it?—The paymaster.

4886. Who was the paymaster?—Mr. Nixon. He gives his reasons for not doing so in that letter. (Pointing to Exhibit.)

Nixon's reason for refusing to pay this claim.

4887. I see this is for an amount which you contend was paid to a cook?—Yes; that is one of the letters. I had several of them destroyed.

4888. Did you employ the cook?—Yes.

4889. In what capacity were you acting when you employed him?—As assistant engineer on the road.

4890. Was it on this same contract 14?—Yes.

4891. Is it the common practice of assistant engineers to employ cooks on the road?—It was the common practice.

4892. Were there any rules laid down about it?—No; there were no rules until this arose.

4893. I see that Mr. Nixon states that you have not complied with the rules of the service?—Yes.

**Engineer's
Claim—
Contract No. 14.**
Witness accused
of non-compli-
ance with rules.

4894. What rule does he refer to?—That I should employ a person on my section and send him in to him, and then have him travel back to my house.

4895. Was that the usual practice?—No; never.

4896. Do you mean that you were not aware at the time of employing this cook that it was part of the regulations of the service?—No; I was not.

4897. How were you made aware that there was any contention on the part of the paymaster that such a regulation existed?—Payment was refused.

Payment refused
because he em-
ployed a woman
and not a man.

4898. Did he mention the particulars of that rule to you at the time payment was refused?—No; the first payment that was refused was when I employed a woman instead of a man. Payment was refused on that account, because I employed a woman.

4899. Is the employment and payment of this woman part of this claim of yours now?—Yes. I was a man with a family and I considered I should have a woman instead of a man in the house with my wife; consequently I employed a woman, and payment was refused.

4900. Was there any rule at that time that cooks should be men-cooks?—It was understood that on surveys cooks should be men.

4901. Is it on construction?—I was not made aware of it.

4902. This letter alludes only to one cook, Paul Boucher?—He is a Frenchman; there were several others. By referring to their books we can find the whole thing, and whether these men have been paid or not.

4903. By referring to what books?—The paymaster's books.

Claim for pay-
ment to several
cooks.

4904. Is your claim for payment to other cooks as well?—Certainly.

4905. Then this letter does not refer to your whole claim?—No; because I have no letters in reference to the whole claim.

4906. How much is your claim for payment to Boucher?—I could not say just now.

4907. Does your claim consist of the payments to these two individuals: the woman cook and Paul Boucher?—There were others.

Objections to pay-
ment where men
employed.

4908. But what was the difficulty about those?—Because they were employed in the same manner.

4909. You mean you did not send them to Winnipeg to report themselves?—Yes; by not sending them to Winnipeg to report and having them come back again. I live thirty-three miles east of Red River.

4910. Is there any other objection to your claim than the two you have named: that one was a woman and that the other men-cooks did not travel to Winnipeg to report themselves and come back again?—That is the only objection made by Mr. Rowan.

4911. Have you paid these men and these cooks?—Yes.

4912. Was it the usual practice to reimburse to engineers the amount they disbursed to cooks?—Yes.

4913. Have you paid these men?—I have. Mr. Sifton carried one of these orders in to get the wages for these men, and he was refused because I could not come—and the woman left me.

**Engineer's
Claim—
Contract No. 14.**

4914. Have you any other claim besides these?—None whatever.

4915. There is here a claim for house rent?—The second claim is for house rent, but it is not in connection with section 14; that is on the branch. **Claim for house rent, \$237.50.**

4916. What is the amount of that claim?—\$237.50.

4917. How did that arise?—When I went on the branch I supposed I was to act as every other engineer on the road did, and that my rent would be paid and furniture supplied me.

4918. Was there any arrangement upon that subject at the time you went to this house?—No; not at that time. Mr. Rowan afterwards, in March, told me that he would see it would be paid.

4919. Is this the amount that you actually disbursed?—No; I did not disburse it all, because you see there is an amount for furniture. I used my own furniture.

4920. How much of it did you disburse for rent of house?—For the six months and a half in Winnipeg I paid \$20 a month, and for the five months in Emerson I paid \$10 a month.

4921. The rest of the claim is for the use of your own furniture?—Yes.

4922. At the time you rented this house you say there was no understanding upon the subject?—No; not at the time.

4923. You took it for granted that they would pay you?—Certainly; because every other engineer on the road was paid.

4924. What is the objection to paying it?—I do not know what the objection is, but it was refused. Mr. Brophy, when he came up here last summer, was willing to pay it. I put in the bill and he signed it. I sent it to Mr. Rowan and he refused to pay it, so Mr. Brophy told me.

4925. Have you had any connection with the Canadian Pacific Railway besides these two matters on which you have spoken?—I was on the Pembina Branch line a little over a year. **Railway Construction—
Pemb. Branch.
Contract No. 5.**

4926. In what capacity?—In charge from Red River to Emerson—Otterburn Station it is called now.

4927. That is on the South Pembina Branch?—Yes.

4928. What is the length of that part of the branch?—About forty miles.

4929. Was it on construction?—Yes.

4930. For what time?—From 12th July, 1878, to 1st August, 1879.

4931. When did the road begin to run?—The first rail was laid on the 22nd November, 1878, and then they commenced to run forward until they connected. They were laying the road from both ends. They commenced to run on them about the 15th December. **Commenced to run, 15th December, 1878.**

4932. You were looking after the Government interests then?—Yes.

4933. Who was your next superior officer?—Mr. Rowan.

Rowan next superior officer.

4934. Was the line built according to specification?—Yes.

**Railway Construction—
Pemb. Branch.
Contract No. 5.
Difficulty between
Government and
contractor about
ties.**

4935. Was there any difficulty between the Government and the contractor upon that subject about the portion over which you were in charge?—There was some difficulty about ties.

4936. What was the difficulty?—The great difficulty was that they were chopped instead of being sawed, and some of them were a little short.

4937. Did you accept them as the engineer in charge?—I followed the instructions of Mr. Rowan.

**Instructions as to
accepting ties.**

4938. What were his instructions?—His instructions were, in the first place, not to accept any that were not cut square on the ends and of one length; afterwards he gave me instructions to take them two inches shorter than eight feet, if they were cut with a short scarf instead of a long one and all the stub ends cut off.

4939. Did you accept them under these instructions?—Yes.

**Contractors
dissatisfied.**

4940. Then did that end the difficulty?—It ended the difficulty, but it did not end the grumbling of the contractors; they were not very well satisfied and they suffered a good deal. The ties were principally American ties; they came from the American side of the line.

4941. Who was the party furnishing the ties?—Willis & Co.

4942. Was it a contract for ties alone?—I believe it was a separate contract. However, that had nothing to do with me; there were to be so many ties at a certain price, and the Americans supplied a certain number of a certain length.

4943. Is there any other matter connected with the railway about which you wish to give evidence?—No.

SIFTON.

JOHN W. SIFTON'S examination continued:

**Telegraph
Maintenance—
Contract No. 1.**

By the Chairman:—

**Expense of keep-
ing line in repair
and operating
\$5,100 a year.**

4944. Can you give the estimate which was alluded to in your former evidence about the telegraph line?—I think I can. I can give very nearly an approximate estimate. The expense of keeping the line in repair, operating, and wages, about \$5,100 a year. That includes renewals of poles.

Receipts of line.

4945. I suppose it includes repairs of every kind: wire and other matter necessary to maintain the line in good order?—Yes; and operating as well. The receipts of the line vary very much. The first two years it was very small—perhaps under \$400 a year—but it has kept increasing from that time to this. It runs from \$100 to \$150 a month. It is about \$150 a month at the present time. It is very uncertain. Some months we have a very small amount of business over the line, but that is about the average.

**About \$150 a
month.**

4946. Have you not made up the aggregate of the expenses for repairs and maintenance from the beginning until now?—I have not.

4947. Have you for any particular period?—No, I have not; but I can do it very nearly, I think. I think the books are in such a shape I could get it.

4948. In your opinion has the cost of repairs, and maintenance, and operating exceeded the amount of receipts?—It has not exceeded the receipts—that is including what I have received from the Government as well as the profits of the line.

**Telegraph
Maintenance—
Contract No. 1.**

4949. I mean irrespective of that item?—Yes; very much exceeded. The maintenance, and operating, and keeping in repair have exceeded the receipts at least 300 per cent.

**Maintenance has
exceeded receipts.
by 300 per cent.**

4950. In round numbers can you say about how much you have expended up to this time in maintaining, repairing, and operating?—About \$20,000.

**\$20,000 spent on
maintenance and
operating to date.**

4951. Can you say about how much you have received for the use of the line?—About \$5,000.

**\$5,000 received for
use of line.**

4952. I suppose that under your contract with the Government you were obliged to maintain and repair the line to the same extent as you have done now, and whether you operate it yourself, or whether the Government or some one else operates it?—Yes.

**Bound to main-
tain line under
contract.**

4953. There has been no excessive cost on account of operating it yourself?—No.

4954. What has it cost you to operate the line altogether, up to now, independent of the maintenance and repairs?—About \$5,000: something less than that.

**\$5,000 spent on
operating alone.**

4955. So that setting off the receipts against the operating expenses, the receipts are only a little higher?—It is about the same thing. There is very little difference.

4956. Your receipts are improving each year?—Yes.

4957. How much longer have you the privilege of retaining the receipts?—One year.

4958. What do you estimate the probable receipts at?—I estimate the probable receipts for next year at about \$2,500.

**Probable receipt
for ensuing year,
\$2,500.**

4959. And what do you estimate the probable expenses of operating only?—About \$1,200.

**\$1,200 estimate for
operating.**

4960. So that on the whole transaction you will probably be a gainer to the extent of \$1,300 in the profits over and above the operating expenses?—Yes; I think that will cover the whole. It is a very fair estimate. I would just like to say that the greatest expense for repairs has originated at or near Lake Manitoba—near Dog Lake. There is a place there where, although the swamps are not deep, there is considerable water, and the great difficulty has originated there and at the crossing of Lake Manitoba. We had agreed with the Government about a certain arrangement to cross the lake by driving in piles and setting the poles on them, but the poles did not remain there. In consequence of that we have had to carry the line around through a swamp a good distance. You were asking me the other day if there was not a good deal of complaint about the keeping up of the line. All our difficulty arose in that place. There is a section of about eight or ten miles where there is a great deal of water, and it is very hard to keep up the poles, as the wind blows them down. As to the cost of the line, it has cost me about \$15,000 more than I received from the Government; that is, provided I receive the balance of percentage that is retained still in the hands of the Government.

**Balance in favour
of contractor in a
comparison be-
tween profits and
operating.
Most expensive
part of contract.**

**Telegraph
Maintenance—
Contract No. 1.**

4961. You credit that to the transaction as if you were sure to get it?
—Yes; I will be out of pocket about \$15,000 upon the construction.

4962. Irrespective of the operating?—Yes.

4963. The operating will save you to the extent of \$1,300?—Yes.

By Mr Keefer :—

**Worst season of
the year for
maintenance:
June to August.**

4964. What is the worst season of the year to maintain it?—From the beginning of June to the middle of August is the worst season of the year.

By the Chairman :—

4965. I think you have said that you had acquired the interest of the whole firm?—I had.

4966. When you speak of this loss, it is of the loss to the whole firm?
—Yes.

4967. I think you said you had an arrangement with the Government about putting in poles?—Yes.

4968. With whom was that arrangement?—With Mr. Fleming.

**Arrangement
with Fleming as
to putting in piles
where there was
water.**

4969. What was the arrangement?—In our contract we had so much a mile for prairie, and so much a mile for wood land,

4970. But nothing for carrying it over water?—Nothing for carrying it over water; but this was a greater extent than it could be carried over with one span, and we made an arrangement with Mr. Fleming to put in piles there. It was thought that by putting in piles and connecting the poles with them that they would stand, and we drove the piles in in the winter.

4971. Was that done on your own account?—No; under an understanding with Mr. Fleming as to what was to be done. Then, in the next spring, they all went away.

By Mr. Keefer :—

4972. Was it with the ice?—Yes; in the spring the water rises there before the ice goes out.

**Poles and piles
carried away.**

4973. Were the piles carried away or only the poles?—Yes; the poles too.

By the Chairman :—

4974. How was it managed then?—Afterwards we made a pier with piles and filled it with stones.

**Claim on Govern-
ment for making
pier and filling
with stones.**

4975. The Government did not assist you in that?—No; we were to receive \$2,000 for the first work we did there.

4976. You mean in this water stretch at Lake Manitoba?—Yes; and at Dog Lake.

4977. Did you furnish the poles and everything under this arrangement with the Government?—Yes; but they would not stand.

4978. Has that claim been paid?—No.

4979. That is still a claim on your part against the Government?—Yes.

4980. Is there any dispute about the correctness of it?—No; I do not think there is.

Telegraph
Maintenance—
Contract No. 1.

4981. Has it been a subject of discussion or argument between you and the Department?—No.

4982. Is there any other matter connected with the Canadian Pacific Railway which you wish to explain?—No; nothing else.

CHARLES WHITEHEAD's examination continued:

CHARLES
WHITEHEAD.

Railway Con-
struction—
Contract No. 14.

Agreement
with Sifton &
Co.

By the Chairman:—

4983. Do you know anything about the arrangement between your father, the contractor for section 15, and Sifton, Ward & Co., contractors for 14, respectively, for the finishing of the east end of section 14?—I had some conversation with the contractors, Ward & Farwell, as to the completing of it.

Farwell suggested to witness that witness's father should finish work at east end of contract 14.

4984. How was that conversation brought about?—Between Mr. Farwell and myself. He suggested the propriety of my father doing the work.

4985. Did I understand that at this time you were acting for your father?—Yes; he suggested the propriety of doing the work for Sifton, Ward & Co., and completing that particular fill—this heavy fill. By so doing, their price, if allowed for extra haul, would be something over \$1 per yard.

Nature of negotiations as to doing work.

4986. Was that understood to be the result at that time?—Yes, that was his agreement, you will understand, with me, that we should do it for them, and that would be the result if it was done for them—that they would get the extra haul, which would bring up the total to over \$1 per yard. I told them I did not think the Government would stand that kind of deal; that they would not have it. I told him that if we did complete it we would complete it under the Government, but I did not think my father would complete it for them. I advised with my father to that effect—not to complete it for Sifton, Ward & Co.; and whatever arrangements he might make to make them through the Government for the completion. I told him I thought there would be no difficulty in getting 40 cts. per yard for completing it.

Anticipated price for completing fill 40 cts. a yard finding the earth at their own risk.

4987. Was that to include all the haul necessary?—Yes.

By Mr. Keefer:—

4988. Taking the earth from the same place?—Wherever we could get it.

By the Chairman:—

4989. Finding it at your own risk?—Finding it at our own risk and filling it for 40 cts.

4990. What did that lead to?—Mr. Marcus Smith came along just about this time—just after this conversation had occurred—and I told Mr. Smith that I thought my father would fill it for that price—for 40 cts. per yard. Mr. Ward was up about that time. He spoke to me about it and said that he wanted that we should do it. Henry Sifton—I don't know whether he is one of the contractors or not, but he was doing that end of the contract—wanted to fill it himself, so Mr. Ward told me, but that he would not listen to anything of the kind, that he had

**Railway Con-
struction—
Contract No. 14.
Agreement
with Sifton &
Co.**

Ward desired to have his firm relieved of the contract, and that Whitehead should do the unfinished work.

enough' of 14, and he wanted that we should do the balance of the work for the Government and that they should be relieved of it.

4991. Was that what Mr. Ward wanted?—Yes; that they should be relieved of the contract, and that we were to complete it.

4992. Do you mean that that portion of the line which you were to finish should no longer be dealt with as between them and the Government?—Yes; and that we should complete it.

4993. That it should be dealt with as if it were never part of the contract?—Yes.

4994. Do you know whether his partners agreed to that proposition?—I talked to Mr. Farwell afterwards and he seemed to think so.

4995. Was it from that talk with Mr. Farwell that you understood he agreed to it?—Yes, I think so; they all seemed to be agreeable to it at the time.

4996. Was it spoken of between you and Mr. Farwell after you had had the talk with Mr. Ward, as a matter that should be regarded as if it had never been in any way part of their contract?—Yes; that was the understanding with me. Every time I talked with him and every conversation I had, I think that they were glad to get rid of it.

4997. Did he lead you to understand that he was willing that the matter should be arranged as Mr. Ward proposed?—I did not tell him anything about what Mr. Ward had said to me.

4998. On a similar basis, then?—Yes; he seemed to be quite satisfied with the arrangement.

4999. Were you present at the time the arrangement was concluded between your father and them?—No; I generally talked these matters up, and then told my father what would be best to do, and then he did that part of the business here. I gave him my ideas what I thought he ought to get, and what it would be done for.

5000. So that what you knew of the final arrangements was from conversations before that with Ward, Farwell and Henry Sifton?—Yes; and with my father afterwards.

5001. Is there any other matter connected with the finishing of the line upon which you wish to give evidence?—No; there is not.

5002. Do you know whether the agreement between Farwell and your father was submitted to any legal gentleman?—I am not certain. I recollect telling him, however, at the time to be sure that he did not have anything to do with Sifton, Ward & Co., that we wanted our transaction to be with the Government entirely.

5003. Did I understand that you managed generally the affairs of your father in connection with this work?—On the work entirely, and when he was away I managed his finances here. When he was away I would go into town, but my business was chiefly to attend to the work.

5004. Did you at any time attend to work for him at other places; at Ottawa, for instance?—I did not do much for him at Ottawa.

5005. Did you have any transactions for him at any time with Mr. Mackintosh, on his account?—I do not know anything about the Mackintosh affair, only from hearsay. I do not know anything of my own knowledge.

**Helping News-
papers, &c.**
Knows nothing
of arrangements
with Mackintosh.

Helping News-
papers, &c.—
Contract No. 14.

Sent Bain to
Mackintosh for
acceptances.

Acceptances to
amount of \$11,000
given up.

5006. Did you assist in dealing with Mr. Mackintosh as to the return of any money or paper, or anything of that kind?—Yes; I did not go to Mackintosh myself, but I had my father's attorney go to him.

5007. Who was that?—Mr. Bain.

5008. Was Mackintosh here?—No. Mr. Bain was in Ottawa.

5009. Was that Mr. Bain of the firm of Bain & Blanchard?—Yes.

5010. Did you know Mackintosh personally, at that time?—Yes, I have seen him. I think I saw him when I was down there, but I never mentioned about the transaction to him.

5011. Was it done entirely through your attorney and Mackintosh?—Yes; it was done with Mr. Bain.

5012. What was the result of the transaction?—I think he got back my father's acceptances for about \$11,000.

5013. Did you see those acceptances?—I think I have, but I would not be certain.

5014. Were they got back by Mr. Bain at the time that you were there?—Yes; they were got back in December last.

5015. Had they matured before that, or were they running?—I would not be sure, but I think they were running.

5016. Did you say you do not know whether you saw them then or at any time since?—I think I have seen them here at Mr. Bain's office, but I would not be sure; I know he got them.

5017. Who was it retained Mr. Bain at that time?—I think it was a great deal through myself.

5018. Did you take any part in the instructions to Mr. Bain?—Only in this way: I felt that my father had been—I do not know how to put it exactly. He went and got the acceptances back. I knew that the acceptances had been given in this way: when my father was away some of those acceptances would come up here; some of them I would pay, but others I would allow to go to protest. I wanted to know from my father if Mackintosh had other acceptances, and he said he had, but he did not know how much. Mr. Bain and I had talked the matter over as we would any of my father's business transactions, and Mr. Bain, as well as myself, thought it was only right that we should endeavour to get the acceptances back. I do not know that my father said that we were to get them back. Those were matters I very frequently said nothing to him about until I got them made right.

5019. Then you did what you thought was in his interest, sometimes without his authority?—Yes, when I felt that he had been swindled. That is the idea.

5020. Did you say that those acceptances would sometimes come up to be paid by you?—Yes, when my father was away; otherwise I would never know of them at all.

5021. Can you say what all the acceptances given by him to Mackintosh would amount to, judging from what you have seen?—I would not be quite positive; I should say over \$30,000.

Total amount of
acceptances given
to Mackintosh.

5022. Have you any means of knowing how much of them has been paid from your knowledge of your father's business?—I could not say

Helping News-
papers, &c.—
Contract No. 14.

About \$20,000 paid

how much has been paid, but I think something over \$20,000 in round numbers. I may be mistaken; it may be more, it may be less, but I have that idea from what I have seen.

5023. Do you know, or have you any reason to believe, that any gift, or promise, or advantage, was promised or made by your father to any one, on account of this transaction: the contract for section 15?—I do not know of any. Remuneration do you mean?

5024. It may have been a bonus; I am speaking of gifts as well as remuneration, or any kind of advantage?—I do not know. I cannot say that I do.

5025. You are aware that he has given something to Sutton & Thompson and something to Charlton?—Yes; from what he tells me.

5026. And this amount to Mackintosh?—Yes; from what he tells me I know that he has given to Mackintosh, and from those acceptances coming forward to him when I was acting for him.

5027. Did you ever have any conversation at all upon the subject with Mackintosh?—No; I did not wish to have. The only conversation I had about the matter would be with my father, and that was not of a very pleasing character, as I was exasperated at him doing anything so silly.

5028. Was there anything else about this matter upon which you wished to give evidence?—No; I do not know that there is.

WINNIPEG, Monday, 20th September, 1880.

SUTHERLAND

Fort Frances
Lock.

Resident in Win-
nipeg during six
years.

HUGH SUTHERLAND, sworn and examined:

By the Chairman:—

5029. Where do you live?—In Winnipeg.

5030. How long have you lived here?—I have been here off and on for six years, but I did not come here to reside permanently until about a year ago—that is I did not bring my family here until last winter; but still I may say I am resident here for six years.

5031. Was this your headquarters for business purposes?—Yes, this was my headquarters; in the summer time especially.

5032. Where was your principal residence before a year ago?—In this country. Of course I was travelling backwards and forwards through the country and down to Ontario.

5033. Were you engaged on any business connected with the Canadian Pacific Railway at any time?—Nothing, unless the Fort Frances Lock is included in that. That is the only thing.

5034. Assuming that to be a portion of the works of the Canadian Pacific Railway, then you were?—Yes.

5035. When were you first engaged in that?—I think I first took charge of that work in 1875.

5036. What time of the year?—About the opening of navigation.

5037. In what capacity were you engaged?—I suppose it was in the capacity of superintendent of the different works—really inspector.

Took charge of
work at Fort
Frances Lock at
the opening of
navigation, 1875.

Fort Frances
Lock.

5038. Inspector of what?—Of various public works. Fort Frances Lock was a portion, and the Government Buildings west at Battleford and Fort Pelly.

5039. Do you mean that you were engaged inspecting works of other persons, and managing works?—Not being permanently located in any one place I look on my capacity as more inspector than local manager. There were men appointed under me, and it was my duty to go from place to place and report.

Character in which he was employed.

5040. Had you power to direct the operations as well as inspect them?—Yes; I had power to direct the operations in anything that came within my instructions.

5041. Then whatever may have been the name of the office, it was in fact manager as well as inspector?—I presume it was; it would be more that of general manager, I suppose.

5042. Had you any written instructions when you first took charge of the Locks at Fort Frances?—Yes; I always received written instructions from time to time on what to proceed with.

Received written instructions from time to time.

5043. From whom did these instructions come generally?—Generally from the Secretary of the Public Works Department, upon the authority, I suppose, of the Minister. It generally comes from the Secretary.

5044. You assume, of course, that they were properly authorized?—Yes; I suppose so.

5045. Did you report to the Engineer-in-Chief, Mr. Fleming, at any time?—No, I think my reports were all sent to the Secretary of the Public Works Department, because it was from that Department I got instructions; of course I reported to him.

Always sent his reports to Secretary of Public Works.

5046. Were the operations directed by the Engineer-in-Chief?—Sometimes he was consulted.

Sometimes consulted Engineer-in-Chief.

5047. By you?—Yes, occasionally I consulted him; but I always understood that my directions came from the Department. I did not know whether there was any difference. My instructions came from the Secretary. I do not know whether they came through the engineers.

5048. You did not consider yourself a subordinate of the Engineers' Department?—No; I had nothing to do with the engineers at all, except some person who was appointed specially for my work.

5049. Was any person appointed to take charge of engineering matters on that work?—Yes.

5050. Who was that?—I believe the first one appointed was Mr. Mortimer, a civil engineer.

Mortimer appointed as engineer.

5051. What was his duty?—He located the works at Fort Frances and surveyed them; then Mr. Hazlewood personally inspected them and gave instructions. After that Mr. Mortimer was sent away somewhere, and subsequently Mr. Rowan did anything that was required in the engineering line.

On his departure Rowan acted.

5052. Do I understand that Mr. Mortimer resided at the Locks when he was employed there?—No; he was surveying in the vicinity of the Locks before we commenced to have a local engineer in that part of the country. This work was assigned to him until he was removed to some other place, and then Mr. Hazlewood took charge.

**Fort Frances
Lock.**

5053. Did Mr. Hazlewood reside there?—No, he resided at Thunder Bay; but he was very often over the line.

5054. Over what line?—The Dawson route to Fort Frances.

5055. Who succeeded Mr. Hazlewood?—I think Mr. Rowan followed Mr. Hazlewood.

5056. Did he reside there?—No; he resided here. Mr. Rowan visited the place too.

No engineer in charge of the works; Mortimer, Hazlewood and Rowan exercised each a partial supervision.

5057. Was there any engineer in charge of the works?—No, there was no other engineer in charge of works; there was a leveller sent there for a short time, but he was there under Mr. Hazlewood or Mr. Mortimer. I think Mr. Mortimer, Mr. Hazlewood, and Mr. Rowan are the only three engineers that had anything to do with it.

5058. What proportion of the time do you think Mr. Mortimer spent at these works?—He had his headquarters there, and his office and his survey parties were out not very far from there, in different directions. That was his headquarters, so he spent a considerable portion of his time there.

5059. When Mr. Mortimer left, how far had the work progressed?—Really I cannot say just now. He first surveyed the work, laid out all the works, put down all the pickets, made sections of it, drew the plans; then he was sent off for a while and came back again—he was back and forward. I could not tell when he left there, but Mr. Mortimer and Mr. Hazlewood were sometimes there together. The way I understand the thing—Mr. Hazlewood was chief man and Mr. Mortimer was carrying out his instructions.

5060. You think that Mr. Mortimer left the place before the actual works of construction were commenced?—No; he was there a long time doing works of construction. After laying the work out he went away for a short time, came back again, and he was there a considerable time during the progress of the work that year or next year; but it is pretty hard to say from memory: people change about so often there from one place to another.

5061. Did you get a plan of the Lock from Mr. Mortimer?—I did.

5062. Do you know where that is now?—I might be able to find it. I do not know whether one of the engineers or my assistant, who was left in charge, has it. I do not think there would be any difficulty in finding it.

Character of engineering supervision.

5063. During all the time that those works were going on was there any person resident at that place who had charge of Government interests, as far as engineering was concerned?—Not always; there were just the engineers I have mentioned who were travelling about from place to place. Sometimes they were resident there. Mr. Mortimer had his headquarters there; and Mr. Hazlewood frequently came over the line, he made his headquarters there in his progress west. I think further this way Mr. Rowan had charge of this end. That was the extent of his route, from Thunder Bay to Fort Frances.

No permanent engineer in charge.

5064. What proportion of time after the works were commenced do you think that any one representing the Government interests was constantly at the works—I mean Government interests in engineering?—I could not say, but I could say this: that there was no permanent

**Fort Frances
Lock.**

engineer in charge. It would be very hard for me to sum up the time that all these men were there.

5065. Do you think that one day in the week was spent there by some Government engineer, putting all the days together?—It might be possible.

5066. I mean to ask if you can tell?—No; I did not keep any record of their time.

5067. Then at present you are not able to say that any person stayed as much as one day in the week at the works inspecting the engineering?—No engineer was.

5068. In the absence of any engineer, who looked after the engineering portion of the work?—That was left to the foreman over the works. Of course, the engineering of that work was not very great anyway. There was nothing very difficult about it, and after the plans were once drawn out and the levels all taken, it was not a very hard matter to get along, because it was very plain work; and if we at any time had any doubt about it being at the proper levels, we always had access to some of the engineers, Mr. Hazlewood at one end and Mr. Rowan at this end. On one occasion we sent for Mr. Rowan to come out there. We thought there was something wrong with the levels, and he went out and settled it. There was not much difficulty after all.

In the absence of engineer, foreman superintended engineering work.

In cases of difficulty engineers had recourse to either Hazlewood or Rowan.

5069. When you say "we," who do you mean?—Myself, if I happened to be there, or the foreman of the works, Mr. Thompson.

5070. How much of the time did you happen to be there?—I had, of course, to travel about 1,200 miles. I suppose I made two or three visits during the summer there, and then up to Saskatchewan.

5071. How long would each of those visits be?—I would remain there sometimes a week, sometimes two weeks; it just depended on how much there was to unravel, and how much I had to do. If I thought they were getting along well I did not stay long, and if they were not I used to stay until they were all right.

Character of supervision of witness.

5072. How long used these visits to be?—Sometimes a week—I have been there only a day or two—and sometimes two weeks, if not longer; it would depend on the distance of my visits. The longer I was away the longer I used to remain at the Lock when I returned.

5073. In the absence of the engineer, you say the foreman would take charge of the works?—Yes.

5074. Who was he?—Matthew Thompson.

Matthew Thompson, foreman.

5075. Where does he live now?—At West Lynne.

5076. Had you any authority to direct the works in preference to Thompson—I mean had he higher authority than you, or a lower one?—He referred any matters to me, and generally when I arrived there I went over the whole thing with him and gave him advice; gave decisions in anything that was not engineering. Of course, in that case, he always had access to the engineers at this end of the line or the other.

5077. Where had you lived before you got this situation?—At Orillia.

5078. What was your business there?—I was a contractor.

**Fort Frances
Lock.**

Engaged all his life in general contracting.

5079. Had you any practical knowledge of works?—Yes; I have been at works all my life.

5080. What sort of works?—General contracting: both on railroad works and buildings.

5081. Contractors are sometimes only parties who contract to build, but take no active part in the work; had you any actual knowledge of the work?—Yes; I sometimes contracted for work. I might be considered a practical contractor, because I worked at it from the time I was fifteen years of age in various branches.

5082. Had you any practical work on locks or canals?—No.

5083. But you were put in charge of this work, I understand, in order to direct others?—Yes; that was so far as carrying out of plans was concerned. Of course I had not the drafting of any plans. The plans were put in my hands and I was asked if I could carry them out. I said, of course. Of course the engineering difficulties were settled by engineers.

5084. Besides the management of the Locks, did you look after any other interests of the Government?—Yes.

5085. What other interests?—The Government buildings at Battleford, Fort Pelly and Swan River.

5086. Had you charge of any expenditure at the Locks?—There was a paymaster appointed for paying everything.

John Logan,
paymaster.

5087. Who was he?—Mr. John Logan

5088. Where does he live now?—He lives in Ontario; I do not know exactly where. The last place I know of him residing was at Walkerton. He was at Walkerton at the time he was appointed by the Government.

Manner in which payments were made.

5089. Do you mean that money was placed into his hands to be expended as he might direct?—No; I had to countersign his cheques. He was accountant; he examined all accounts as to their validity, recommended all payments in connection with the works, and made out the cheques. Of course we had certain periods for paying: and when I went into Fort Frances this was part of my work, to countersign these cheques and make out a statement and pay the men. It was principally confined to wages. The accounts for supplies were certified and sent direct to the Department; the Department issued cheques directly to the parties from whom supplies were purchased.

Supplies.

How supplies were procured

5090. Who certified to supplies?—I certified to them, or Mr. Logan certified to them. A portion of our supplies—I may say, in fact, a very large portion of them—were purchased by the purveyor of the Canadian Pacific Railway.

5091. Who was that?—He is now a Police Magistrate down below, Mr. Bethune.

5092. Where does he live now?—I do not know; I understand somewhere at Cornwall; he is Police Magistrate at Cornwall, I think.

5093. Where did he live then?—His head office was at Prince Arthur's Landing; he was purveyor of the Canadian Pacific Railway.

**Fort Frances
Lock—
Supplies.**

5094. Who informed him as to the quantity of supplies which would be required for this work?—I presume the order would go from me. I presume the list would be made up by somebody else.

5095. Did it happen that supplies were sometimes ordered when you were away?—Yes; no doubt that is the case.

5096. How did those orders go from you?—They would be sent to Mr. Bethune at Prince Arthur's Landing; if they were short of anything he had instructions to send anything that they were in need of.

5097. Then those orders would not go through you?—No; if I happened to be away they would not go through me.

5098. But you say there were orders sent for supplies at times when you were away?—Yes. They had a Government store at Prince Arthur's Landing from which they dealt out supplies.

5099. I am not speaking of dealing them out at the landing, but of getting them from Mr. Bethune, to be dealt out at the Locks. Who was responsible for orders going to Mr. Bethune? You say that you were if you happened to be there?—I think I gave the greater portion of the orders.

5100. Supposing there was only one order given when you were away, who was responsible for giving it?—Mr. Thompson and Mr. Logan generally consulted: the paymaster and foreman. If they came to the conclusion that they were going to run out of any particular line of provisions, then they made out an order and sent it down to Mr. Bethune.

5101. If you were present, who would give these orders besides yourself?—I would give them, I suppose, or I would endorse their order; perhaps, in both cases.

5102. Was there not some person there who was responsible for ascertaining the supplies required, and who would bring their report to you?—Yes.

If witness was away orders for supplies was sent direct to Bethune at Prince Arthur's Landing.

Thompson responsible for ascertaining the supplies required.

5103. Who was that person?—Mr. Thompson.

5104. In getting supplies from other persons besides the Government purveyor at Thunder Bay, what was the system?—The system was, where we had an opportunity, to take prices from different parties and buy from the cheapest.

5105. When you say "we," who do you mean?—I am speaking of myself and the Government party.

5106. Do you mean, in speaking of supplies ordered from Mr. Bethune, that you individually decided on the articles required and arranged for their purchase?—Yes; I think so. I think that I gave the orders. There may have been some small orders, but I did the principal part of it myself. Generally they made arrangements in the winter for the summer supplies. They went around taking prices for flour, groceries of different kinds, &c., and gave the order for about what they thought we would require.

5107. Where would you go to get prices?—In Toronto and different places.

5108. Would you go there to get prices?—Every winter I had to go down to Ottawa, and after I would get my first instruction about how

Witness as a rule gave orders and got his prices at Toronto and elsewhere.

**Fort Frances
Lock—
Supplies.**

many men I would have, I could make out all these lists myself. I knew from practical experience how much we would require, and made out my orders in that way. Then I would get prices and give some person an order, and certify to this account when the goods were shipped.

Before certifying for supplies would have shipping receipts before him.

5109. When you certified to those accounts for supplies, would you have knowledge of your own whether they had been supplied or not?—We would have shipping receipts of railway or steamboat, or whatever way they were shipped.

5110. And were these receipts based on your certificate as to quantities supplied?—Yes; of course we had a further check. If there was anything short we had the opportunity of following it up and seeing whether it was shipped at all or not, and corrected it in that way.

5111. When those supplies reached the Locks, who had the custody of them?—Mr. Logan, at first.

5112. Was he called paymaster?—Paymaster and store-keeper; but he could not perform the duties of both offices, they were too much for him.

A building devoted to keeping supplies.

5113. Was there a building devoted entirely to the keeping of these supplies?—There was.

5114. A separate building?—Yes.

5115. And had Mr. Logan charge of that as store-keeper at first?—Yes; but he had an assistant. He supervised it.

5116. Who was his assistant?—He had different clerks there. I could give the names of several, Messrs. Warren Marr, Bentley and Wilson, that is all I recollect of being in the Store Department.

5117. Where does Marr live now?—In Ingersoll, I think.

5118. What is Bentley's first name?—L. R.

5119. Where does he live?—I think he is in Chicago.

5120. Did he live at Orillia?—No; never. He was a hardware merchant here for years.

5121. What is Wilson's first name?—G. M. Wilson; he lives here.

5122. Who engaged these men as clerks to the paymaster?—I engaged them.

5123. Where did Marr come from?—Ingersoll.

5124. Did you engage them down in Ontario?—Generally; I had applications in writing from different parties, when I would go down below. Then, before the navigation opened, I had always to engage a certain number of men, because I had to discharge the men in the winter, and I had some point for them to meet me at.

5125. Do you remember where Bentley came from?—He came from here, I engaged him here.

5126. Do you remember where Wilson came from?—From Toronto.

Character of expenditure: for labour and supplies for workmen.

5127. The expenditure, then, was directly on account of labour for work and on account of supplies for persons engaged on the works?—Yes.

5128. Do you remember any principal branch of expenditure?—
 Wages was the principal branch of expenditure; the principal amount of money that was paid out by the paymaster was paid for wages. In nearly all cases, as far as possible, we sent the accounts to Ottawa; we were instructed to do so. **Fort Frances Lock—Wages and Supplies.** *Wages principal branch of expenditure.*
5129. Do you mean accounts for labour?—For supplies. Of course we could not do that for wages, as men had to be paid the same as other people, from time to time, and that could not be done any other way.
5130. You think supplies would be paid for at Ottawa: I mean those supplies not furnished from the Government stores at Thunder Bay?—
 Yes.
5131. Did you pay yourself for any supplies furnished?—No; unless there would be some small quantity for a travelling outfit, or something of that kind.
5132. Who had charge of the principal office at the Locks, where the books and accounts were kept?—I suppose the principal office would be the paymaster's office, that is Mr. Logan's. **Book-keeping and Banking.**
5133. Who was head book-keeper?—My brother. *Witness's brother Jas. Sutherland, head book-keeper.*
5134. What was his name?—James.
5135. What would his duty be?—He kept the books—all the accounts; the men's time; in fact, he kept all the accounts.
5136. Was there a separate set of books for Lock works?—Certainly.
5137. When was he engaged?—I think he was engaged with the first outfit.
5138. Did you engage him?—Yes.
5139. Had he charge of the moneys?—No, the paymaster had charge of the money; he could render whatever assistance the paymaster wanted in making out the accounts. **Paymaster has charge of money.**
5140. But I understand his duty was only to make entries of transactions accomplished by other persons?—Yes.
5141. Had John Logan charge of the money?—The money was deposited to my credit in the Ontario Bank; but it could not be drawn without a cheque drawn by Mr. Logan, paymaster, and countersigned by myself. We had forms of cheques. **Money deposited to credit of witness.**
5142. What bank was that?—We first commenced, I think, in the Merchant's Bank, and then the account was changed to the Ontario Bank.
5143. Do I understand that no Government money was taken from the bank, except to pay some of those matters to which you have alluded, that is, either wages or supplies?—That comprised the principal expenditure. **Wages and supplies principal expenditure.**
5144. And the manner of taking it would be by cheques, signed or countersigned by you and signed by Mr. Logan?—Yes.
5145. Which bank had the first account?—The Merchant's Bank at first; but I do not think they had anything to do with the Fort Frances account. I think it was the Ontario Bank. The Fort Frances accounts were kept in the Ontario Bank altogether.

**Fort Frances
Lock—
Payments.**

5146. Did it remain at the Ontario Bank until you had finished the works at the Locks?—It did.

5147. Was there any change in the paymaster—did any person succeed him before the work was finished?—No.

5148. Then he revised all payments made out of Government money, on account of wages?—Yes.

5149. And on account of those small supplies which were not paid at Ottawa?—Yes.

**Alleged Mis-
conduct.**

Witness while employed by Government carried on no private business, but might have speculated in lands.

Purchased no pine limits.

5150. During the period that you were employed on behalf of the Government, during the years that you named, did you carry on any private business?—No; none.

5151. Nor speculations?— I might have purchased some land or something of that kind, but I did not carry on any regular business.

5152. Did you purchase pine limits?—No.

5153. Are you interested in any pine limits purchased during that period?—No.

5154. Did you at any time send men to look up pine limits or any other kind of land?—Not during that time.

5155. Not while you were in Government employment?—No; except for Government work.

5156. For the timber required for the Locks, do you mean?—Yes.

5157. Were men employed at the expense of the Government to hunt up timber?—Yes.

5158. Did you become interested in any of the land that these men found?—No.

Payments.

Manner of payments.

5159. Was the money paid out of the Ontario Bank in sums just sufficient to meet the cheques of Mr. Logan and yourself, upon the expenditure you have described?—Yes.

5160. In what shape would the money go through for these purposes—I mean would it be by cheque or by letter?—Large sums: we would pay these by cheques; but in paying the men we had to carry money out there; sometimes I carried it out and sometimes the paymaster would.

Manner in which funds were obtained from Ottawa.

5161. In what shape would the money go to the Ontario Bank for you from Ottawa?—In the shape of a warrant.

5162. To what account would the amount of the warrant be credited?—Fort Frances, if it was for Fort Frances.

5163. Was that the name of the account?—Yes; Fort Frances Lock. My name would be attached to it, of course, as superintendent, and perhaps Mr. Logan's, I do not know. I never saw the bank account, but our cheques were headed Fort Frances Canal, Department of Public Works, &c. We would make a requisition from time to time for this money—Mr. Logan and myself—to Ottawa; we would request them by a certain date to put so much money to our credit, and stating what we wanted it for as near as we could.

Sums drawn for payment of wages generally carried to Locks by Logan.

5164. You say that the money you would draw out sometimes in large sums, for the purpose of paying wages, &c., would have to be carried down to the Locks?—Yes.

5165. By whom?—Generally by Mr. Logan or myself.
5166. I suppose that would appear in the books of the establishment?
—Yes; but we made out a cheque in that shape, and we would say, to pay wages of men, because any man who would take a cheque for his account we would give it to him, but if they would not take cheques we would have to have money; some men would not take cheques.
5167. Did any of these moneys that came from the Government for these public purposes ever pass to your private credit?—No.
5168. Was the account always kept in an official shape?—Yes.
5169. Was there any person at the Locks who had a private store of goods, and who sold on their own account?—Yes.
5170. Who was that?—Mr. Fowler, the Hudson Bay Co., Mr. Wilson, Mr. Phair and Mr. McKinnon had stores; those are all I recollect of just now.
5171. Is this the same Wilson who was clerk to the Government establishment?—Yes.
5172. He was not carrying on this business at the same time?—No; he resigned his position with the Government, and opened that store.
5173. Was the Government store carried on after he resigned?—Yes.
5174. For how long?—Until the work was closed. He had a store of his own.
5175. Is he any connection of yours?—No; none whatever.
5176. Had he any business transactions with you?—Nothing further than I knew him for a number of years to be a good business man. He was in business in Orillia at one time, and it was on the strength of that I gave him the position.
5177. Who would be answerable for the labourers performing a proper amount of labour while they were under pay?—The foremen over the different branches of the work. There was a foreman for each branch. There was a rock foreman and a timber foreman.
5178. Do you remember who was the rock foreman?—R. R. McLennan.
5179. And the other?—Warren Oliver was the timber foreman.
5180. You not being there much of the time, you could not, of course, exercise much supervision on that subject?—No. Of course they had the plans and specifications to conform to as well as I had. Everything was supposed to be done under plans and specifications, and these foremen were to see that the men performed their duties.
5181. Who made the arrangements for the procuring of meat for the men, and necessaries of that kind?—Anything outside of the two departments I have mentioned, these would come under Mr. Thompson.
5182. And the details of the providing of necessaries, such as hay, potatoes and oats?—That was managed by Mr. Thompson, the general foreman.
5183. Was Bentley under Logan, the paymaster, all the time that he was there?—No.

Fort Frances
Lock -
Payments.

No public money
ever passed to
witness's private
credit.

Supplies.

Private stores at
Locks.

Wilson resigned
his Government
situation and
opened store.

Management of
work.

Foreman respon-
sible for execution
of work.

R. R. McLennan,
rock foreman.

Warren Oliver,
timber foreman.

**Fort Frances
Lock—
Management of
work.**

5184. I understood you to say that Bentley was a clerk to Logan?—He was; but when he had not anything to do in the store he kept the time of the men and assisted at the office, or at anything that was to be done. Of course, there were times when there was a great deal to be done in the store, and there were times when there was very little to do in the store.

Supplies

**Sometimes
bought or borrow-
ed provisions
from stores.**

5185. Do you remember about the time that Wilson became interested in the store of his own?—I cannot give the date.

5186. After he became interested on his own account, do you know of any transactions by which supplies ordered for the Government were disposed of to him, by sale or exchange, or anything in that direction?—No; nothing further than we had ran several accounts with all those traders, as we called them there. If we were short of tea, sugar, rice or anything of that kind, we would have to buy them to the best advantage until our own supplies were obtained. We borrowed them sometimes.

5187. Did you take part in any transaction by which he became owner of any property first ordered for the Government?—Yes.

**How certain
Government
property came
into Wilson's
hands.**

5188. What were those transactions?—At first we were supplying our men—the Government I am speaking of now—from the Government store, with tobacco, boots, clothes, &c. There was a necessity for it, in the first place, because there was no store or place there where you could get those things except from the Hudson Bay Co., at very high prices; but after I had worked it that way for a while I found that it entailed a complication of accounts, and there was a great deal of dissatisfaction. The men had the idea that because the stuff belonged to the Government, they should get it for nothing, so I thought I would stop the whole thing, as there were traders coming in there to supply stuff. I made a proposition to the paymaster to get rid of what little stuff we had left, to sell it out to some trader there and take other stuff for it—take such stuff as we could eat, and to give them boots, tobacco and other things in exchange, and have them valued at a fair price. Wilson was the man who took it. Mr. Thompson and Mr. Logan took an inventory of what stuff we had, and made the exchange with Wilson in that way, and got back stuff from him. After that the men could buy their boots and tobacco and clothes wherever they liked, as there were other stores there then. I considered that was the best way for the Government.

**Thompson and
Logan valued
the goods inter-
changed between
Wilson and
Government.**

5189. Who were the two men who valued the stuff?—Thompson and Logan.

5190. Did they value what was sold to Wilson as well as what was got from Wilson in exchange?—Yes.

5191. Were there entries of these goods exchanged made in the books?—Yes; it is all as clear as a pike staff. There was a very great deal of misapprehension about that, and I am very glad that you asked the question.

5192. Have you ever prepared any statement for the Government from those books, showing this transaction among others?—I think it is likely. All our statements of accounts, I think, were sent from time to time to the Department. Of course that would come under Mr. Logan's charge particularly.

**Fort Frances
Lock-
Book-keeping.**

5193. But it would probably be certified by you before going to the Department?—No; no certificate would be necessary unless payment was required.

5194. Do you remember at one time you were asked to make up a statement from the books?—Yes; I was asked on several occasions. Do you mean of the general business?

5195. Yes; and the results of the business?—Yes.

5196. When you were asked to make up that statement it is not likely that Logan would make it up?—Yes.

5197. Was he the person asked by the Government?—No.

5198. Did you not finally prepare a statement of the books and send it to the Government?—I do not remember.

5199. Do you not remember that when Dr. Bown wanted the books you said you could not give them because you had to prepare a statement for the Government?—Yes.

Refused to give books to Dr. Bown, because he had to prepare a statement.

5200. Did you prepare that statement?—Yes.

5201. Did that statement show the particulars of that transaction?—That transaction would be reported long before that.

5202. That statement that you speak of having prepared would not be made by Mr. Logan only?—He would make it up in all probability, and I would sign it. If it related to stores, of course it would come under him.

5203. Will those books show all the transactions that were done under him?—I think so; I have never looked at them since.

Thinks Logan's books would show the transactions which took place under him.

5204. Where are they now?—Mr. Logan has all the books of the store.

5205. Had he books of his own as well as the Government books?—They were Government books. Of course when he went away from here he took all his books with him.

Logan took the Government books with him.

5206. Did he remain in the service after you did?—Yes; he was about the last man on. He was left of course as paymaster, to settle up all the little accounts.

Logan the last man on the work.

5207. Had you any books showing these transactions kept by James Sutherland?—Yes.

Other books kept by James Sutherland show these transactions.

5208. When was that?—We always kept books.

5209. I thought James Sutherland was in the employ of the Government?—Yes; we kept such books.

5210. Had you private books of your own?—No.

5211. Then any books which James Sutherland kept were Government books?—Yes.

5212. Was he employed at this time in any private capacity as distinct from the Government employ?—No.

James Sutherland while in Government service employed in no private capacity.

5213. So that if he had any books, or made any entries in them, it would be on behalf of the Government?—Yes; his books were a check to a certain extent on Logan's books. Of course Logan kept such books for himself; there were two sets. We had to keep track of Logan's

Fort Frances**Lock—****Book-keeping.**

work as well as our own, in order to show a statement of the whole thing.

5214. Then the books that James Sutherland had charge of would be books in which the transactions of Logan would appear as minor transactions?—Yes; the books that my brother kept would contain, in all probability, not all of Logan's work, but as far as matters such as time of men, money paid to them, and all that sort of thing was concerned.

5215. Would they not contain entries about supplies?—Yes.

5216. Would there be any portion of the business recorded in Logan's books which ought not to appear in James Sutherland's books?—I am not exactly clear about that just now. You see it is so long ago, and I have so much other business on hand, I am not sure; but, of course, it would be very easily ascertained.

5217. What I mean is this: the transactions of Logan were only a part of the transactions of the whole concern?—Yes.

5218. And that proportion of the transactions ought to appear in the same shape in the general books?—Yes, I think so; and I think they did.

5219. So that the books in possession of James Sutherland would really contain a record of the whole transaction of Logan as well as others?—Yes.

5220. Logan has possession of none of those books which James Sutherland had custody of?—No.

5221. Then as to those general books that James Sutherland had charge of, where are they?—They are here in Winnipeg; but copies of all of these accounts have, I presume, been filed in the Department.

None of the books kept by James Sutherland lost as reported.

5222. Have you the custody of these books now, or has James Sutherland custody of them?—I suppose we both have, as we are in partnership; they are boxed up somewhere and put away in the store. I suppose they can be found, there has been none of them lost as has been reported.

5223. Has it been reported that they had been lost?—Yes; it has been rumoured to that effect.

Alleged misconduct.

5224. Have you heard any other rumours about anything improper having taken place about the management of the Locks?—Yes; I have heard a great many rumours, but it would only be idle talk to go over them.

5225. It might help us if you wish to be asked about any of them?—I dare say you have heard more of them than I have.

5226. Have you heard that Wilson sometimes got property of the Government at a low price, or without accounting for it at all?—Yes; I have heard a great deal of improper conduct attributed to Mr. Wilson and to me.

Believes rumours as to improper conduct by which the Government suffered unfounded.

5227. But you were not present at the Locks all the time?—If he got any property at a very low price, or without accounting for it, he would be responsible for it. Of course I depended upon Mr. Thompson, the local manager, to have everything properly carried out. I believe he did. I know of nothing improper.

**Fort Frances
Lock—
Expenditure.**

5228. Do you know, in round numbers, the amount of money that came through your custody on account of the Locks?—Really I could not say now; it is a long time ago, and I have a large business to look after, and a number of matters that bother me a good deal.

5229. Do you remember, in round numbers, whether the amount of labour was more the first or second year?—No; I do not.

5230. Would the books show that correctly, as far as you know?—Yes; I am inclined to think, though, without refreshing my memory (I have never looked at those books since I closed that work, although I might have done so if I liked), my impression was that the first year was larger than the second. I think there was a stoppage of the work at one time, and it strikes me it occurred the second year.

5231. As far as can be gathered from the books now at Ottawa, the first year required about \$37,000 for supplies, and about \$39,000 for wages—that is, the supplies cost about as much as the labour, so that the cost of keeping a man appears to be as much as he got for his labour?—No.

Comparison between amounts paid for supplies and wages.

5232. The two sums are very nearly equal?—But that includes all the plant and machinery as expenditure.

5233. What sort of plant?—We had steam engines, boilers, hoisting rigs, and implements of all kinds. I dare say it represented not the whole. I do not know how much the first year; but I have no doubt it represented altogether as much as you have put down there for supplies, \$37,000.

5234. In the second year when there was no demand for that kind of expenditure, the payments made, apparently, for supplies would be \$35,000, and wages less than \$20,000; so that in the second year a sum much more than the amount of wages was expended for supplies. Now, on your theory, how do you account for that?—An additional supply of machinery was, no doubt, purchased the second year. I did not say it was all purchased the first year.

5235. I understood you to mean that it was all purchased in the first year?—No; the first year's operations we could not decide upon until we came into actual contact with the work, and until we knew what was required. The nature of the rock and all that sort of thing had to be looked into.

5236. When you purchased supplies in Ontario in the way you have described, how did you arrive at a knowledge of the transaction which would be most favourable to the Government? Was it by tender or by personal communication with the sellers?—By tender. Very often by tender. Generally by tender. Generally, if there was no time to tender, I would go round and take prices from merchants myself.

Supplies.
Supplies purchased generally by tender.

5237. Were these tenders invited by advertisements?—Yes; all these tenders and advertisements and everything was put on file in the Department.

Transport a principal item of expenditure.

5238. I suppose a considerable portion of the expenditure was for transport?—Yes; a very large portion was for transport. It was one of the principal items in carrying on work in this country.

**Fort Frances
Lock—
Supplies—
Transport.**

5239. Do you remember how you managed that?—Well; the transport would be principally performed here. Are you speaking of overland transport now, or rail?

Nixon included supplies for Lock in his advertisements for tenders for transport for Canadian Pacific Railway.

5240. Of land transport?—Mr. Nixon, who was purveyor here for the Canadian Pacific Railway, invited tenders for his transport, and my supplies were given nearly to the same people, and he included mine and took the lowest tender.

5241. Do you think that the supplies for the Locks were transported by the same contract which carried the supplies for other portions of the Pacific Railway?—In some cases; yes.

5242. And do you say that Mr. Nixon managed those when they were united?—Yes.

Relations with Nixon further explained.

5243. Do you know, of your own knowledge, by what system he arrived at the prices?—For instance, I was at Ottawa in the spring of the year. I was receiving my instructions for the summer's operations; and in order to get supplies down cheaply the contract for transport should be let by a certain time in the spring. Where there is a large quantity of supplies going together, of course it is done more cheaply. I would write up to Mr. Nixon to say that I had a considerable amount of supplies. If I did not know the amount I would guess at it; and knowing that he would advertise every year, I would say: "advertise so much for me." If the application happened to be too late he would advertise for me specially. If I happened to be here myself, of course I would do it myself; but whoever made the lowest tender for supplies for the Canadian Pacific Railway to Mr. Nixon generally got my work.

5244. Have you given the prices actually paid for transportation any consideration?—I do not understand you.

5245. Have you considered whether it was a fair price, or too low, or too high at any time?—I depended more upon Mr. Nixon's judgment than my own on that, because he had more experience; I presume he always took the lowest tender. I do not think the price was higher than other people paid.

5246. I mean have you considered that question at any time?—Yes; I know in one case (I think it was the first time I came here) I would not accept the tenders at all that were given, I thought they were all too high, and I went on to perform the work myself; but by the time I got half through with it, the same parties who tendered came to me and offered to undertake the thing for a little less, and I gave them the balance of the work.

McKay and Alloway got most of the work of transporting supplies.

5247. Who was the person who got most of the work of transporting supplies?—The Honourable James McKay and Alloway.

Alloway got most of the work.

5248. Was it pretty evenly divided between them?—No; Alloway got the most of it. I do not know but they were in partnership.

5249. You know it was said that they did share in equal proportions, or in some way, either as partnership or by some other arrangement?—I think they did the first year, and that is why I objected.

5250. Do you mean that they were not really competing tenders?—I do not think Alloway put in a tender at all at that time, but I thought McKay was putting up a job on me, as it were. My time was very limited, I could get but very few tenders at all, and thought McKay

was influencing other parties to bid high, and then I went in hiring men myself. When he saw I was likely to succeed he offered to take it cheaper, and I am satisfied in reference to that, that I got my supplies out considerably cheaper than supplies were taken out for the Mounted Police to the same place.

5251. Who managed that?—Capt. Clarke was in charge that year.

5252. Do you mean that he managed the rate for transportation?—Yes.

5253. Do you remember the transaction about nitro-glycerine—I think there was some left after the work was completed?—Yes.

Fort Frances
Lock—
Supplies—
Transport.

Nitro-glycerine
sold to White-
head.

5254. What was that transaction?—The Government sold it to Whitehead.

5255. Who managed the sale?—I managed this sale, I think.

5256. Do you remember about what proportion of the actual cost you received for that?—Very nearly the actual cost.

5257. Including transport?—Including transport to Lake of the Woods.

5258. Mr. Mowbray's name appears in the accounts at Ottawa; was it purchased from him?—Yes.

5259. Do you know whether that sale to Whitehead was made available to the Department in anyway?—Yes.

5260. In what shape?—Department retained it, I think, from his estimates. I certified to the account and sent it down to the Department, and the Department collected it in some way, I do not know how.

5261. Would you be good enough to have that box of books sent here for investigation by the Commission?—Yes.

II. F. FORREST, sworn and examined:

By the Chairman:—

5262. Where do you live?—At present at Tilford.

5263. Where is Tilford?—Four miles and a-half this side of Cross Lake, on contract 14.

5264. Have you been employed in connection with the Canadian Pacific Railway?—I have been employed since 1872.

5265. What time in that season?—In March; I was on the Intercolonial Railway since 1868, but was transferred to the Canadian Pacific Railway in March, 1872.

5266. In what capacity were you first employed?—As subordinate.

5267. You do not mean as one of the labourers?—No; as assistant leveller, but not as one of the assistant engineers of the party.

5268. Was that upon exploration?—I was assistant engineer on an exploratory survey running from the North Thompson towards Chilicotin Plains in British Columbia.

FORREST.

Exploratory
Survey—
Party B:
Mahood's.

Exploration from
North Thompson
to Chilicotin
Plains.

Exploratory
Survey—
Party M. I.
Mahood's.

By Mr. Keefer :—

5269. Whose party was it?—Mr. Mahood's.

By the Chairman :—

Survey described.

5270. Please describe the termini and course of that survey in such a way that it can be mentioned in the notes?—It is so long since—six years—that I hardly recollect the points. We started from a point on the North Thompson, above its junction with the Clearwater, and ran to the valley of the Blackwater Creek to Lake Mahood and Canim. I think the western terminal point was about eight miles west of Lake Canim. In connection with that survey there was a second line run up the valley of the Clearwater to Lake Canim.

5271. In which you took part?—Yes. It was merely an alteration. The first portion of the Blackwater was found impracticable and we backed out. It seems to me it was known as Blackwater survey.

5272. At what time of the year did you commence operations?—I think it was the latter part of May, 1872.

Mahood in the
Rocky Moun-
tains. Witness
temporarily in
charge acting
under instruc-
tions from
McLennan until
Mahood arrived
(in June.)

5273. Were you in charge?—No; Mr. Mahood was in charge; but he was absent in the Rocky Mountains, and I was temporarily in charge, acting under instructions from Mr. McLennan.

Party thirty
in all.

5274. What was the size of your party?—I think about thirty all told.

How party was
organized.

5275. Can you describe the duties of the different members of the party—I mean describe them by their different positions?—Mr. Ireland was running the level; I was running the transit. We had two chain men, picket men and a rod man. The remainder of the party was made up of axe men and camp packers.

5276. How many axe men and camp packers?—I do not recollect rightly; we were about thirty all told, including the staff.

Base of supplies
at junction of
Clearwater and
Thompson

5277. Where was your base of supplies?—At the junction of the Clearwater and Thompson Rivers.

5278. Had they been provided there for you, or did you take part in getting them there?—A large portion of the supplies were there waiting for us. The Government had a depot at that point, and we drew our supplies from there; we also had a certain portion of them at Fort Kamloops.

Party had two
trains, one of six-
teen mules and
one of eighteen
pack horses.

5279. Had you any animals in the party?—Yes, we had two trains: one of sixteen mules and eighteen pack horses.

5280. Where did you first get them?—They were furnished, I think, at Fort Kamloops; I had nothing to do with the furnishing of them.

5281. Do you know where you got them?—No; I do not.

5282. Do you know when you first saw those animals?—I think we only got those animals after Mr. Mahood had joined the party; they were animals that had wintered in the Rocky Mountains.

5283. Where were you when you first saw those animals?—On Blackwater Creek, about twenty miles from Clearwater.

5284. Then those animals took no part in bringing up supplies for you?—If I recollect rightly, we had some six animals with us part of

the time that we were on the Blackwater side ; but I really do not recollect the number. I recollect that we had very few previous to the arrival of Mr. Mahood.

**Exploratory
Survey—
Party R;
Mahood's.**

5285. Where did you get those animals?—I think they must have been furnished at Fort Kamloops.

5286. Do you not know where you got them?—No ; I do not. I went up with the boat, and the animals followed the trail.

5287. Did you decide upon the quantity of supplies that your party should take from Fort Kamloops?—No.

**R. McLennan
decided on quan-
tity of supplies
for party.**

5288. Who did that?—Mr. McLennan.

5289. Who was he?—He was the District Engineer. There was also John McLennan, who was in charge of supplies.

5290. Was he one of your party?—No, he was not ; but he furnished those supplies, or saw after the getting of supplies for Mr. McLennan.

5291. Had you a commissariat officer attached to the party?—No ; there was a depot clerk at Clearwater.

5292. Was he one of your party, or was he attached locally there?—He was not one of my party.

5293. I am asking you whether you had a commissariat officer attached to your party?—No ; we had not.

5294. Then, do you mean that your first duty connected with that party commenced at the junction of those rivers?—I was placed in charge at Yale, by Mr. McLennan, to take charge of the party going up to the junction of the Clearwater.

**Witness placed in
charge at Yale.
His duties did not
cover arrange-
ments regarding
supplies.**

5295. Did your duty cover any arrangement about supplies?—None whatever.

5296. How long were you occupied in that examination or survey?—Until November, if I recollect rightly.

5297. What would you call the mileage of the country which you examined, in round numbers?—I am unable to say at this long date—probably forty miles.

**Mileage of coun-
try examined
about forty miles.**

5298. At what time did Mr. Mahood join your party?—The latter part of June.

**Mahood joined
party in June
and took charge.**

5299. Did he then take charge?—He then took charge of the party.

5300. And you became a subordinate?—I became first assistant subordinate.

5301. What was the nature of that survey?—An exploratory survey.

**Nature of survey:
exploratory with
transit and level.**

5302. Instrumental?—Yes ; with transit and level. It was merely a trial line.

5303. Had there been a bare exploratory survey before that?—Mr. Mahood had passed through the country, I believe, in the winter time, or late in the previous fall, and thought that a line might possibly be had there.

**Mahood had pre-
viously passed
through country.**

5304. Had you any difficulty about supplies during that operation?—No ; none worth mentioning.

**Exploratory
Survey—
Party R :
Mahood's.**

5305. What became of the animals at the end of the work?—I think the animals were sent to Kamloops; I do not recollect positively.

5306. Were supplies furnished in a satisfactory manner?—Yes; we had nothing to complain of.

5307. Were there any supplies over at the end of the season?—I think there were, because there were other parties operating in the Rocky Mountains who were also furnished from that depot.

5308. Do you know what became, at the end of that season's operations, of the supplies which you took with you?—I do not. If I recollect rightly we had no surplus supplies, because they were rather short when we drew towards the western terminus of the survey.

The line surveyed was practicable but not favourable.

5309. What was the result of the operation? Did you discover a favourable line?—The line was practicable, but not favourable.

5310. Did you make up any reports connected with it?—I did not.

5311. Would that be the duty of your superior officer?—Yes.

5312. Did you remain in the employment of the Government after November?—I have been in the employ of the Government since.

5313. What did you do after November?—I remained in the office at Victoria until January, when we returned to Ottawa, and were in Ottawa until the following June, when we went on an exploratory or trial survey south of Lake Nipigon.

Making plans in office at Ottawa connected with survey.

5314. Did you assist in making out the plans connected with this first survey while you were in Ottawa?—I was engaged all winter making out plans of that survey, but they were burned before completion.

5315. Then you had not completed them before you went to the Nipissing district?—No, they were never completed; the books and everything appertaining to that survey were burned.

5316. Did you take them down between 1872 and 1873?—Yes.

5317. Did you complete them before you started out on a new trip?—They were very nearly completed before the building took fire, and they were destroyed.

5318. After your season's work, would it be your duty, during the ensuing winter, to make up your plans in the office?—Yes.

5319. I am asking whether you did make up your plans and do that necessary work before starting out on the operations of 1873?—I did complete them; I must have completed them wholly. I was under the impression that the fire had destroyed them, but it was not the plans of that year.

**Carre's Party,
1873.**

In 1873 engaged in survey from Nipigon River to Sturgeon Lake.

5320. Then, in 1873, you started out to make a survey on the Nipigon River?—Yes; from Nipigon River to Sturgeon Lake.

5321. Was it to meet a survey by any one else?—There were parties working westward. Not to make any immediate connection with the survey west.

5322. Do you remember the distinguishing letter of that party?—I do not.

Surveys—

5323. Did you give the letter of your party in British Columbia?—
It was letter R.
5324. In this survey of 1873, who was engineer in charge?—Henry Carre's Party.
Carre.
5325. Where was your base of supplies?—I think at Red Rock, at the entrance of the Nipigon River—Hudson Bay Post at Red Rock.
5326. What was the system by which you got supplies with you?—
We had a certain number of canoes and canoe men. The supplies were brought by water the greater part of the distance and packed the remaining portion. System of supply.
5327. Do you mean that the engineer bought supplies wherever he wanted?—I do not know how that was arranged; I had nothing to do whatever with the supplies.
5328. Was there any difficulty with you about supplies in that operation?—There was; occasionally we went short, but nothing to stop the work.
5329. Nothing to create discontent?—No; I think not.
5330. At what time did that survey end?—I think we left Nipigon about the beginning of November; we left on one of the last steamers. Survey ends in November.
5331. Did you do any more surveying that year?—Not that winter.
5332. What did you do after you left the work?—We were engaged in the office at Ottawa making up the plans of that survey. Engaged making plans.
5333. How long did you remain in Ottawa?—Until the following June.
5334. And then where did you go?—I then came to this country.
5335. What do you mean by this country?—I was on the survey under Mr. Carre, on trial location from Rat Portage towards Broken-head River, contract 15. Railway Location—
Contract No. 15.
5336. Mr. Carre was your engineer in charge during the season of 1874?—Yes.
5337. Where was your base of supplies for that year?—I think the supplies were brought from Winnipeg to the North-West Angle. North-West Angle must have been our base.
5338. Did you take any part in the arrangement for supplies that season?—None whatever.
5339. How long did you remain on that survey?—We completed that survey about the 15th of the following June. This work over on 15th June.
5340. Did you remain there over the winter?—I was engaged on other trial lines during the winter. Engaged during winter on other trial locations.
5341. Did you begin that when you left this in January 1875?—Yes; a few days after. I ran a line to Shoal Lake, under instructions from Mr. Carre—from Shoal Lake to Red River. Our initial point was Shoal Lake, and we ran towards Red River. It is the Shoal Lake west of Red River. Ran a line to Shoal Lake and from Shoal Lake to Winnipeg.
5342. What time of the year did you begin that survey?—We began it about the middle of January, 1875, and completed it in the following month.

**Railway Loca-
tion—
Contract No. 15.**

**Witness in charge
of survey when
Carre not present.**

**Character of
country.**

**Length of survey
from Shoal Lake
forty-five miles.**

**Country about
one-half swamp.**

**About half fit for
agricultural
purposes.**

**Instructed by
Carre to run a
track from White**

5343. Mr. Carre being still your engineer in charge?—He was in charge, but not present.

5344. Who was in charge of the survey when he was not present?—I was in charge of the survey.

5345. Do you know where Mr. Carre was occupied at that time?—Taking soundings of the crossing of Red River.

5346. Then you were at work during the winter months?—Yes.

5347. How near did you come to the western terminus at Red River?—About four or five miles. Another party had to run out to our party.

5348. What kind of a country did you go through?—Part of it was very swampy, the rest was dry poplar ridges.

5349. Was it good agricultural land, any part of it?—Very little, if any.

5350. About what was the length of that survey, from Shoal Lake eastward?—About forty-five miles.

5351. Do you know if this was about where the telegraph line was?—The telegraph line was run previous to the survey, we ran on the telegraph line; it was to straighten a line that was previously run.

5352. Do you remember about what proportion of the country was swamp?—I do not know; it was in the winter, and there was considerable quantities of snow on the ground; but I should say it was one-half swamp.

5353. Did you not put down pegs to mark your centre line?—Yes.

5354. Could you not tell from that, what kind of country it was, solid earth or swamp?—The pegs were only put down temporarily, only put in in the winter and over the bogs.

5355. You say about one-half would be swamp?—I think about that proportion.

5356. Would all the rest be light soil, or could you not tell?—I could not tell, on account of the quantity of snow on the ground. The timber was generally poplar.

5357. What size?—Quite small.

5358. Are you able to form any opinion in winter of the nature of the soil over which you pass, from either the trees or any other indication?—It is very difficult to do so. Of course we can form an idea whether the land is dry, to a certain extent, or whether it is gravel or stiff clay; but it is very difficult to form anything like a correct opinion as to the nature of the soil.

5359. Did you think that portion of the country was one likely to be settled by farmers for agricultural purposes?—A portion of it.

5360. About what proportion of it?—I think about half of the country might possibly be settled, but I fancy not for some time to come.

5361. About what time of the year did you end that survey?—The second week in February, 1875.

5362. And then where did you go?—I then received further instruction from Mr. Carre to make a track survey from Whitefish Bay, of the

Lake of the Woods, towards Sturgeon Falls, an arm of Rainy Lake, working about south-east.

Railway Location—
Contract No. 15.
Fish Bay to Lake of the Woods.

5363. Did you take charge of that party?—I was in charge of the party, personally acting under instructions from Mr. Carre.

5364. What was the size of your party?—About thirty-six all told.

Size of party about thirty-six in all.

5365. Where was the base of your supplies?—North-West Angle.

5366. Did you take any part in the arrangement for supplies for that work?—No; the supplies were to be at North-West Angle waiting for me when I arrived there.

5367. Were they there?—Some; a large proportion had not yet arrived.

5368. How long were you occupied in that work?—I completed the work on the 26th of March, and returned to Winnipeg on the 6th of April.

Completed work on 26th March.

5369. Had you any difficulty about the supplies on that work?—It was necessary to utilize the dog trains, that we had intended to move camp with, to move our supplies from North-West Angle to the head of Whitefish Bay, the contractors having failed to deliver them.

Difficulty about supplies.

5370. Who were the contractors?—I think it was Mr. Stayner. Mr. Norman McLeod had been left in charge by Mr. Carre to see after those supplies.

5371. Was the work more expensive on account of having to use the dog trains in the way you describe?—But very little more expensive. We were only one month running seventy miles.

5372. Then there was no serious delay or loss in consequence of the supplies not having been forwarded?—Nothing serious. Of course we were on short allowance and might have got through a week sooner, but there was no serious delay.

No serious delay.

5373. Then you reached Winnipeg about April?—The 6th of April.

5374. What did you do then?—I remained in Winnipeg until the following June making out the plans of the track survey. Mr. Thompson was then appointed in charge of contract 14, and instructed me to locate the first fifty miles of it in the month of June.

Contract No. 14.

5375. The first fifty miles in which direction?—East from Red River.

5376. Did you take charge of the party to do that?—I was in charge of the party.

5377. Did you say under Mr. Thompson?—Acting under instructions from Mr. Thompson.

5378. Who was Mr. Thompson?—He was the engineer appointed to take charge of contract 14.

5379. Is that before there was a contract or after?—There was a line run by Mr. Brunel, and the contractors were working on that line.

5380. That is, the piece of the line which was nearest to Red River?—Yes; I merely made a final location of the line already run.

Made final location.

5381. Who had made the previous survey?—Mr. Brunel, if I mistake not.

**Railway Location—
Contract No. 14.**

5382. Of which you afterwards made the final location?—Which I afterwards made the final location of, with the exception of five miles from Red River east. That portion was new line.

5383. Do you mean, that that had not been previously located by Mr. Brunel?—It had not been previously located by Mr. Brunel. My instructions were to start from a certain lot running parallel with the parish line until I intersected with Mr. Brunel's line,

5384. Then did you locate up to Red River?—We commenced at Red River, or within half a mile of Red River, and located east.

5385. What was the eastern terminus of your work?—For that season it was at station 2616.

By Mr. Keefer:—

5386. Is that on section 14?—Yes.

By the Chairman:—

5387. How long were you on that work?—Until about the middle of July.

5388. That was July, 1876?—July of 1875.

5389. Was that line, as located by you, finally adopted?—Yes.

5390. Did you work it out on the ground?—I staked it out every 100 feet.

5391. The centre line?—The centre line.

5392. Did you cross-section it?—Cross-sections were taken every 500 feet through the swamps and level portions, more frequently on rougher ground; reference stakes were also put in.

5393. Did I understand that you were engineer in charge of that work, or were you assistant to Mr. Thompson, who was engineer in charge?—I was assistant of Mr. Thompson, but was in charge of the party locating. The terminal points were fixed, and I merely located finally the line already run.

4394. Did you ascertain the data upon that work from which to take out the quantities?—I did not. Before the completion of the whole of the distance the books were sent in to the office in Winnipeg.

5395. Had you not ascertained the data then from which some person else could make the calculations?—Certainly; we ran a line of levels over the works, and also took soundings of the swamps.

5396. Did I understand you to say that your work included ascertaining these particulars which would furnish other persons with the means of ascertaining the quantities?—Yes.

5397. And were these particulars contained in books?—Yes; they were contained in books, and they were forwarded to Winnipeg—they were forwarded to Mr. Thompson in Winnipeg.

5398. After that, had you any connection with the fifty miles?—I had, at a later date.

5399. Do you know who took out the quantities of the work you had done?—I do not.

5400. You were not responsible for that part of it?—Not at all.

Line marked by witness finally adopted.

Finally located the line already run.

Furnished data by which other persons could calculate quantities.

Railway Location—
Contract No. 14.

5401. What is the practice on that subject? Do the assistants help to calculate the quantities, or does the engineer in charge take the responsibility?—The engineer in charge takes the responsibility, but the assistants, of course, help under his instructions.

5402. In this case he did not have your assistance in making out the calculations?—Not my assistance.

5403. Are you aware whether the quantities, as made up from your data, have turned out to be correct when the work was executed?—I am not aware whether any quantities were made up from the data furnished by myself.

5404. Are you aware that the contract has been let upon that line?
—Yes.

5405. And that the estimated quantities were furnished to the tenderers?—The estimated quantities were not furnished from the data furnished by myself; they had been made up the year previously on some projected line, if I understood it correctly.

Estimated quantities not made up from data furnished by witness.

5406. Did you find that a projected line had been run over the same ground and staked out upon the ground?—No.

5407. How could they get the quantities on the projected line, without having it staked out?—I presume that they used the data acquired on the trial line of 1874. I was not aware that a projected line had ever been laid down on the plan until I was informed of it the other day. I had never been furnished with the line when I was instructed to run the final survey.

Thinks that in making up quantities they used the data acquired in the trial line of 1874.

5408. Is it possible to make up quantities without the line being staked out?—Not without some line.

5409. Did you find that the line had been staked out before you went there?—There was a line run in the winter of 1874-75 by Mr. Carre. The line which was run west was a continuation of contract 15, trial survey of 1874.

5410. Can you tell me from what line, or what data, the quantities were ascertained and offered to the public when tenders were invited?—Partly from the trial line of 1874, I think.

5411. Was the trial line of 1874 marked by stakes?—Yes.

Trial line of 1874, marked by stakes.

5412. Who did it?—I was transit man on that work.

5413. Who was engineer?—Mr. Carre.

By Mr. Keefer :—

5414. As transit man, you put down the pegs?—Yes.

By the Chairman :—

5415. Did you in your evidence describe the work which you did under Mr. Carre as part of 14?—I think so.

5416. Was it not upon part of 15?—That was run the same winter at the same time; there was no distinction then between 14 and 15; and we ran a line through to near Brokenhead River.

5417. Do you know the name of the station on the railway which is nearest Brokenhead River?—Bon Sejour.

Bon Sejour the station nearest Brokenhead River.

5418. Then that was the furthest point west at which any previously projected line had been run with sufficient data to take out quantities?

Railway Location—

Contract No. 14. —I think not. Mr. Brunel had run a line to the same point that intersected with me.

5419. From Selkirk eastward?—I think he ran from Selkirk, east.

5420. At all events you took no part in making up the quantities from this last survey which you have described?—None whatever.

5421. And you do not know that any one made up the quantities from that?—I do not.

5422. Do you say that, previously, the projected line had been made with sufficient accuracy to furnish the data for quantities?—The trial line had been made with sufficient accuracy to furnish approximate quantities.

Work ended about the middle of January, 1875.

5423. What time of the year did you end the work?—About the middle of January, 1875.

Trial Surveys—Pemb. Branch. Contract 5 A.

Instructed to run line from Selkirk to Winnipeg. See 5446.

5424. Did you remain in the employ of the Government?—Yes.

5425. What did you do after this final location of section 14?—In August, 1876, I received instructions from Mr. Rowan to run a trial line from Selkirk to Winnipeg, for the Pembina Branch, on both sides of Red River.

Witness in charge of party but acting under instructions from Rowan.

5426. Were you the engineer in charge of that?—I was in charge of a party on the ground, but acting under instructions from Mr. Rowan.

5427. What was the size of your party?—The party was a very small one. I do not recollect the number employed.

5428. Could you tell nearly the number?—Probably some fifteen persons. I hardly think as many as that. I think ten would be nearer the number.

5429. How long were you at that work?—We finished either that month or September.

5430. Did you take out the quantities of that work?—I did not.

5431. How were they ascertained?—I do not know that they were ever ascertained from personal knowledge.

5432. That work was not let by public competition?—I think not. These were merely trial surveys. The present located line is not on these surveys.

5433. They were only trial surveys?—That was all.

5434. Did you furnish any data from which quantities might be taken out?—We ran levels over the centre line so that approximate quantities might have been taken out.

Brunel ran line which was adopted.

5435. Who ran the line which was finally located?—I think it was Mr. Brunel.

Railway Construction—

Contract No. 14. Next work on fourth section of contract 14.

5436. What was your next work?—I think my next work was on construction on section 4, contract 14.

Work divided into six sections.

5437. Was the whole work divided into more than four sections?—It was divided into six sections.

5438. Was there an assistant engineer in charge for each section?—There was an assistant for each section.

**Railway Construction—
Contract No. 14.**

5439. Can you describe the locality of your section?—It was close to the Whitemouth River.

5440. East or west?—Three miles west and about two miles east.

5441. What was your duty as to that section?—To lay out work for the contractors, and superintend the work on the part of the Government.

Witness's duty to lay out work for contractors.

5442. What time did you commence that work?—In November, 1875.

November, 1875.

5443. Do you not think it was in 1876?—No; I think not. It was only a short while until I had to leave again.

5444. Was it after the contract had been let?—Yes; it was after the contract had been let.

5445. You think that was in 1875?—I think it was in November, 1875.

5446. You said you ran the Pembina Branch in August, 1876?—In August, 1875.

5447. Who was the engineer in charge of that whole contract 14?—Mr. Thompson.

Thompson, engineer in charge of that whole contract.

5448. Where does he live now?—I think he resides at present in Kingston.

5449. Have you been occupied on that ever since?—No.

5450. How long were you occupied as assistant engineer on that construction?—If I recollect, it was either in the following January or February, 1876, that I received instructions from Mr. Thompson to stop the work. The contractors were then engaged piling, and I was to stop the work and return to Winnipeg.

**Railway Location—
Contract No. 15.**

5451. What time did you get to Winnipeg?—I am not certain; but in January or February I ran a line from station 1660, south of the contract, to about station 2075 on Mr. Carre's south line, contract 15.

February, 1876, ran line from a southern point to station 2075, contract 15.

5452. About what was the length of that line?—Forty-six or forty-seven miles.

5453. Would that strike the present located line east of Red River?—It would strike it east of Shelley.

5454. How far east of Shelley?—Probably two miles.

5455. Was that a trial location, or merely an exploration?—It was a direct line, and I think they ran in a curve so that it might answer for a trial location.

5456. What sort of country did you pass through?—The swamps were very bad, and were very unfavourable as compared with those on the present located line.

Character of country swampy and unfavourable as compared with that of present located line.

5457. How long were you occupied in that work?—Until some time in February. On completing that line I received further instructions to run a line from five and a-half miles west of our intersection with the south line.

Contracts Nos. 14 and 15.

Instructed to run a line from five and a-half miles west of intersection with south line.

5458. How far west from the west end of Falcon Lake?—About five miles west of station 2070 on the south line, contract 15.

Railway Loca-
tion—
Contracts Nos.
14 and 15.

5459. I understand you have described your eastern terminus on the new work?—Yes.

5460. Where did it go?—The western terminus was at station 960, some three miles west of Brokenhead River, on the present located line of section 14.

Character of
country.

5461. What sort of a country did you pass over to do that work?—The eastern half was rather favourable—certainly as favourable as contract 14. The western half was run by Mr. Armstrong; I was not over it.

5462. Had Mr. Armstrong been employed before that upon the construction work of 14?—Yes.

5463. You say the eastern portion of that line would be as easily made, at all events, as the same distance on 14?—Yes; such was my impression.

5464. In looking after the works done on 14, would it be your duty to take any part in differences between the contractor and the Government engineer as to the method of doing the work, or the quantities, or would that be left to your superior officer?—That would be left to my superior officer.

5465. Did the section over which you had charge include the Julius Muskeg?—Not section 4; but I was in June, 1877, given charge of section 3, which included the Julius Muskeg.

On last line run
by witness none
of the Julius
Muskeg.

5466. Was there more of the Julius Muskeg upon the line which was actually adopted than on the last line that you ran?—The last line I ran there was none of the Julius Muskeg on it. We escaped the muskeg wholly.

5467. What length of the Julius Muskeg was on the adopted line?—The open muskeg was about 3,000 feet in length, I think.

5468. Do you know anything of the ditch which was run through that muskeg locality? They say that it was some four or five miles long and outside the railway limit?—It would be between four and five miles long.

5469. What length of the muskeg do you say was on the line?—The open muskeg, I think, was about thirty chains, or 3,000 feet.

Causes leading to
great length of
ditches.

5470. What was it that occasioned the four or five miles of a ditch?—I presume it was to carry off the water of the muskeg.

5471. Did you consider that it was necessary to make it so long? Was there no escape for the water by a shorter way than that?—I think not. I know of no escape myself. There was a creek at station 2068, and the ditch was run to that station.

5472. Is the absence of this muskeg upon your last trial line one of the reasons why you think it was quite as favourable as the one adopted?—Yes.

On last trial loca-
tion sufficient
data obtained to
calculate quan-
tities.

5473. Did you ascertain sufficient data upon this last trial location from which to ascertain the quantities?—Yes; we ran levels over it and took soundings.

5474. But not cross-sections?—Not cross-sections.

Nearly level.

5475. Was it tolerably level?—Very nearly so. The greater portion of it was quite so.

5476. Quite a different character from the country east of the Carre location on the south line of section 15?—Yes, quite different.

5477. When did you end that work?—I ended that survey in March.

5478. Of what year?—March, 1876.

**Railway Location—
Contracts Nos. 14 and 15.**

5479. What was your next work after that?—I was instructed by Mr. Thompson to finally locate contract 14, from station 2616 to Cross Lake.

Contract No. 14

Instructed in March, 1876, to finally locate portion of section 14.

5480. Is that to the eastern terminus of 14?—Yes.

5481. How long were you occupied on that?—I think we completed it about the beginning of August?

5482. Then that part of the line on section 14 had not been finally located until August, 1876?—No; there was merely a trial line run in 1874.

5483. When you made the final location in August, 1876, did you cross-section it?—No; the cross-sectioning was done by the assistant engineer after the line was run.

5484. After the previous location of the line?—No; after the final location.

5485. That was after your work was done that you are now describing?—Yes.

5486. Were the quantities taken out from this work that you are now describing?—No.

Quantities not taken out from the work on this final location.

5487. When were they taken out?—They were taken out in 1875, I believe, from some projected line; but I merely speak from hearsay.

5488. Did this line, as finally located in 1876 by you, differ from the trial line previously located?—I know nothing of the projected line. It differed very little from the trial line of 1874. I followed the general course of the trial line, with one or two exceptions.

Final line differed very little from trial line of 1874.

5489. Your final location was the one actually adopted?—Yes.

5490. What was your next work after that?—I think I took charge of sub-section 4 on construction.

**Railway Construction—
Contract No. 14.**

5491. That was returning to the position which you had formerly occupied?—Yes.

Returned to his previous work on sub-section 4.

5492. How long did you remain in that capacity?—Until October, 1877.

October, 1877, transferred to sub-section 6.

5493. And then what did you do?—I was then transferred to sub-section 6, with instructions to revise the last mile and a-half of the contract—that is, the most easterly mile and a-half of contract 14.

Revised most easterly mile and a-half of contract 14.

5494. Did you revise it?—I did.

5495. Did you revise the grade as well as the location of the line?—If I recollect rightly no grade had been decided upon on that end, pending the final adoption of a grade on contract 15 at Cross Lake.

5496. That would govern the eastern end of 14?—Yes.

5497. Had the western end of 15 been finally revised, as to location, at the time that you finally revised the eastern end of 14?—Yes.

**Railway Construction—
Contract No. 14.**

5498. So that you could ascertain with precision the locality of the line?—Yes.

5499. And you did that?—And I did so.

5500. Have you had the probable quantities to finish the eastern end of 14 under your consideration at all?—I have, as far as Cross Lake—my section. Section 6 extended to Cross Lake, but did not embrace Cross Lake.

5501. Did not section 6 come to the end of contract 14?—Yes.

5502. I am speaking of that portion of 14 which was at the eastern end. You are aware that there has been a great deal of discussion about the filling of Cross Lake and the large quantities required to make the embankments; I am asking whether you have given the quantity of filling in that embankment any consideration?—I have the approximate quantities of the material in the several fillings.

5503. Did you make these approximate quantities on the data that you obtained at the final revision of the line?—Yes.

5504. Could you produce particulars of that estimate of the quantities?—Certainly; I have a memorandum of them.

Contractors' Claims.

5505. Do you know the particular fills upon which Mr. Sifton now claims an amount from the Government, because Whitehead did it at a lower rate than Mr. Sifton had contracted for?—Yes.

At one station estimate of quantities for shrinkage and subsidence 29,000 yards allowing 10 per cent. for shrinkage.

5506. As to these particular fills, let me see your estimate of the quantities?—One would be at station 3980. The calculated quantity, adding 10 per cent., was, in round figures, 29,000 yards.

5507. Is that 10 per cent. for shrinkage?—Ten per cent. for shrinkage and subsidence. The whole quantity put in the fill was 51,600 yards.

Actual quantity put in fill 51,000 yards.

5508. Do you mean that 29,000 yards was what you estimated, at the time of your final revision, to be the probable quantity required?—Yes; 51,000 yards was the actual quantity put into the fill.

5509. How do you account for the difference between 29,000 and 51,000 yards?—From the sliding of the material in the bank. It seemed to sink down and raise up a swampy bottom towards the lake to the distance of over 400 feet.

5510. Do you mean that the excess in the quantity has disappeared below the surface?—Yes, disappeared completely below the surface, raising up the swamp in some places to the height of twelve feet above its level.

This particular fill between two rock cuttings.

5511. Is this particular fill in the lake?—No; it is not far from it. It is between two rock cuttings. The lake is about half a mile from the north side.

5512. Is any part of this filling over water?—No.

5513. Is it in muskeg or swamp?—It is in sideling ground, the beginning of the point of swamp that enters between two cuttings.

5514. The embankment was made through this portion of the swamp?—Yes.

5515. Is your explanation of it that the earth as put in has spread out and raised the surface of the surrounding swamp?—Has displaced

**Railway Construction—
Contract No. 14.**

the lighter material and raised the surface of the swamp in consequence of it.

No rock protection walls put in this filling.

5516. Were rock protection walls put in this filling?—No.

5517. The earth was just dumped into the swamp?—Yes.

5518. Could you distinguish, in your original estimate, between the quantity which you estimated above the original surface and below the original surface?—It would be rather difficult to do so, if I understand your question. The whole estimate was above the surface, because it was thought that it was solid ground.

5519. You thought it would be solid enough to support the embankment?—Yes.

5520. But instead of that you found that it was not solid?—The south side was sufficiently solid.

5521. Do you know now how much of the work executed—I mean the quantity put in the work executed—is above the surface?—I could easily find out, but I could not tell you off-hand.

5522. Is the height of the embankment as executed the same height which you used as the basis of your calculation?—The height is the same, but the width is somewhat greater as the top and bottom moved slightly, so that this 29,000 yards would have to be increased by a few thousand yards to cover the amount above the surface.

5523. And all over that slightly increased amount is due to the insufficiency of the foundation that has disappeared there?—Yes.

5524. Then the nature of the foundation would account for nearly 22,000 yards?—Yes; 21,600 is what I make the excess over the estimated quantities to be.

Nature of foundation would account for 21,600 yards excess over estimate.

5525. Do you mean that it is due to the weakness of the foundation: that it disappeared as it went in?—Precisely.

5526. What is the next fill?—The next fill is at station 4010.

Fill at station 4010

5527. What was your estimate?—The estimate, with 10 per cent added, was 114,400 yards.

5528. What was the character of the locality there?—A water stretch, crossing a bay of Cross Lake.

Water stretch crossing a bay of Cross Lake.

5529. Were rock protection walls put in?—No.

5530. Were there not rock protection walls to all earth embankments over water stretches?—Not on contract 14.

No rock protection walls.

5531. What was the foundation actually executed over that water stretch?—At first there was no foundation; the earth was simply dumped in. The bottom seemed to be gravel and blue clay, as far as we could test it with the sounding rod. As the bank progressed it began to spread. The earth was then levelled by the contractors, and a mattress or platform of timber built under it to hold it together.

Character of foundation

5532. To act as a stay as well as a support for the future superstructure?—Yes.

5533. Was it something like a corduroy preparation for a road?—Somewhat similar, except that the timber was crossed.

**Railway Construction—
Contract No. 14.**

5534. More than one layer?—There were four layers of timber, first longitudinally, and then cross ways for four or five tiers.

5535. At what level were they put over the surface of the water?—Very little above the level of the surface. A portion of it, in fact, was at the level of the surface.

5536. Then has the embankment been completed over that?—The embankment has been completed, but not dressed.

About 175,800
yards put into
this fill.

5537. What do you make the actual quantity now as executed?—The approximate quantity, as near as I can arrive at it, would be 175,800 yards. It is impossible to ascertain exactly the quantity put into this particular fill, but that is as near as I can ascertain it.

61,000 yards excess
of estimate.

5538. That appears to be somewhere about 61,000 yards more than you estimated it originally?—Yes.

5539. How do you account for that excess of quantities?—From the weakness of the foundation; the earth has moved away. The original earth has apparently moved away into the lake. On both sides of the bank there is quite a large quantity of earth that has risen to a considerable level above the water. The disturbance, I dare say, extends 400 or 500 feet on the lake side.

Loss of earth
explained.

5540. So that the earth that was put in there has really made the lake more shallow on both sides of the embankment than it was formerly—has helped to fill it up to a certain extent?—Yes; to a considerable extent.

5541. Was that the cause of the loss of a considerable quantity of earth that was intended for the embankment?—Yes.

5542. So that the whole base of the embankment is considerably wider than it was originally intended?—Yes; three times more.

Earth spread out
into the lake.

5543. Does that spread of the bottom account for the whole excess of the earth over what was your previous estimate?—Fully.

5544. Do you know whether any borings or soundings were made before you began to estimate the quantities at the first? You say you took it for granted that in both these fills the foundation was sound enough to support the embankment?—Simply with an iron rod. We used a three-quarter inch rod with three men on it, and in every case we struck a comparatively solid bottom. I might also add that test piles were driven on the north side of the embankment at present under discussion.

5545. That was on the lake portion, or bay of the lake?—Yes.

5546. What was the result of these borings, I mean as to depth?—In no case was it more than a couple of feet below the water. There might be six feet of water on an average, and about one foot below that we would be able to find a solid bottom with the rod.

5547. And if you found a comparatively solid foundation, how do you account for its giving way? What is your theory?—That, although the foundation may have been apparently solid, the great weight of the earth bank of course forced out the lighter material.

Final soundings
insufficient.

5548. Then, do you think that the trial was not sufficient in force to ascertain what the effect of the large embankment would be?—It was certainly not.

**Railway Construction—
Contract No. 14.**

5549. Ought there to have been more than three men on the rod to ascertain how such a heavy embankment would operate?—Yes; the boring tools ought to have been used.

5550. Do you know why proper boring tools were not used?—I do not; one reason is, I believe, they were not in our possession. No boring tools.

5551. Whose duty would it be to find out whether they were in your possession?—I should say the engineer in charge of the contract.

5552. Who was that?—Mr. Thompson.

5553. He directed you to locate this particular portion of the line finally?—Yes.

5554. Do you yet think he expected you to do that?—No; we were supplied with these testing-rods merely, and had no idea at the time that the bottom was as weak as it proved to be.

5555. That is not exactly the point I am asking about. I understand that the bottom turned out to be different from what you expected it to be. I am asking now as to the sufficiency of your testing implements; whether they were strong enough, or whether sufficient force was applied to give you the probable effect of an embankment of that height and weight?—I think they were not.

Who is responsible for failure to learn true character of bottom.

5556. Who is to blame for that?—The engineer in charge of the contract is the party responsible for the due performance of the work on the contract by his assistants.

5557. Did you tell him your opinion upon that subject at all; or had you considered the matter and arrived at any opinion on the subject?—All the soundings were marked, underlined, or dotted in on the profile under what we call the original surface, and then the engineers could judge for themselves respecting the bottom.

5558. You are the person who superintended the use of those instruments in making the soundings?—Yes.

5559. Did it occur to you at the time that they were not sufficient to prove whether the foundation was strong enough to bear the weight that would be put upon it?—Not at the time.

Witness who superintended work did not ask for larger tools.

5560. Then you did not ask for larger tools?—No.

5561. You used the ones that had been provided, and said nothing more about it?—Yes.

5562. What was the height of that embankment?—Fifty feet of an average.

By Mr. Keefer :--

5563. Above the water?—Not above the water, but above the bottom.

By the Chairman :—

Contract No. 15.

5564. What is the next fill?—The next fill is at Cross Lake.

Next fill: Cross Lake.

5565. What is your estimated quantity?—I have been only in charge of that portion of the work within the last three months. The work was well advanced when I was placed in charge of it, and I believe the quantity estimated at the time was, in round figures, 180,000 yards.

Work well advanced when witness was placed in charge; quantity estimated at that time, 180,000 yards.

5566. This was a part of the line which you finally revised?—No; this is a portion of contract 15.

**Railway Construction.
Contract No. 14.**

5567. I have been speaking of the fills on 14; did you only estimate two fills in your revised location of 14?—I estimated other fills, but the quantity put in has not called for any special remarks.

**Contract No. 15.
Cross Lake.**

5568. Now that you have gone to section 15, I will ask you about this: you say the quantity was estimated to be 180,000 yards?—Yes.

5569. That was over the water stretch?—Yes.

5570. Had it regular protection walls?—Yes.

5571. What amount of work has been executed?—They are still dumping material from the borrow-pit into the lake; but I should estimate that at present we have put in 215,000 yards.

5572. Have you any estimate as to the quantity which will yet have to be put in to complete it?—No; but this is very nearly sufficient. They are now dressing off the bank so that a small quantity more or less, will be sufficient.

One of the water stretches over which original intention was to put trestle work.

5573. This is one of the water stretches over which it was originally intended to put trestle work?—I think so.

5574. But you had no responsibility connected with the estimate of the original quantity?—Nothing whatever. I had nothing to do with the contract until the last two or three months.

Reasons why original estimate not sufficient.

5575. So that you are not able to explain why the original estimate is not sufficient; if it is not?—Except that the foundation has acted in a precisely similar manner to that of the bay, having spread out to probably 300 or 400 feet on either side of the embankment.

5576. But the bay had not any protection walls?—No.

Protection walls moved into lake.

5577. That has spread from the inside of the protection walls?—Yes; it spread moving the protection walls with it.

5578. The movement of the earth carried the walls further away into the water?—Yes.

5579. Has the bottom of the lake been disturbed also outside the protection walls?—Yes; to a distance of 300 or 400 feet; possibly more.

5580. Has the depth been diminished?—The earth has been raised above the water probably ten feet for the greater part of the distance.

5581. That would be outside the protection walls?—Yes.

Earth dropped between protection walls had effect of raising original surface outside of the protection walls.

5582. So that the earth which was dropped in between the protection walls has had the effect of raising the original surface outside the protection walls?—Yes.

5583. Then it must have sunk below the original surface, between the protection walls, and moved side ways?—Yes; in one or two places it has also broken the protection walls, and in one place raised a portion of one of the walls and worked its way underneath the stone.

5584. You had not charge of that work, so as to say whether proper soundings were made or not?—No; I had not charge at the time, but I know that borings were made.

Boring tools were used, but only after contract was let and embankment began to sink.

5585. Similar to those you have described?—No; boring tools were used.

5586. When the contract was let?—No; after the work in the embankment in the bay began to sink. These tools had been obtained

**Railway Construction—
Contracts Nos.
14 and 15.**

after the character of the foundation had been ascertained to be insufficient.

5587. As to this portion of it, you say you do not know whether any preliminary examination was made? You are not responsible for any examination having taken place?—No; I am not responsible for any examination.

5588. You took no part in it?—No.

5589. What did you do next after this?—I am still on this work on section 6.

**Witness still on
work of section 6,
contract 14, and
in charge of
Ingolf sub-division
on contract
15.**

5590. Part of contract 14?—Yes; and I have also charge of Ingolf sub-division of contract 15.

5591. That is the first section of the west end of 15?—Yes.

5592. Adjoining your work on 14?—Yes.

5593. That is being now done by the Government?—So I understand.

5594. Who is your superior officer?—I report to Mr. Rowan.

**Rowan witness's
superior officer.**

5595. Have you ever travelled over the country further south than that line which you say you located as a sort of trial line?—I have not.

5596. Then you are not able to offer any opinion whether a better line than the one adopted could have been obtained in that part of the country?—I could not. I merely travelled across to the North-West Angle by the Dawson road.

**Railway Loca-
tion.**

5597. I mean from Winnipeg to Falcon Lake, for instance?—No; I have not.

5598. Do you know anything about the arrangement by which the east end of 14 was taken over by Mr. Whitehead from Messrs. Sifton, Ward & Co.?—I may say I do not. That is, I have received no official intimation whatever.

5599. Were you present at any part of the arrangement yourself between the parties?—No; I was not. I merely heard the thing casually.

5600. Did you ever talk over the matter with Mr. Sifton, Mr. Ward, or Mr. Farwell?—No; not to my recollection. I have not. I am certain I have not.

5601. Have you ever examined the country in the immediate neighbourhood of this deep filling, with a view of ascertaining whether a desirable change in the line had escaped them, and of obtaining one which was feasible and better, without destroying the general direction of the line?—I ran a trial line immediately after revising the last mile and a-half of contract 14. I ran a trial line south for a short distance, but the terminal point was the same.

5602. Which was that?—The crossing of Cross Lake. It was a short line, about three and a-half miles long.

5603. That would be on the east end of 14?—Yes.

5604. And ending at the same point as the western end of section 15?—Yes.

Railway Location.
Contracts Nos.
14 and 15.

Found a portion of the southern line more favourable, but the distance increased.

Does not think it would have saved much expense.

In November of 1875, made a survey in connection with Carre's trial line from Lake Agnes to touch the trial line of 1874 on contract 14.

The country through which he passed not so favourable as present located line.

5605. What did you find?—There was a portion of the line more favourable, but the length was increased between 300 and 400 feet.

5606. Would it have saved much of that expense?—I hardly think it, as it was impossible to escape the bay.

5607. It would still have included the bay?—Yes.

5608. And Cross Lake?—Yes.

5609. Do you know anything of any other line south of that which would have been more favourable than the one adopted?—I have not given that matter any consideration.

5610. When you say it was impossible to escape Cross Lake, you mean it was impossible to escape it by retaining the terminus which you had?—Yes.

5611. You do not mean it would have been impossible by another line to have escaped it?—No; not at all.

5612. Is there anything further about this matter which you would like to explain?—No; there is nothing. I omitted to state that in the fall of 1875—November, 1875—I was instructed to make a survey from Lake Agnes, about three miles east of the north end of Cross Lake, westward, to connect with the trial line of 1874, on contract 14, about seventeen miles from Cross Lake. This line was run in connection with the trial line then being run by Mr. Carre from the Dalles on the Winnipeg River.

5613. That was under the instruction of Mr. Carre?—I was instructed by Mr. Rowan.

5614. Was it while you were serving as assistant to Mr. Carre?—No; I was really then under Mr. Thompson, but Mr. Rowan required my services. I had been appointed on contract 14, and was taken from that contract to do the work.

5615. Was that to connect with the line which had been previously run by Mr. Carre?—He was then running a line from the Dalles to Lake Agnes.

5616. What was the general character of the country through which you passed?—It was not so favourable as the present located line of contract 14.

5617. That would correspond with a part of the present section 14? That is, it would be within the same degrees of longitude?—Yes; about.

5618. Your eastern terminus of that survey would be somewhere directly north of the eastern terminus of section 14?—It was intended to be as nearly so as possible.

5619. Is there anything further which you wish to say?—I cannot recollect anything particular.

WINNIPEG, Tuesday, 21st September, 1880.

G. R. L. FELLOWES, sworn and examined :

By the Chairman :—

5620. Have you been employed in any work connected with the Canadian Pacific Railway?—Yes, since the spring of 1874. I was then employed as assistant leveller, and sent up to this country by Mr. Carre.

**Railway Location—
Contracts Nos. 14 and 15 and
Line west of
Red River.**

In spring of 1874, assistant leveller engaged on preliminary trial line from Rat Portage to Brokenhead River.

5621. Where was your first work?—From Rat Portage to Brokenhead River, near the line that is at present under construction.

5622. What was the nature of the work done that season?—It was a preliminary trial line, with the location following, made by the same party.

5623. How long did you remain on that work?—Until February, I think. I think the survey ended in February.

5624. Of what year?—1875.

5625. Do you mean field work or office work?—Simply field work.

5626. Then you were carrying on the work on that line during the winter of 1874-75?—Yes.

5627. What did you do in February?—I was with Mr. Forrest running the line from Shoal Lake to Red River.

In 1875, with Forrest, running line from Shoal Lake to Red River.

5628. Is that the Shoal Lake west of Red River?—Yes; from the one west of Red River to Red River, a distance of some fifty miles, I think.

5629. Did you take any part in the office work connected with the location of section 15?—I did. I made the plans for sections 14 and 15.

Made plans for sections 14 and 15.

5630. Was that after this work from Shoal Lake to Red River?—It was finished, and I was ordered to Ottawa with Mr. Carre.

5631. About what time did you go to Ottawa?—I think it was in March. I am not very clear as to the time, but it was in the spring of 1875.

5632. Was it at Ottawa that you took part in the office work connected with those sections?—Yes.

Office work.

5633. Did you do the office work only connected with your particular field work, or did you cover other persons' field work?—It was Mr. Forrest's work I had to complete. H. F. Forrest was transit man. I was assistant leveller from Rat Portage to Brokenhead, and leveller from Shoal Lake to Red River.

5634. Was any plotting or planning done connected with that line between Shoal Lake and Red River, as far as you know?—I think Mr. Kirkpatrick was laying down the line.

5635. You took no part in it?—No.

5636. How much of this section 15 did you plot?—The whole of it.

5637. Did you take out the quantities for the whole?—No; I merely made the plan.

**Railway Location—
Contracts Nos.
14 and 15.**

5638. You mean the location plan?—The location plan.

5639. Did you not do any work on the profiles?—No; none.

5640. Then the location plan would not enable you to take out quantities?—No; it would not.

5641. Did you take any part in estimating the quantities for that work?—I think not.

Office work.

5642. Describe what work you did in connection with that location in the office?—Merely taking the field notes, laying down the line of latitude and departure, plotting the topography, plotting the beginning and end of curve, and titling the plan. I think that was the amount of it.

5643. Do you know where that plan is now?—I think it is in the Ottawa office.

5644. Have you searched for it in the office here?—Yes, a little; but Mr. Rowan told me that he is prepared to say that the majority of the plans, particularly of the south line, were in Ottawa—at least he left it there at the time he was before the Senate Committee.

5645. This is not the south line that you are speaking of?—No; it is the middle line.

5646. Did you say that Mr. Rowan informs you that the majority of the plans are at Ottawa?—Yes.

5647. Might not this be among the minority?—It might be. That I cannot swear to.

5648. Have you asked at the office here for this particular plan that you describe?—No; I have not. The south line plan and profile were the ones I asked about yesterday.

5649. Are they here?—They are not here. I produce a plan shown to me, which I think is a tracing of the plan I made in 1875, in the office, of the centre line—the 1874 line. (Exhibit No. 100.)

**Appointed transit
man to Carre to
make a survey
from Rat Portage
westward.**

5650. After the office work in the spring of 1875, what did you do next in connection with the Pacific Railway?—I was appointed transit man with Mr. Carre, to make a survey from Rat Portage, and improve, if possible, the work of the previous year. I think we commenced operations at Rat Portage in June. It was then intended to try the present south line laid down near the Lake of the Woods.

5651. Is that the line going south of Falcon Lake?—Yes.

5652. When you speak of the present south line, you do not mean the line at present located?—No.

5653. You mean the line which appears on the maps as the south survey?—Yes.

5654. How long were you upon that work in 1875?—Until November or December. I think it was about the 10th of November.

5655. Then your field work for that season ceased?—Yes.

5656. About how far west did you run that survey?—The line measured, I think, about sixty-four miles, tying-in with contract 14 near Bog River.

5657. Did it strike section 14, east or west of Bog River?—East of Bog River.

**Railway Location—
Contracts Nos. 14 and 15.**

5658. About how far east?—I would not be prepared to state that. I think the station we tied-in with on contract 14, was 2600.

5659. What sized party made that survey of 1875?—Mr. Carre's party was divided up into two. I was transit man on one, with Mr. Waters as leveller, a rod man, picket man, about six axe men, and I think a topographer.

5660. Had you charge of that party under Mr. Carre?—Under Mr. Carre, I had supervision of it.

Under Mr. Carre, had supervision of party in 1875.

5661. Who had charge of the other party under Mr. Carre?—Mr. Robinson.

5662. How much of this line did you yourself locate?—I located from Rat Portage to this point near Bog River.

5663. How much of it did Mr. Robinson locate?—He made trial lines headed in different directions, under instructions from Mr. Carre.

5664. Then you went over the whole line with your party?—Yes.

5665. Are you able to form any comparison between the feasibility of that line and of the one which was afterwards adopted?—Not very well; I could merely compare between certain distances to the present line. I might say, from Rat Portage twenty-eight miles of the country is very similar to section 15 as at present under contract.

Part of the southern country very similar to section 15, as at present.

5666. About what point would that be?—That would be the west end of Crow Lake.

5667. And from there westward, are you able to compare the feasibility of the two lines?—From about twenty-eight miles to forty-five miles to Rat Portage, the country is similar, I think, to the east end of section 14.

And part like the east end of section 14, leaving out the heavy fill.

5668. Do you mean the extreme end of 14 at Cross Lake?—Yes; leaving out the heavy fill.

5669. Is that a more favourable line?—That I never formed any opinion about; I left that entirely to my superiors.

5670. Have you not formed any opinion from your own knowledge of the two localities?—No; I have not.

5671. In what respect did that latter portion of the line—I mean between the end of the twenty-eight and the end of the forty-five miles—differ from the first twenty-eight miles?—The fills were light. We could get an easy grade, and the cuttings were not so heavy, with the exception, perhaps, of one or two points. One point that I think I remember of, was about forty-four miles on the west side of Falcon River; it was a summit. The work there, I fancy, would be heavy.

5672. Taking that balance of seventeen miles, did you think it was likely to be less expensive, or more expensive, than the first twenty-eight miles of the south line?—It would be less expensive than the first portion.

5673. Much less expensive?—I could not say.

5674. Are you not able to say, in passing over the country and locating a line, something about the difference in expenditure of a railway through it?—At that time I did not give a great deal of attention to it; my principal thought was to lay down as cheap a line as I could

**Railway Location—
Contracts Nos.
14 and 15.**

through the country by exploring. The result of that I did not make up or give any serious consideration to, because I left that entirely to my superiors to judge.

5675. But if it was left to you to lay down as cheap a line as you could by exploration, would not the probable expenditure be one of the materials for your consideration?—Yes.

From twenty-eight to forty-five miles on the southern line west of Rat Portage, would have been considerably cheaper than the first twenty-eight miles.

5676. Well, I am asking upon that question: whether it would be only slightly cheaper, the first portion of the line which you located, or considerably cheaper?—It would be considerably cheaper. The trouble is, I do not remember the grades across the muskeg, on the east and west of Falcon River. That is a large marsh. Of course if there was a heavy bank there, we might have a repetition or it would be similar to Cross Lake. There is a probability of that; but I am at a loss, as I do not remember the position of the grades in that section.

Quantities taken out on south line.

5677. Do you know whether quantities were taken out on this projected line, south, or on any portion of it?—Yes; I think quantities were taken out on the south line.

5678. Upon what portion of it?—I think through the whole of it.

5679. Did you take any part in estimating those quantities?—A very little, I think I began to take out quantities at the beginning of the calculation.

5680. You mean at the east end?—On the east end. A trouble occurred in my family and I had to leave the office. Then I had to leave the party, and I think the balance of Mr. Carre's party assisted in taking out quantities.

5681. Would the taking out of these quantities be subject to the revision of Mr. Carre, or would each person who took quantities in the first instance, return that as a final report on the subject?—I think it was subject to his revision, and they were under instructions from him, I think, at the time.

5682. Speaking about the practice in such matters, was it usual for a person who had charge of such work as you did, and took out such quantities as you did, to make a final report to the Department?—I think, if they have confidence in a man, they accept his figures as correct.

Practice as to responsibility for figures made out by engineers.

5683. Then the engineer in charge, if his subordinate is considered competent, takes no responsibility connected with that figuring?—I think he has to assume the responsibility as a matter of practice.

Engineer in charge does not revise figures of subordinates. He tests work in one or two places, and if inaccuracy found the work has to be gone over.

5684. Does he, as a rule, actually revise them and go over the calculations?—No; I do not think he can; he has not the time.

5685. What is the general practice? Is it the general practice that the engineer in charge goes over the calculations, or does he permit his subordinates to make the final report on the subject?—I think that they give it a test at different points to prove the accuracy of the work. If they find it incorrect the work has to be gone over again.

Yet calculations may be incorrect.

5686. But notwithstanding that test at different points, the calculations may be incorrect, and it may not be discerned?—Yes; they may.

5687. And was that the practice generally followed by Mr. Carre?—I could not say what he revised; but I think he had a good deal of confidence in his assistants.

Railway Loca-
tion—
Contracts Nos.
14 and 15.

5688. Did you know at any time of the calculation of his assistants being assumed to be correct without revision, and returned as such to the superior officer?—I cannot call to memory now; it does not strike me at this moment.

5689. Would not his subordinates have some general understanding on this subject, whether it was the practice to adopt them without revision or not? Would it not be talked about among them?—I think not. They carried out his instructions as closely as they could.

5690. If any revision did take place of those calculations of quantities, was it the practice that the engineer in charge should ask his subordinates to be present, or would he do it alone in his own office?—I have never been present at any revision that I can remember of.

5691. Then as to those quantities which you did take out, you are not aware whether they were revised or not?—No.

Not aware
whether quanti-
ties taken out by
him were revised
or not.

5692. Do you say that you think the quantities which you were not able to revise on this southerly line were revised by Mr. Kirkpatrick and some others of the party?—Only the plan was prepared: that is, just the ground line; just merely the plan was what Mr. Kirkpatrick was at.

5693. Do you say that after you were obliged to leave off taking out quantities on the south line, some other one of the party proceeded with the calculations of those quantities?—I am under that impression.

5694. Who did you say had charge of that calculation?—I think there were John Macara, Alex. McNab, Louis Waters, who is now dead, and David Rodger, working at the calculations.

5695. Why do you think so?—I am under the impression that when I left the office, they were all engaged at it—all of Mr. Carre's party—and I am under the impression that they were taking out quantities.

5696. Do you know whether Mr. Carre ever revised the calculations of those other persons?—I do not know.

5697. Do you know whether Mr. Carre returned any report upon the subject of quantities on the southerly line to his superior officer?—I do not know.

5698. Do you know whether Mr. Carre had formed any opinion officially of the expenses of this southerly line, for the whole or any part of the distance?—I think he was rather glad of the way the southerly line turned out. He thought it was a much cheaper line, that is as regards the work to be done per mile, than the central line.

Carre thought
southerly line a
much cheaper
line.

5699. Then he had formed the opinion that the quantities would make it less expensive?—Yes; less expensive for the same number of miles.

5700. Do you know whether he made any return of that information to his superior officer?—I do not know.

5701. Had you been able to form any opinion on the subject yourself?—In going over the country I imagined that our southerly line was better for the same number of miles than the central line.

5702. I mean had you formed any further opinion than you described a few moments ago?—No; I did not give it any consideration. I was pushing at the plan.

**Railway Location—
Contracts Nos.
14 and 15.**

5703. Had you gone into that subject carefully enough to say whether you concurred in Mr. Carre's opinion or not?—No.

5704. Did you take any part in the office work connected with that survey—of the southerly line—such as making out location plan or profile?—Yes; I think I made a plan to the scale of 400 feet to an inch.

5705. Was that for location?—Yes; for location.

5706. Not a profile?—Not a profile—just a location plan.

**Ran a short
branch from
Cross Lake to
Clearwater Bay.**

5707. Was there any other work that you did in connection with that southerly line there, in the field, or in the office?—We ran a short branch at Cross Lake to Clearwater Bay.

5708. Was that a deviation from the first plan you have spoken of?—No; it was just a little branch—a spur running down to the water. It was more for the contractors than anything else.

5709. What was the length of that spur or branch?—About a mile and a-half, as near as I can remember.

5710. Was there anything further connected with that southerly line?—Nothing that I can think of.

5711. Do you remember the size of the other party which preceded you upon the survey of the southerly line?—I think it was similar in strength; the same number of individuals and the same positions.

5712. I suppose the cost of both of those parties was incurred upon the survey of this line, and it would not be, in any way, connected with the construction?—No; I think it was chargeable to survey—the expense of the two parties.

5713. Do you know, as a matter of practice in engineering for railways, at what time in the progress of the work construction is understood to begin as distinguished from surveys?—I do not know; but I imagine from the time that the contract is let over a piece of work construction takes place.

5714. Do you know whether the deviations made after a contract is let would be charged against construction?—I think so.

5715. You have not had any experience in managing the engineering of any line, the general engineering?—I think not, further than suggesting anything that struck me to my superior.

**Employed always
as a transit man.** 5716. Then it was always as subordinate to some superior officer?—Yes; always subordinate—transit man.

**Employed in
office at Ottawa.** 5717. After this completion of the survey of the southerly line, what was your next work, either in the field or in the office?—I was absent from the office for a time; then, on returning to the office, I think I made tracings of either the centre line or the southerly line to take with us in the improved location survey of contract 15, the field work of which began in June of 1876.

5718. Where did you do this office work?—In the Canadian Pacific Railway Office at Ottawa. There is where I was in the winter months, making out these plans that I have reference to.

**Contract No. 15.
Ordered to im-
prove portion of
line from Zero
to station 29.**

5719. Then what was your work after the commencement, in June of 1876?—I was ordered to improve the line, under instructions, from Zero to station 290.

Railway Location—
Contract No. 15.

5720. Under whom?—Under Mr. Carre.

By Mr. Keefer:—

5721. Where is Zero?—Zero is at the eastern outlet of the Lake of the Woods, at Rat Portage?

By the Chairman:—

5722. In what capacity were you employed on that occasion?—As transit man. Employed in capacity of transit man.

5723. What was the size of your party in round numbers?—It was just similar to the survey of the previous year in strength.

5724. And what did you do in that work with that party?—Under instructions, I changed the line and improved it so as to lessen the quantities. The object was to lessen the quantities in the cuttings, and increase the fills as little as possible. The fills were then heavy, and the grades were high.

5725. Would your lessening the quantities in the cuttings have the effect of diminishing the quantities in the fills?—No; it would have the contrary effect.

5726. Then how do you mean that you could accomplish these two things at the same time?—In the placing of the line and using sharper curves. How he improved the line.

5727. Do you mean in lengthening the fills?—No; in lessening the quantities required to make these fills.

5728. Do you mean that you would select ground in which there would be shallower fills?—If possible.

5729. So that at the same time that you reduced the quantity of the cuttings you could make a line without having as much embankment as would be required in the first located line?—Yes; the first object was to diminish the quantity of rock.

5730. Was that done in any instance where it might affect the permanent value of the road?—I do not understand that question as you are putting it.

5731. For instance, you might do it by making such sharp curves as to make extra wear on your engines?—No; we were to stick to the curves given to us, four degrees being the maximum. Four degrees the maximum curve.

5732. Then, was your improved location an advantage both as to the construction of the road and as to the working of it afterwards?—I think it was. Improved location an advantage both as to the construction of the road and the working of it.

5733. How long were you employed upon making that improved location?—Until about the month of August.

5734. That was upon the line as now adopted?—Yes; on the centre line—on the line of 1874.

5735. How far did you make that improved survey?—From Zero to station 290. Then Mr. Kirkpatrick commenced there and ran to station 720. I was removed up to 720 and made the location from that to station 928, I think it was. Employed making location from station 720 to 928.

5736. Was the work which you did on that portion of the line similar to that which you had done from Zero to 290?—Very much similar.

**Railway Loca-
tion.—
Contract No. 15.**

Runs a trial line from station 44 to station 179 south of the then located line.

Taking cross-sections for quantities from Zero to station 480.

Plotted cross-sections between November and end of December, 1876.

Not until after Nov., 1876, was data established on which others could calculate quantities.

5737. How long were you upon that portion of it?—That and the previous survey occupied the time I have mentioned—I think to September.

5738. What did you do after that?—Then I was ordered to run a trial line from station 44 to station 179, closer to the Lake of the Woods, and south of the then located line, to exhaust the subject and see if we could better the line that we then had.

5739. Was that going back over the ground that you had gone over earlier in the season, to see if you could not still further improve the line?—Yes.

5740. How long were you upon that?—It was a short time. I do not remember exactly the time—perhaps a week or a fortnight.

5741. What did you do after that?—After that we commenced taking cross-sections for quantities from Zero up to station 480.

5742. About what time did you commence taking those cross-sections?—From September, I think, up to the middle of November.

5743. Did you return the quantities that you were taking out, after cross-sectioning, to any one?—No; we did the field work—that was taking cross-sections with a level, and then we plotted the cross-sections from the field notes on the cross-section paper or plan.

5744. Do you say you put them down in that way between September and November, 1876?—Between November and the end of December, I think.

5745. Then you did not plot down your cross-sectioning before November, 1876?—I do not think so. I think that our time was fully occupied in the field.

5746. After you had plotted them, would it not be necessary to make calculations to ascertain the quantities?—That was the object in making cross-sections, to obtain quantities.

5747. The object was to give some person data from which to calculate quantities?—Yes.

5748. The work which you are describing would not show the quantities?—No; it would not.

5749. It would only be data for other persons to ascertain the quantities from?—Yes.

5750. But you did not establish those data until after November, 1876?—No; I think not.

5751. For what portion of the line did you establish those data?—from Zero to station 480.

5752. Do you know who, if any one, was doing similar work on the rest of the line?—I am not positive, but I think Mr. Kirkpatrick was doing similar work.

5753. Under Mr. Carre?—Yes; under Mr. Carre.

5754. In all this work they were subject to Mr. Carre?—Yes.

5755. Do you think Mr. Kirkpatrick was doing all this on 14 from 480?—No; the second nine miles in the contract.

5756. Who had the next sub-division?—They were continuing the improvement of the line—that is, Mr. Waters and Mr. McNab—from

**Railway Location,
Contract No. 15.**

the point I left it at station 928 or thereabouts, and they had to be down at Cross Lake before the cross-sections could be ascertained. I think that took up their time until the snow fell.

5757. Did you do any cross-sectioning except on this first sub-division?—No.

5758. Do you know who did the cross-sectioning upon either of the two last sub-divisions?—I do not.

5759. It was done, under instruction from Mr. Carre, by some one?—Yes.

5760. Then at what time that season did you end the field work?—The field work, I think, ceased in November, when the plotting of the work began.

5761. What did you do after that?—I think I was brought into Winnipeg here to assimilate levels. Assimilates levels.

5762. What do you mean by assimilating levels?—There was a difference between the levels brought through from Thunder Bay and the levels we were working on, of some 21.37; this we had to add on, I think, to all our levels.

5763. Do you mean to raise the grade to that extent?—No; we established datum up here independently of it, and when this was tied on to our work we had to raise our datum to 21.37.

5764. You mean that you were doing that work on the plans and profiles?—In the book work we were adding it to our datum figures.

5765. So as to give the persons who prepared the profiles from your books that improvement in the data?—Yes.

By Mr. Keefer :—

5766. Could you tell us what you assumed the surface of Lake of the Woods to be—I suppose you started from that?—I do not remember.

By the Chairman :—

5767. Did you know, during the work in the field of this season of 1876, that it was generally understood among the persons employed on the surveys that this deviation in the location of the line would lessen the quantities to be submitted to the contractors?—Yes. Understood that deviation of line would lessen quantities.

5768. Could you say about what time in the year that impression became a general one among the persons employed?—No; I do not think I could give dates; it was while we were going under canvas.

5769. Do you remember Mr. Marcus Smith going over the line that season?—Yes.

5770. Had you any communication with him during that visit on that subject?—No; I think I mentioned that some changes in the line were going to reduce the quantities by large figures, just from observation with my eye, without making any calculations.

5771. Do you say large figures?—Yes; I thought so.

5772. You mean that it would lessen the quantities?—Yes; lessen the quantities very much at some points.

5773. When did your work end in connection with this improvement of the survey?—In November, I think, was the date I gave. Witness's work and improving survey ended in November.

Railway Loca-
tion—
Contract No. 15.

5774. Then what did you do with them?—I plotted those cross-sections that I spoke of.

5775. Where did you go to do it?—I plotted them under canvas; but I think I made fuller notes in the office in Winnipeg, with Mr. Carre.

5776. Were you and Mr. Carre here together, in Winnipeg, at that time?—Yes; we met in Winnipeg. I think Mr. Carre was in before I was.

5777. Do you know when the quantities were taken out for this located line, after your survey made with that object? Were they taken out that winter?—I do not know; I had nothing to do with taking out quantities.

5778. Are you aware whether they were taken out at Winnipeg or at Ottawa?—No.

Thinks approxi-
mate quantities
for tenders could
be got at by
means of this
section.

5779. At what time had you to furnish sufficient data for the section or sub-section which was under your charge to enable any one to take out quantities?—When the section was made they could have got at the approximate quantities.

5780. You mean cross-sectioning?—No, not the cross-sectioning; just the section when it was made. I think the probable quantities could have been got at close enough to allow of tenders being called for.

Explains.

5781. What do you mean by the section?—Just the levels taken at the stations every 100 feet, and at different points between the 100 feet, wherever a break of the ground would occur.

5782. Would they be taken down in your field-notes?—They would be taken down by the leveller.

5783. Would they appear in the level books?—Yes.

5784. Do you mean that those books could then have been handed to some person, and that quantities, sufficiently approximate for tenders, could have been obtained?—I think, by an experienced engineer, the quantities could have been taken out from those books close enough to allow of tenders being based on them.

5785. When did you say those data, which you describe as being sufficient for skilled engineers, were actually furnished to any person for that purpose?—I do not remember; but I think it was the duty of the leveller to furnish the Division Engineer, Mr. Carre, with the information when he required it; it did not pass through my hands. Perhaps the only thing I would like to add, would be the section of our day's work, but my duty properly was to follow out the line laid down by the officer in charge, who was Mr. Carre. I did not take a special interest in the leveller's work.

5786. Would the leveller be called upon to hand in his level books direct to Mr. Carre, instead of through you?—Certainly.

When Carre was
away witness
decided the move-
ments of the
party. In other
matters the engi-
neer in charge
directed.

5787. Then in that respect he was not subordinate to you?—No; except in matters of moving camp. When Mr. Carre was away I was the party to say when we should move and where to.

5788. So that some of the parties had duties to fulfil towards the engineer in charge irrespective of you?—I should judge so.

5789. Was it so practiced?—Yes; in some cases.

Railway Location—
Contract No. 15.

5790. Then you are not able to say at what time, or whether such books were furnished to any person to enable them to take out quantities?—No; I cannot. I do not remember it at this moment.

5791. Did you put down on cross-sectioning paper, from time to time, the result of your work, or did you wait until towards the end of the survey for that season before you marked it on the cross-sectioning paper?—I think that the leveller took rough cross-sections as the work progressed, and that assisted Mr. Carre in laying down the improved lines that he required to run.

By Mr. Keefer:—

5792. But did you not keep yourself, on section paper furnished in the office, a tracing to show the position of the work from day to day as it progressed—I mean the longitudinal section of the line that you were running with the transit?—No; nothing further than Mr. Carre pencilled it in, and we did not apply it to the plan until the survey was finished.

Progress of work not recorded from day to day but pencilled in by Carre and applied to plan when survey was finished.

5793. It was not done from day to day?—No.

By the Chairman:—

5794. I understood you to say that that was done under canvas before you went to Winnipeg to plot the plans?—The cross-sections of the surveyed line were done after the survey was made, so as to allow of quantities being taken out more closely than you could get from the section.

5795. When you speak of sections as distinct from cross-sections, you mean the longitudinal sections, the cross-sections being at right angles?—Yes; at right angles to a point on the line.

5796. Do you say you went to Ottawa in the spring of 1877, or went to Winnipeg?—I had leave of absence, and I was not on duty.

5797. For what time?—For two months. I got married then.

5798. What two months?—I had only one month—part of April and the beginning of May.

5799. Then were you not in Ottawa that month on duty?—No; on leave of absence. I had nothing to do with the work at that time.

5800. What was your next work for the Government in connection with the railway?—I was preparing for the contractor's men.

Railway Construction.

5801. Preparing what?—Staking out the ground and laying out the work on the ground.

Laying out work for contractor's men, June, 1877.

5802. What time did you commence that?—That was about the middle of June, I think.

5803. Were you still under Mr. Carre?—Yes; he was the engineer in charge of the contract.

Still under Carre.

5804. Were you next to him?—I was supposed to be the first assistant.

5805. What party had you for that work?—A rod man and an axe man.

5806. Was that for the whole of the section on contract 15?—About nine miles.

5807. Which nine miles?—The easterly nine miles from Zero to 480.

**Railway Con-
struction—
Contract No. 15.**
Lays out work
between Zero and
480.

5808. Did you do that work? Did you lay out the work on the ground for the contractor from Zero to station 480?—I did.

5809. About how long did that take you?—As the contractor required the work set out, then it would be done, or instructions given to him.

5810. Had he his men upon the ground at the same time?—Yes; he had a walking boss then, I think, named Pettit, and he was the first officer that was sent on to the works to superintend the construction.

5811. Was the construction commenced at that end of 15?—Yes; at that time.

5812. Then you did not lay out the work on the ground as soon as it could be done, but only from time to time as the contractor required it, so as to keep ahead of him and not impede him by delay?—Yes.

5813. Did that require you to be continuously engaged?—No.

5814. When you were not engaged in that particular work what were you doing?—If there was any office work I would attend to that.

5815. Where was the office?—At Keewatin.

5816. Was there any office work?—Very little at that time.

5817. Then you were not continuously engaged either in office work or laying out work for the contractor?—No; there would be a rush for work. We would have a lot of field work to do, and then the same with the office work. We were not steadily engaged.

5818. About what time did you finish laying out the work for the contractor in this sub-section?—It is not completed yet.

5819. Then if you are not continuously engaged at that or at office work, what are you doing?—I suppose amusing myself.

Cannot say what
proportion of his
time was given to
amusement.

5820. About what proportion of the time would you be able to amuse yourself?—That I could not say; I do not remember. Perhaps we would have a day—and perhaps a quarter of a day—or half a day at various times.

5821. You have no idea of the proportion of the time: would you be occupied more than half of the time?—I think so.

5822. More than two-thirds?—I would not be positive.

5823. Was it not practicable to proceed with the laying out of this work on the ground without any of these delays or amusements that you speak of?—It could have been done with assistance.

5824. I mean with the assistance which you could obtain?—The majority of it could have been done, I think.

Witness's reason
why it was not
better to proceed
with the laying
out of the work
without delays.

5825. Would it not have been more advantageous to the Government if you had proceeded immediately and without delays of any kind to lay out the work as fast as you could, and end that job, and then get some other job instead of having recesses continuously between the beginning and the end of it?—I do not know that it would. I think part of the time might better be given to more office work and working up quantities, testing the line laid down to see whether it could be improved or not, and making improvements where work was going on if possible.

**Railway Construction—
Contract No. 15.**
Supervision
necessary.

5826. Do you mean, while you were laying out the work for the contractor it was necessary that you should remain there, so that any work which he did would be subjected to your supervision; that you could not have gone away from that sub-section whether you had your work completed or not?—I think it was necessary to have a supervision of the work, and direct the men as to what was required to be done.

5827. Then, besides laying out this work for the contractor, you were charged with the supervision of his work?—I exercised a certain amount of supervision subject to my superior officers.

5828. I understand you to say that at the beginning of this particular work you were instructed merely to lay out the work for the contractor. Now, if that were all that you were required to do, you could have done it without any stoppages and proceeded to other work?—Yes; I could have done that if no changes were made, or if no changes were anticipated. I could have gone on with it and laid it out from end to end.

5829. And then your services would have been available for other localities?—Yes; they would have been.

5830. Let us understand why that was not done, why you did not finish that work and make your services available for other localities?—Because there was the probability of a number of changes taking place. The grades being changed points would come up that would necessitate a lot of outside surveys, besides the line work, the work of staking out. The cuts and fills could have been done on the located line, and my services made available for other work.

But for the probabilities of changes in the grade, &c., work might have been finished up and his services made available for other places.

5831. Were you directed to do anything more than lay down that work upon the ground when you first went there?—There was nothing definite told me, further than that I had supervision, as I understand it, of that first nine miles—that is, to do all I possibly could towards setting out the work for the contractors, and assisting them in getting men into the points.

5832. Is it the usual practice, when assistant engineers lay out work on the ground for the contractors who are ready to work, that they should remain there and exercise supervision over the work which the contractor actually does?—I do not think it is necessary for that particular man who sets out the work to remain there.

Necessary to have some one to supervise the contractor's work.

5833. Is it necessary to have some one?—I should think so.

5834. Is it the usual practice?—It is the usual practice.

5835. Were you instructed to afford facilities to the contractor as to the locality and quantities of work required of him?—What way would that be?

5836. In any way. Are you aware that Mr. Whitehead complained that neither he nor his engineers could get from the persons in charge, on behalf of the Government, sufficient information to enable him to commence work with convenience?—I heard rumours of complaints.

5837. Now can you understand my question: whether you were instructed to give them all facilities or not?—I do not remember exactly the instructions; I think that at the outset the contractor's engineer came to me asking for certain information.

**Railway Construction—
Contract No. 15.**

Refused to give contractor's engineer information as a right.

Character of information desired by contractors.

5838. That is Mr. Ruttan?—Yes; I told him that, as Mr. Ruttan—as an engineering friend of mine—I could give him a certain amount of information to assist him in watching the work, but that the information should or ought to come from the Division Engineer as the officer in charge; but that I did not think it would be objectionable to give him this information beforehand so as to assist him, if possible. I have reference to bench marks now.

5839. Was that information which was necessary for the contractor to obtain before he could go on working comfortably?—I do not think so; I think he could establish his own benches, do his own cross-sections, and then when I was proving certain of the levels to my benches he could tie in.

5840. How were those bench marks made evident to any person? Do you mean by pegs on the ground or strokes on the trees, or how?—The roots of trees sometimes, sometimes on the top of a stump, sometimes with a nail, sometimes without a nail.

By Mr. Keefer:—

5841. Did you not mark the levels of those benches?—I think it was all levelled, but was so often burnt over that the figures were obliterated.

By the Chairman:—

5842. Do you mean that at the time the contractors came there your bench marks were not to be seen?—That they were charred—the majority of them.

5843. If the contractor's engineer could not see your bench marks how could he tie-in with them?—I could tell him.

5844. But I understand that was one of the things you would not tell him?—I would not tell him until I had an opportunity of testing the thing myself. The leveller had gone over this work, but I wanted to test his work as through work from bench to bench.

5845. Could you not have occupied yourself at those times of amusement in testing as you describe, so that you could give the contractor's engineer the information that was necessary?—I think at that time my time was fully occupied in working up other information, and in taking extra cross-sections; the first cross-sections that were taken were rather to establish the grades in the Chief Engineer's office, as I understood that they had to be approved of there.

Witness not willing to furnish contractor's engineer with information without instruction from the Division Engineer.

5846. Do you mean that at the time that the contractor's engineer asked for the information which he did not get from you, that it was because you were not able to furnish it, or because you were not willing to furnish it?—I was not willing to furnish it without instructions from the Division Engineer.

5847. But you were able to do so if you thought proper?—I could have given him the information, and he could have made a note of the difference in these bench marks. I could have given him the information that was given to me by the leveller as recorded in his books.

5848. And which he asked for?—And which he asked for.

Under impression that all work handed over to contractor should be revised.

5849. And which you thought not proper to give him?—Not as the contractor's engineer. I was under the impression that all work handed over to the contractor should be revised, if possible.

Railway Construction—
Contract No. 15.

5850. How would that make a better check?—I could verify the leveller's work by running over his benches.

5851. Whose benches?—The leveller's benches.

5852. Then do you mean that you were not able to give him definite information, because you had not run over those benches?—I could accept the leveller's work as correct; as it turned out it was very nearly correct.

5853. Do you mean that you were not inclined to give him this information, because you had not satisfied yourself that the leveller's work was correct?—I wanted to satisfy myself that any work that went out of my office was correct, by checking it.

5854. Then was it because you were not able, or were not willing, to give the information that induced you to decline?—I think that all information ought to come through the Division Engineer to the contractor. He ought to be cognizant of the information we were giving, as engineer in charge.

Thinks all information ought to come through the Division Engineer.

5855. Did you communicate with the Division Engineer on that subject?—I think I did.

5856. Who was the Division Engineer?—Mr. Carre.

5857. What was his answer?—I think he refused to furnish him with part of the information he asked for; but about the vouchers I would not be positive. I think that Mr. Ruttan also asked me for cross-sections, and that I refused it.

But Carre refused some information.

5858. Did Mr. Carre instruct you to refuse cross-sections?—I think so.

5859. Would it be any disadvantage to the Government to let the contractors get the cross-sections?—Not if there were sufficient cross-sections taken over the ground.

5860. Did you say the grade pegs were in?—No.

5861. How could the contractor ascertain the grade pegs, so as to know where to begin, if he was not shown the bench marks?—He has to get the grade pegs from the assistant engineer to start his cuttings.

5862. Were the grade pegs put down as fast as they were required by him, or at the time they were required by him?—Yes; the cuts and fills were given to the workmen, and they would work with cross-heads.

5863. But would it not be necessary for them to commence the cuts and fills by knowing where the grade pegs were?—If they had the cuts marked and cross-heads put up, the contractor could strike his own grade.

5864. Is it not usual for the proprietor's engineer to furnish the contractor with grade pegs, or the locality of the grade pegs?—Yes.

Usual to furnish contractor's engineer with grade pegs or the locality of grade pegs.

5865. Was it done in this case?—I would not be positive that it is done in all cases.

5866. Was it asked for by the contractor?—I think so. I might have pointed out on the ground where the grade was; but not to put a peg in in every instance.

5867. What time do you say you remained at that work?—From that time up to the present.

**Railway Con-
struction—
Contract No. 15.**

5868. On that particular sub-section?—Yes.

5869. So that your work from then until now has been on that nine miles?—Yes.

5870. Is it finished?—No; it is not completed yet.

**Grade varied after
contract was let.**

5871. After the contract was let was there any material change in the grade?—I think so.

5872. To what extent?—It varied.

5873. Could you say upon an average about the extent?—I would not like to say an average.

**In consequence
banks decreased
and rock increas-
ed.**

5874. What was the general effect of that upon the quantities, either upon rock or embankment?—I think it decreased the banks and increased the rock.

5875. Have you ever compared the quantities of the work as originally laid out and as now executed?—I think I have, but I do not remember the figures.

5876. Have you made returns of the different sections—I mean the changed quantities in the different sections?—Yes; that has been returned to the engineer.

5877. Would it be possible, if similar returns had been made from each sub-section of the change in the quantities, to show the whole change over the whole line?—Yes.

5878. I mean the change in the quantities caused by this change in the grade?—Yes; it would show it over the whole contract.

5879. As far as your sub-section goes, you had taken out and reported the quantities as changed by these alterations in the grade?—Yes.

5880. Have you made up any estimates of the work which will probably be required to finish the contract on your sub-section?—Yes.

5881. Up to what time, or since what time?—From about a month ago.

5882. The 1st of August do you think?—I think so.

5883. Have you returned that?—Yes.

5884. To whom?—To Mr. Rowan.

5885. When?—About three months ago.

5886. Is that to be revised by any one?—I could not say.

5887. Have there been slight deviations in that line, or any deviations, since the contractors came on to the work which have affected their quantities?—Very many of them.

**Changes of loca-
tion, increased
rock and decreas-
ed fillings.**

5888. In what direction have they affected the quantities; have they increased or decreased them?—I think the rock has been increased and the fillings decreased.

5889. I mean the change of location, I do not mean the change of grade?—Yes; changes of location.

5890. So that the quantities, if they were correctly estimated at the beginning, would be less now than then; that is, the quantities affected by the change of location?—Yes.

5891. Has Mr. Schreiber been over that line lately?—Yes.

5892. Have any changes been made in consequence of his directions?
—Yes.
5893. Have those changes been in grade or location?—In location.
5894. Do they still further diminish the quantities, in your opinion?
—They diminish the quantities in the fills and slightly increase the quantities in the rock, at points.
5895. Has the effect of the changes been to diminish the expenditure?
—I think so. Effect to diminish expenditure.
5896. Is any part of your sub-section finished?—There are points, cuttings; very few points are finished; that is, there are some catch-water ditches and things of that description required to be done to complete.
5897. Is the track laid over any portion of it?—No; except for service cars where steam shovels are working, and out of cuttings.
5898. Of course, you have travelled over the line, over that as far as it is finished?—Yes; once this summer.
5899. What is the most easterly point to which cars run now?—Sixteen miles from Rat Portage, the most easterly point to which cars run. (Sept. 21st, 1880.)
About sixteen miles from Rat Portage.
5900. Who is the assistant in charge of the sub-section next to you?
—W. W. Kirkpatrick.
5901. The unfinished portion then covers your sub-section and most of his?—Yes; part of his. Railway Location—Contract No. 14.
5902. Have you been over any portion of the line south of section 14, except that which you surveyed in 1875, so as to ascertain the general character of the country, or the feasibility of a railroad over it?—No; I have not. Chakisse, an Indian Chief, when I was out at Falcon Lake, said that he thought a better line could be got by running direct towards Winnipeg, than the present location on 14.
5903. But from your own knowledge you have formed no opinion?
—No.
5904. Did you take any part in the soundings of Red River at the time Mr. Carre was employed upon that work?—No.
5905. Were you employed on the line between Red River and Shoal Lake?—Yes.
5906. Is there any other matter connected with this subject which you think ought to be explained, or which you wish to speak of?—I do not think so, at present.

H. F. FORREST's examination continued :

FORREST.

5907. Do you wish to correct any of the evidence you gave yesterday?
—Yes, I do; on two points. In giving my evidence yesterday I stated that my impression was that there was no commissariat officer attached to division R; I desire to correct that statement. There was a person specially in charge of supplies, but I do not recollect his name. Also in reference to the bottom of the fill at station 4010, I intended to say that in no case was it more than a foot or so below the water bottom that we found solid bottom—gravel and blue clay—and not rock, if I did state it was rock. Corrects previous evidence.

**Nixon's Purveyorship—
Buying Horses
and Freight-
ing.**

**Lives at
Winnipeg.**

**Employed to buy
horses for Gov-
ernment on
commission by
Nixon.**

**Rate of commis-
sion 2½ per cent.**

**Horses bought for
Nixon principally
for Canadian
Pacific Railway.**

**Relations with
Nixon commence
in spring of 1875**

W. F. ALLOWAY, sworn and examined :

By the Chairman :—

5908. Where do you live?—At Winnipeg.

5909. How long have you lived here?—About ten years.

5910. Before that where did you live?—At Montreal.

5911. In what business were you in Montreal?—None; I was at school.

5912. Had you not done any business on your own account at that time?—No.

5913. What business did you enter into when you came here?—I came here with the volunteers.

5914. How long were you engaged in that service?—A year.

5915. After that service was over did you enter into any business?—I did not go into any regular business. I did so many things.

5916. What did you do?—I was buying and selling lands and scrip; and I was in the tobacco business for some time. That was the first regular business I was in.

5917. I believe you were at one time employed to buy horses for the Government on commission?—I was.

5918. Who employed you?—Mr. Nixon.

5919. Do you remember how many you bought in this way?—I do not.

5920. In round numbers?—I could not say. I bought them one at a time. I remember one lot of sixteen I bought. I may have bought less than 100 altogether.

5921. Do you remember what was the rate of commission which you and Mr. Nixon arranged?—Two and a-half per cent., I believe; I am not positive.

5922. Did this rate vary—sometimes a larger and sometimes a smaller amount—or was it generally on the same basis?—I do not think it varied. It is a long time ago.

5923. Were you engaged on any other transaction connected with the Canadian Pacific Railway?—I was freighting supplies.

5924. Were these horses bought principally for the Pacific Railway, or for some other service?—At the time my business was in that line I bought many for the late Mr. McKay and for the police.

5925. I am asking if those you bought for Mr. Nixon were principally for the Pacific Railway?—Yes; I think so.

5926. Besides buying the horses and freighting, had you any other transaction on account of the Pacific Railway?—I do not think so.

5927. Did you know that Mr. Nixon was employed by the Government to act as purveyor?—I did.

5928. Were you well acquainted with him?—Not at that time.

5929. At what time did your transactions commence with him on behalf of the Government?—In the year he came here. I think he

**Nixon's Pur-
veyorship—
Buying Horses.**

came here in the fall; the next spring after he came: I think it was in the spring of 1875.

5930. Had you had much experience in transactions with horses before you entered into the arrangement with him?—Yes.

5931. Your knowledge of horses was pretty good?—I think so.

5932. Would it be valuable to the Government?—I think so.

5933. Would you probably be able to know if there were defects in the horses?—Certainly. Witness a good judge of horses.

5934. Had you or some of your family been engaged in business connected with horses?—Yes.

5935. So that in this arrangement made between Mr. Nixon and you, it was expected, I suppose, that it would be of advantage to the Government that you should exercise your judgment in purchasing the horses?—That was what it was for. I never purchased a horse without the sanction of the engineer or Mr. Nixon. Never purchased a horse without sanction of engineer or Nixon.

5936. Do you mean that you would ask them to exercise their judgment in each case?—In every case.

5937. On every horse?—Yes; sometimes there would be four or five together. If I met a man with a band we would go into the band and pick them out, and I would see whether they were sound or not, or whether I thought they were fit for the work or not. Character of witness's service.

5938. And was this commission intended to cover your service in this way?—Yes; the engineer or Mr. Nixon were cognizant of the price all the time, and sometimes they would say it was too high and would not take them. When they were here they always inspected the horses. When a requisition came in for horses—the engineer would requisition for so many horses—he would always look at them before they were given to him.

5939. If not would Mr. Nixon exercise his judgment?—Yes, that was in the case of one; but if there were four or five to be bought for a party going west, the engineer would always say whether they were fit for his work or not.

5940. Besides the freighting, in its ordinary sense, were you not engaged in carrying mails?—I got a contract for a mail: that was for the Pacific Railway. Carrying Mails. Got contract to carry mails.

5941. It was connected with the Pacific Railway works?—Yes; it was for their mail.

5942. Had you any place of business established, such as an office or shop in the city?—Latterly I had.

5943. About what time?—I always had an office; I always had a place to do my business, where I was to be found, and where my freighters coming in could find me.

5944. Separate from your residence?—I had no residence; I was not married. I lived in an hotel.

5945. But had you an office separate that was not connected with the place where you lodged?—It was where I lodged, because I always slept in the office.

Nixon's Purveyorship.

5946. Do you remember at what time you first had an arrangement with Mr. Nixon?—I could not tell you the year; if you know what year Mr. Nixon was sent up here, it was in the next spring.

Forgets first transaction with Nixon.

5947. Do you remember what your first transaction with Mr. Nixon was?—I do not.

5948. Do you remember where he lived at that time? What part of the city?—I do not know where he boarded. He had no family with him at that time and was boarding somewhere.

5949. Had he any place of business?—He had an office.

Office.

5950. Where was that?—It was past Donaldson's big store. It was near the old land office, next door to the Receiver-General's old office—Mr. McMicken's office.

5951. And where was your place of business then?—Up near the Pacific Hotel.

5952. Did it happen that you and he had an office together at any time?—Never.

Witness may have written out wages bills in Nixon's office, but never had any real connection with his office.

5953. Had he any desk or any right to occupy any portion of your office, or had you any right to occupy any portion of his office?—Never; I may have written out wages bills in his office, but I never had any connection with Mr. Nixon's office, or he with mine.

5954. If you used his office it was only temporarily?—If we were sending out supplies we would check them over in his office, and that is all.

5955. Were you ever interested in any office which he occupied?—Never.

5956. Nor any person of your name?—Not that I know of; it is some time ago, but I am pretty positive that there was not.

Carrying Mails.

Contract for carrying mails let by tender.

5957. Do you remember this contract for the carrying of mails; was it let by tender?—By advertisement and tenders called for.

5958. Can you produce any account connected with that?—I produce an account for carrying mails to contracts 14 and 15. (Exhibit No. 101.) I did not get that contract from Mr. Nixon. I got it from Mr. Rowan, I think. I think it was Mr. Rowan who advertised for the tenders.

5959. Were you told that you could get any information from any of the officers connected with this work before you put in your tender?—What kind of information?

5960. Any kind of information?—I went to the office and asked them what kind of service they wanted performed.

5961. Whom did you see?—It was Mr. Rowan's office that gave that information, I think.

May have spoken to Nixon about that contract.

5962. Had you any communication with Mr. Nixon about that contract?—I may have spoken to him about that.

5963. Do you remember anything that passed between you and him?—No.

5964. Is C. V. Alloway any relative of yours?—He is a brother of mine.

5965. Where does he live?—Here.

Nixon's Partnership.

5966. Were you interested in his business?—No; any business he did for himself I was not interested in it.

5967. No; probably not?—He and I were never in partnership.

5968. Were you interested in any house occupied by the engineer?—No.

5969. Do you remember that an engineer did occupy a house belonging to your brother?—Yes. **An engineer occupied a house belonging to witness's brother.**

5970. Where was the house?—The house was on First street, in Winnipeg. I might say that the house now belongs to the Alloway estate, and my brother was attorney for it.

5971. Were you interested in that?—Not at all. You asked me about the house of Mr. Nixon. Mr. Nixon resided in a house of mine with his family. He lived in a private house of mine. **Nixon lived in a house of witness's.**

5972. Where was that?—Next door to that one.

5973. Where was this one?—On First street or Fourth street.

5974. Can you tell when Mr. Nixon first became your tenant?—I cannot; it was when his family came here.

5975. Was your charge for that rent against the Government or against Mr. Nixon?—Against Mr. Nixon.

5976. Do you remember whether your bargains for freighting were arrived at after the tenders being asked for, or by private arrangement?—I never did any work by private arrangement. I may have done little bits of things, but never anything of any amount. **Freighting. Bargains for freighting, how arrived at.**

5977. Upon what basis would the contract be made, by the mile or by the pound?—Tenders were advertised for for taking supplies to Battleford, Edmonton—naming the different places—and how much for each place.

5978. Do you know whether there was much competition on those occasions when tenders were invited?—Yes.

5979. Were there many different tenders put in?—I think so.

5980. Was there some arrangement between you and any one else before tendering?—Never.

5981. Do you know whether there was any understanding at any time that the freight should be divided between you or any other person in any way?—Never; they never were divided in any way.

5982. Were your tenders always made independently?—Always.

His tenders always made independently.

5983. Do you remember at what rate you carried provisions to North-West Angle?—It depended upon what season of the year it was. **Rate for carrying provisions to the North-West Angle.**

5984. In November, 1877?—In 1877, the year round it was about \$2 a hundred. If it was a special occasion they would have to pay just what it was worth. In the fall or spring, if I did not have a contract, I generally charged them more.

5985. What was the value of the use of a team of horses a day, about November, 1877?—\$6 or \$7 a day; that is cheap.

5986. What would that include?—Team and man and harness, with a spring-seated waggon.

5987. That would be for carrying passengers?—Yes.

**Nixon's Purveyors-
ship-
Freighting.**

5988. But for carrying freight?—The same; sometimes \$1 less. If it was a light spring waggon it was more; but these waggons that we have here have nice spring seats on them, are just as comfortable, sometimes more so, than a carriage.

Team would carry from 1,000 to 2,000 lbs. a day.

5989. About what weight would a team and vehicle for freight carry?—If the roads were at all good they would carry 2,000 lbs., but if they were not they would sometimes carry 1,000 lbs.; the roads were sometimes very bad.

5990. About how far would a team carry that weight for a day?—Twenty miles.

5991. On good roads?—We never have any good roads here in the spring of the year, or any season, to the North-West Angle.

5992. About what rate did you carry freight for to the North-West Angle?—From Pointe du Chêne it is the same as from here. Then there are two roads. Some seasons when one is cut up we take the other.

5993. From here to the North-West Angle what is the road called?—It is called the Dawson road; but it is impassable; you cannot get through it.

115 miles from Winnipeg to North-West Angle.

5994. What is the distance from here to North-West Angle?—About 115 miles; 110 it is called, but it is about 115 the way they go.

Five days, average time of journey.

5995. Upon an average how many days would it take for a team to go from here to there, with a fair load?—Five days; sometimes I have had them ten days on the road.

5996. I am speaking of the average?—About five or six days on an average.

5997. And for the return home empty?—Three days, empty. If the flies are very bad they will not go that fast.

Average of round trip from eight to ten days.

5998. So that the round trip could be made, as a rule, upon an average of eight days?—That is a very small average, they could not average that all summer. They would not average it all summer, because they would kill their horses. In the summer time, when the roads are middling good, the flies are bad, and then when the roads are bad the flies are gone.

5999. How many days did you say it would take to make the round trip from here to North-West Angle, going with a team loaded and returning empty?—Eight to ten days.

6000. What would that be worth per day?—From \$6 to \$7. I speak of it in the past, I do not speak of it now, as it is higher now than it was then; you could not get them to go now for that money.

6001. It is not so much the travelled route now?—No.

6002. Taking the state of the roads upon the average, where, between half a ton and a ton, would you say would be the ordinary weight of a load?—It is very seldom that we load up with half a ton, that is for a team.

Average weight of load for waggon from 1,700 to 1,800 lbs.

6003. What would be the average weight of a load?—From 1,700 to 1,800 lbs.

Nixon's Purveyorship—
Freighting.

6004. For each 100 lbs. you got \$2?—I did not freight that way; that was not my freighting at all.
6005. Did you not freight to North-West Angle in that way?—Not that way; I always freighted with carts.
6006. Did you not charge for one team to North-West Angle, for section 14?—I have charged for lots of teams.
6007. That was not for carrying freight?—It may have been freight.
6008. Did you never freight by contract from here to North-West Angle?—I did; but never with waggons though, always with carts.
6009. What would be a fair load for a cart?—700 to 800 lbs.; 700 lbs. a fair load for a cart.
6010. How would a cart be drawn?—With one ox or a horse, ox generally.
6011. There would not be a driver for each ox cart?—No.
6012. How many ox carts would one driver manage?—Four to five.
6013. What is it worth per day for an ox and cart?—\$1.50 a day. I do not suppose I ever hired any by the day though. Yes, I did though.
6014. Was there any general understanding what it was worth?—No; I got the contract and I either sent my own cattle and carts, or I hired some man to take it out at so much by the 100 lbs.
6015. Between man and man, what do you consider a fair return for the use of an ox and cart for a day?—\$1.25. \$1.25 a fair return for use of an ox and cart for a day.
6016. And you say that would draw about 700 lbs.?—Yes.
6017. What is a fair average for a man who boards himself?—\$2 a day.
6018. So that a fair return for a man and five ox carts and oxen would be about \$8.25?—I suppose so.
6019. How long would it take a train of that kind to go to North-West Angle and return empty?—Fifteen to twenty days. Fifteen days good travelling for round trip from Winnipeg to North-West Angle and back.
6020. Would that be a fair average?—Fifteen days would be good time—splendid time.
6021. Then, upon an average, what would it be?—Eighteen days.
6022. Did you take any freight with ox trains from here to North-West Angle?—I did not.
6023. You did not do any work of that kind for the Canadian Pacific Railway service?—I took contracts. I did not take freight myself.
6024. At what rate?—Generally speaking, \$2 per 100 lbs. \$2 per 100 lbs.
6025. Were they profitable?—Not on the North-West Angle. Sometimes they were, and sometimes they were very unprofitable.
6026. Upon the whole do you think you made money or lost money by the North-West Angle contracts?—I suppose I made money, but I never figured it out.
6027. Had you any transactions on account of the Canadian Pacific Railway service, in which you hired the use of oxen and carts by the day?—Yes.

**Nixon's Pur-
veyership—
Freighting.**

Used oxen and
carts on Pembina
Branch at \$1 50
per day.

Hired teams at
\$5 and \$6 a day.

Charged \$30 for
four days on
contract 14.

A team to North-
West Angle, nine
days at \$6 a day.

Item in which
four days charged
and he is cut
down to two days.

6028. Between what points?—On the Pembina Branch. I remember one instance.

6029. Do you remember at what rate?—\$1.50 per day, I think.

6030. That would probably include the service of the man?—No; it might not. Never to any extent. Perhaps a couple at one time.

6031. Had you any transactions in which you hired teams, per day?—Yes.

6032. Do you remember at what rate?—Yes, \$6 a day for heavy teams; I think I have let them have them for \$5.

6033. Would it be at that rate if they were going back empty?—Yes; every day they were away.

6034. Do you remember taking Mr. Blanchard to contract 14?—I do not. On looking at the account handed me, I do remember. I took him there.

6035. What did you charge for four days?—\$30.

6036. That would be higher than the rate you say would be a fair rate?—Yes; I remember there were some others there, the same.

6037. Was there not some others there for moving out some furniture? Why did you charge \$7.50 a day for that?—The roads were very bad and Mr. Blanchard had to move his furniture. There was no road, and they had to go in the ditches and in the dumps—that was when the grade was half finished, and it was worth \$10. I quite frequently charged \$7.50 a day for light teams for a buggy like that, with seats in it.

6038. I see a charge on November 30th, 1877: "one team to North-West Angle, with provisions for A. Stewart, and man, nine days, at \$6?"—Yes.

6039. Do you remember whether that was a passenger waggon?—\$6 would be a heavy team, from the price; I think it was a heavy team.

6040. Do you remember the transaction?—I do not.

6041. Will you look at the entry of December 6th, 1877, in the account, and read the charge?—"To two teams to camp 4, contract 14, with Briggs, eight days, at \$6, \$96."

6042. Do you make eight days at \$6, \$96?—Eight times six would be \$48, and two teams at \$48 would be \$96.

6043. I want you to explain the deduction in the bottom of the account?—I charged four days, and he has cut me down two days.

6044. Did you agree to that?—I suppose I agreed to it if it is in the account and took the money.

6045. Then on the 6th of the same month you make a similar charge; did you agree to a similar reduction on that?—I suppose this first reduction of December 2nd is on the same account. He would not allow my full charge.

6046. Would the next charge of December 6th be subject to the same reduction?—It would appear so from this account. These were

my charges, and when I came in Mr. Nixon said it was an overcharge, and he would not pay me what I asked.

**Nixon's Fur-
veyership—
Freighting.**

6047. Did you agree to it?—I did.

6048. Did you agree that the second charge should be subject to the same reduction?—I did. No; it is a reduction of \$48 in one instance and \$12 in the other.

**Another reduc-
tion.**

6049. But that \$12 comes off another item?—If it is there I must have agreed to it.

6050. It is omitted from the deduction?—If there is only one deduction he only charged me with one. I remember quite frequently that Mr. Nixon and I had disputes about my charges.

6051. Can you say now, on looking at this account, whether there is a further reduction from the one at the end of the account?—No; there should not be any reduction, according to my idea; but he thought fit to do it, and I had to agree to it.

6052. Was there any person else interested in this work with you?—No.

6053. How far would camp 4, on contract 14, be from Winnipeg?—I do not know.

6054. You charge for taking these people: have you never been aware of the distance?—I was at the time, but they used to shift their camps.

6055. Were you aware, at the time named in this account, where the camp was?—If I saw the number of days I could tell by the number of miles per day where they were at the time.

6056. Was the distance one of the items discussed between you and Mr. Nixon at the time of the reduction?—That must have been the way he came to make the reduction—he thought it was not so far—without any regard to the roads.

6057. Do you remember the rate at which you carried the mail to the camps on section 14?—I do not.

Carrying Mails.

6058. Do you remember how often you carried the mails there?—Once a week, I think; I am not sure.

**Carried the mail
to the camps on
section 14, once a
week.**

6059. Do you remember whether these camps were numbered, with reference to the distance upon the line on which they were situated; why were they called by numbers 1, 2 and 3?—To designate the camp, I suppose.

6060. Would the camp be numbered with reference to the distance from the end of the contract?—I suppose they were numbered by the distance. One would be No. 1 camp; further on would be No. 2.

6061. Would camp No. 1 be always at the same distance?—I cannot tell; I do not remember.

6062. Read the item of December 7th aloud?—"Mail to camps 1, 2 and 3, contract 14, one and half months, \$65 per month, \$97.50."

**Item \$97.50 for
mail for one and
a-half months.**

6063. Were you carrying mails at so much per month?—Yes; I suppose from this charge.

6064. Do you remember that?—No.

Nixon's Purveyors.**Hunting up stray horses.**

6065. About what would be a fair rate for a man and horse. For instance, if they were employed hunting up stray horses, would it be \$3.50 to \$4 per day?—For one man and one horse?

6066. Yes?—\$1.50 for a horse and \$2 for a man.

Carts.**Provided carts for surveying parties.**

6067. That would be \$3.50 per day?—That would be about right.

6068. Did you provide any carts for any surveying party?—Yes.

6069. Was that under contract?—I could not say. If it was a couple or three, it was not under contract; but if it was many I suppose it was.

6070. Do you remember?—I do not.

Bushed and banded carts.

6071. On the 27th June, 1877, you charge for sixteen bushed and banded carts: was that a different kind of cart from the one ordinarily in use?—What we called "bushed" is a boxing with iron around the axle, and "banded" is that the hubs are banded, so that they will not crack with the sun.

From \$2 to \$3 the value of bushing and banding.

6072. Is there much difference in the value between bushed and banded carts and ordinary carts?—\$2 or \$3.

6073. Was there that difference at that time?—Yes.

\$15 price of ordinary cart.

6074. What was the price of the ordinary cart in those days?—\$15.

6075. Did that include the extra axles?—No.

6076. Did you say that the ordinary cart cost \$15 in those days?—Yes.

Witness charged \$19.50 for the bushed and banded carts.

6077. And bushed and banded would be how much extra?—About \$3.

6078. That would be \$18 in all: your charge is \$19.50?—You can now buy carts for \$10.

6079. Did you know at the time whether there was any reason for charging this \$1.50 more than ordinary prices?—Perhaps carts were scarce at that time. This spring I have sold them at \$20 a piece for carts bushed and banded.

Price of bushed and banded carts now.

6080. What is the price for bushed and banded carts now?—From about the same; sometimes we put on ordinary hoop iron, which makes a difference in the price.

6081. What would be the difference in a cart without bushing or banding, and a cart bushed and banded, of the best kind?—About \$4.50.

6082. How do you make that up?—There is \$1.25 for the bushing.

6083. Do you mean that is what you paid for getting it done?—The bushings are iron.

6084. Can you buy them?—You can buy them at the foundry; you can buy them separate to insert them in the hub to prevent the axles from wearing out. They cost \$1.25, and it cost at that time \$1 to put them in.

6085. What do they cost now?—\$1.25, and 75c. for putting them in.

6086. What would be the cost of the banding?—The bands would be worth \$1. There are four bands.

6087. How much would they weigh, the four bands?—About six pounds.

Nixon's Par-
vegorship—
Carts.

6088. Is that what you consider the present value for bands to be, for one cart?—Yes.

6089. And what would they be worth put in?—50 cts.

6090. Where is the rest of the \$4—that is about \$3.50?—There is \$1.25 and \$1 and \$1.50; that is \$4. No; it is worth \$3.50.

6091. Why did you say \$4?—Because I made a miscalculation.

Miscalculation.

6092. What is the price of a bushel and banded cart now?—I do not know, I have not sold any. I sold some this spring at \$20.

6093. What was a cart not bushed and banded worth this spring?—From \$15 to \$16.

6094. Have they changed in price from spring until now very materially?—Yes; very materially.

6095. What is a cart not bushed and banded worth now?—You can buy them at \$10 but they are no good.

6096. When you tell me the value of a cart not bushed and banded is \$10, you say it is no good?—It is no good for freighting.

6097. Do you mean that you could buy one at \$10 that is no good?—Yes; an ordinary cart that will take an emigrant fifty miles or so you can get for that.

Carts not bushed
and banded can
be had for \$10; a
good one at from
\$12 to \$15.

6098. What can you buy a good one for?—I am selling some from \$12 to \$15. I have not sold one for less than \$12. They cost me that last year.

6099. Do you remember what the price of an extra axle was in 1877?—Generally speaking it was \$1.

Price of extra
axle.

6100. Do you know why you charged a \$1.50?—I suppose they were higher at that time. If they are finished axles they are worth \$1.50, but if they are ordinary axles hewed out with an axe they are worth \$1, not fitted to the wheels. Those I supplied to the survey were all fitted to the wheels before they were sent up.

6101. Do you remember whether those were so fitted?—They were all fitted.

6102. Do you remember the value of cart covers at that time?—No; I do not. I generally bought the cart covers, and put them in at the same price that I paid for them. Sometimes cart covers are made long and sometimes short.

6103. Besides the horses which you bought in the way you previously described—that is when you were paid for your knowledge by a commission—did you sell any horses to the Government?—I have.

Horses.

6104. Who fixed upon the value of them?—The value was agreed upon mutually. I asked him a certain price, and if he did not like it he did not agree to it, and if he did, he did agree to it.

Provided horses
for the Govern-
ment by agree-
ment with Nixon.

6105. Who was the person?—Mr. Nixon.

6106. Do you remember selling him four horses in June, 1877?—I do not remember.

Sold him horses
in 1877.

**Nixon's Purveyors-
Buying Horses.**

6107. Do you remember having any contract with the Government on the subject of horses—any written contract?—Not that I know of; I may have had, but I do not remember.

6108. Do you remember about what the price of a fair cart horse was in 1877?—I do not.

6109. Do you remember arranging with Mr. Nixon about the sale of four cart horses to him?—I do not.

Remembers buying horses for Lucas.

6110. An account of June 27th, 1877, contains an item of four horses at \$460: does this bring to your mind any part of the arrangement?—Who was the party?

Bought more than four horses for Lucas.

6111. Mr. Lucas?—Yes; I can remember I bought more than four for him at that time. Since you read that out I can remember supplying Mr. Lucas with horses.

6112. Who fixed the price?—Speaking from memory, I think there were some of those horses supplied on commission, and others were horses that I owned myself. There were some of them higher than others—they were saddle horses, I think.

6113. Look at the account and say what you remember about that transaction (handing an account to the witness)?—(After looking at the account): I remember something about this now.

6114. Tell me how the price was arrived at?—I sold these horses: one to Mr. Lucas and one to Mr. Smith. They were not cart horses.

6115. Did you describe them as saddle horses?—There were two saddle horses and one saddle horse—three altogether.

Sold to Nixon but Lucas agreed on price.

6116. Do you remember who fixed the price of them?—I sold them to Mr. Nixon—it was Mr. Lucas agreed upon the price. I sold them to Mr. Lucas, and Mr. Lucas fixed upon the price. I said how much I wanted for the horses and he agreed to it.

6117. Besides these saddle horses, look at the other items?—Four cart horses.

6118. Do you remember about the cart horses?—I do not remember about the cart horses.

6119. Who fixed the prices for the saddle horses? Do you say Mr. Smith fixed the price of one?—If you say fixed the price I fixed the price. I asked him \$200 for it, and he had to agree to it or do without the horse.

6120. Who made the bargain on the other side?—It was he.

Saddle horse for Marcus Smith.

6121. Do you mean Mr. Smith?—I am not sure; but I think it was he, because I remember there was some dissatisfaction about it. He said he wanted a good horse—a first-class saddle horse—and he got it.

6122. Is that Mr. Marcus Smith?—Yes.

Two selected by Lucas.

6123. Do you say the other two saddle horses were selected by Mr. Lucas?—Yes.

6124. Had you any arrangement with Mr. Nixon about these horses?—No.

6125. No arrangement of any kind?—No.

Nixon never derived any advantage from transactions with witness.

6126. Did he derive any advantage from this transaction?—He never derived any advantage or benefit from any transaction with me.

**Nixon's Pur-
veyorship—
Buying Horses.**

6127. I am asking about this one?—No; never.
6128. Did he derive no advantage from your dealing in these horses with the Government?—No; except that he got a good article.
6129. Mr. Nixon?—The Government.
6130. I am speaking of Mr. Nixon individually?—No.
6131. Had you any conversation with him at any time about supplying these horses to the Government, besides bargaining for the price?—No; I suppose he told me that they wanted the horses, and to look them up for them.
6132. Had you any private transaction with Mr. Nixon on his own account?—Nothing; except house rent. No private transaction with Nixon except house rent.
6133. Was that house rent which the Government ought to pay or which he had to pay?—He paid me.
6134. Did you make out an account for the Government?—Never.
6135. What is that item (pointing to the account)?—“Two harness horses for buck-boards.” Two harness horses for buck-boards.
6136. What does that mean?—It means a better class of horses.
6137. Is a buck-board a better kind of vehicle?—Yes.
6138. What is it for?—For carrying passengers.
6139. Do you remember anything about these buck-boards—who, for instance, arranged the price for you?—No; Mr. Lucas agreed to the price of all these horses. Lucas agreed to price of the horses.
6140. Do you know where Mr. Lucas lives now?—I do not.
6141. Do you remember purchasing a lot of eighteen horses for the Government?—No.
6142. Do you remember purchasing a lot about that number?—I purchased several lots.
6143. There is an account of yours dated in May, 1875?—Does it say who they were for and what party?
6144. No?—Who is the account to?
6145. Look at it yourself (handing it to witness)?—(After looking at the account): I do not remember.
6146. There is an account of yours, May 6th, 1875, for the purchase of eighteen horses, do you remember purchasing that lot?—No, I do not; but I may have purchased them. I think I do remember something about it. Eighteen horses purchased.
6147. What do you remember?—I remember that I purchased them.
6148. How did you come to purchase them?—I was asked by Mr. Nixon to purchase that lot of horses, I think, and he and I purchased them together. I rendered the account, he agreed to the price, and I got so much commission. If I could find out what survey they were for, I could tell you more explicitly. Nixon and witness purchased them together.
6149. Do you remember the first time you bought a large lot of horses at Mr. Nixon's direction?—I do not.

**Nixon's Par-
veyorship—
Buying Horses.**

6150. Do you remember the circumstance of having such a transaction with him among your early dealings?—No; I cannot bring anything to my memory clearly. I purchased so many different horses in so many different lots that I cannot remember which one it is.

Got \$5 per cent. commission, though usual percentage was 2½ per cent.

6151. You said you thought your commission was 2½ per cent. ?—Yes.

6152. In this account it is charged at 5 per cent. ?—I dare say it is.

Explanation of this lot of ponies.

6153. Then do you say you were wrong in saying your commission was 2½ per cent. ?—No; in some of my accounts they are charged at 2½ per cent.; but in this case, they were ponies, and I had to pick them up all over the country, and my commission was 5 per cent.

Nixon either with him when picking up horses or he inspected them afterwards.

6154. Did Mr. Nixon go with you when you were picking up those horses ?—Yes. If he did not I always had them brought to town in lots of three or four for his inspection, and he could pick them out or reject them as he wanted to. He would look at them, and I would tell him what I thought of them, and he would buy them or reject them.

6155. Did he sometimes go with you when you were looking up these horses ?—Yes.

6156. Would he take part in the bargaining with the individuals from whom you purchased ?—Yes.

6157. And would he assist in fixing the price to be paid ?—Yes.

6158. Do you think this was a transaction of that kind ?—I think so from that account.

6159. Look at the account and say if you think it was a transaction of that kind ?—Yes; I am sure it was.

6160. Then he would know the names of the individuals from whom you purchased each horse himself ?—I could not say that.

6161. If he was with you, taking part in the bargain, he would ?—But I would not know the names myself, perhaps.

No means of indicating persons from whom horses were purchased.

6162. Have you no way of indicating the person or place from which you would buy each horse ?—No; I knew a man and he would come to me and say: "I have a horse to sell." I would not ask the name or anything about him, and if the horse suited I would ask his price. If Mr. Nixon did not like him, we would not bother with him, or if he was too high in price.

6163. Do you think that this transaction was one in which the horses were purchased from people coming to you, or from people to whom you went to buy ?—Sometimes in one way, sometimes another.

6164. I am speaking of this transaction. You say this was a transaction in which Mr. Nixon accompanied you to buy ?—Not altogether.

6165. I ask you whether Mr. Nixon was helping you to go in the country to buy ?—I never meant to say that Mr. Nixon always went with me.

6166. I am asking if he went with you on this occasion ?—Perhaps; buying all these extended over a month, and he did not go with me all the time.

6167. You say now that Mr. Nixon may not have been present on the occasion when these were bought ?—He was when some of them

**Nixon's Purveyorship—
Buying Horses.**

were bought. He was there when they were all bought, but not with me. When I got round the country I brought them in here.

6168. Was he present when each bargain was made with each seller of a horse?—He was cognizant of each bargain before a horse was bought. Nixon "cognizant" of each bargain before horse bought.

6169. How was he cognizant of it?—He would say: "I will give that man so much for that horse," and he would be present when the bargain was made.

6170. Do you mean to say that he had an opportunity of exercising his judgment upon the price for which each of these horses was bought?—Yes.

6171. Can you tell me why, instead of putting down the price that was paid for each horse, you put them all together, averaging the price?—Because some horses were more valuable than others. Explanation why a lot of horses were put down at an average price "because some horses were more valuable than others."

6172. That would not affect the question; I suppose you could put down the separate price for each horse?—Yes.

6173. There was no necessity to average them to show that they cost different prices?—No.

6174. Can you tell me, if Mr. Nixon knew and exercised his judgment upon each horse and each price, why you lumped them: calling them eighteen horses at \$90?—Because that was the price paid for the eighteen, and he said to make the account in that way and he would agree to it.

6175. I suppose the length of the account would not be a disadvantage?—It might be at that time. At that time I had not a book-keeper, and I did not keep books; I only kept a pocket memorandum of them, and he knew the prices of them, that they were so much, and we averaged them at \$90 a piece. Nixon and witness arranged that they should be put down at \$90 a piece.

6176. But was not Mr. Nixon accustomed to keeping books?—He did not keep my books.

6177. But he kept the books of the Government, and was there any reason why he should not have a record of the price paid for each horse?—I do not know as there is any reason why.

6178. But you say that he took part in the purchase of each of these horses?—He was cognizant of it; he agreed that each horse should be worth so much.

6179. I notice that this account is not certified by him; he does not certify that he knows it to have been correct in any way?—I think the certification business was an institution of a later date. Account not certified by Nixon.

6180. Do you mean at that time that he paid accounts without any person certifying to them?—When he purchased a purchase like that, that he was thoroughly cognizant of himself, he did not certify because he paid for them himself.

6181. Then at that time the practice was not to certify to the account?—I suppose so.

6182. Do you know whether that was the practice?—I do not know; he made out the cheque himself for them. I suppose he did. He was cognizant of it, and what was the good of certifying to it?

**Nixon's Purveyors-
Buying Horses.**

6183. You have had very large dealings with him on behalf of the Government?—Yes.

Extent of witness's dealing with Nixon on behalf of Government.

6184. Have you any idea to what extent?—I have not.

6185. Has it been more or less than \$10,000?—More.

6186. \$20,000?—More.

6187. \$30,000?—I think more.

6188. \$40,000?—I think so.

\$40,000 or more.

6189. You are not certain whether it was over \$40,000?—I could not say.

6190. In dealing to that extent with you it is probable that you reaped considerable advantage?—Yes; I did.

6191. It was an object to you to have a person dealing with you on behalf of the Government to that extent?—Yes; I suppose it was.

6192. Have you any doubt about it?—No; I have no doubt; but I may have made more out of somebody else.

6193. Did you ever explain to Mr. Nixon that it was an object to you?—No.

6194. Did he gain any advantage from your dealing with him on behalf of the Government?—None. Never.

6195. Did he get nothing at all for these transactions in any shape?—Never.

Another account not in detail.

6196. Can you explain why it is that that account (showing witness an account) is not in detail and not certified, but still paid?—I cannot. This account was rendered and paid, and I got all the money—every cent of it—and kept it too.

6197. Do you remember the transaction now after looking at this account? Has it brought any part of it to your mind?—No; I cannot say that it has. I do not remember it distinctly at all as a separate transaction.

6198. Do you remember buying any large lot about that time?—No.

At this time kept only a memorandum account of horse transactions.

6199. Do you keep books?—At that time I did not. I kept a sort of memorandum. I did not have a book-keeper at that time. I had a book-keeper before that.

6200. Have you a book-keeper now?—No; I am not in that business now.

6201. Was there any time in which you had a set of books since you have been in business in Winnipeg; while you were dealing with Mr. Nixon?—Yes.

6202. What sort of business were you in then?—Freighting altogether.

Commenced to keep books the fall after Nixon came here for freighting.

6203. Can you say when you began to keep those books?—I cannot; it was the fall after Mr. Nixon came here.

6204. You commenced to keep books?—Yes.

6205. You say that the only memorandum of this sort of transaction would be in a private book of your own; what would you make any entry in your private book for?—A pocket memorandum: "horse, such a price"—that is all.

Nixon's Pur-
veyorship—
Buying Horses.

6206. Do you mean in a pocket book or a pocket diary?—A pocket diary.

6207. What would be your object in keeping it there?—To remember it.

6208. Was there any object in remembering it?—None; except to charge for it.

6209. Where are those books now?—I do not know where it is now.

Does not know
where his memor-
andum books are
now.

6210. That pocket book in which you put an entry of your prices?—I do not know; I used them up—one every six months or so.

6211. Did you destroy them after you filled them?—I do not know; I might find them.

6212. At that time you were doing business each year to a considerable amount?—I do not think in that year I was.

6213. This single transaction is \$1,700?—There was not much of that mine; there was not much business in that.

Extent of his
business transac-
tions.

6214. In the same month there is another transaction of a larger amount, over \$2,000?—There was not much profit in that for me.

6215. I am not speaking of profit, but about transactions. There must have been a good deal more than what appears on paper; it is for you to say on oath. If you did business to that amount, was it not worth while to preserve evidence of your transactions?—No.

Not worth while
to keep evidence
of them.

6216. Was there any object in destroying them?—No.

6217. Were they destroyed?—I do not know.

6218. Do you remember any other transaction of the same month—buying another lot of eighteen horses?—I do not.

6219. Can you say for whom the first purchase of May, 1875, was made?—I cannot.

6220. Would your books show you, which you have to refer to?—No; I think not.

6221. You were buying horses perhaps at that time for other persons?—I was.

Buying horses at
the time for other
persons.

6222. Would not your little memorandum book show for whom you bought each horse?—For other people?

6223. Yes?—Yes; I think so.

6224. Would you look at your book and see?—I will if I can find it; but I tell you it is a long time ago, and the book may be torn up or thrown away, or leaves out of it, but I will try and find it.

6225. I have another account; is that your signature (handing witness an account)?—Yes.

6226. Having looked at this account of 17th of May, 1875, can you remember anything about that transaction?—I cannot.

Another account
May 17th, 1875,
about which he
cannot remember
anything.

6227. Do you think that was accomplished in the same way that the former one was?—I think so.

6228. Do you think that Mr. Nixon exercised his discretion as to the price paid for each horse?—I think so.

**Nixon's Pur-
veyorship—
Buying Horses.**

Cannot explain why the actual price of each horse is not given instead of an average price.

In fact witness bought horses on behalf of the Government who got the advantage when a good bargain was made.

Paid in cash.
Another account.

\$330 for two horses.

Nixon took part in purchase.

Never happened that a man would be willing to sell horse for less price than witness would name to Nixon.

6229. Do you know whether any record was kept by him or by you of the price of each horse?—I do not know anything about him; I know I kept a record of it for the time being. Of course I must have kept a record.

6230. Can you give any reason now why this account is made out in a lump sum, averaging the price of each horse, instead of giving the price of each horse in detail?—I cannot.

6231. Do you know whether Mr. Nixon has ever stated that you never bought horses on commission; that they were bought for the Government out and out, without reference to what you paid?—I do not know.

6232. The fact was you bought them for the benefit of the Government, and they were to get the benefit of the price if you made a good bargain?—Yes.

6233. Have you and Mr. Nixon conversed about these horse transactions much?—Never; except at the time when we talked about them; but since, never.

6234. Would you buy those horses from farmers or from strangers as a rule, or do you know?—From both.

6235. What kind of dealing would it be: would they take goods from stores, or how would they be paid?—In cash.

6236. Invariably?—Always; I never paid any other way.

6237. Look at the account now handed to you, dated May, 1875; is that your hand writing (handing an account to witness)?—Yes.

6238. Do you remember anything of this transaction in which you charge \$330 for two horses?—I do not remember.

6239. Do you suppose it was accomplished in the same way as the others?—Yes.

6240. That the price was agreed to by Mr. Nixon before the bargain was completed?—Yes.

6241. And he took part in the purchase in that way?—Yes.

6242. And would it sometimes happen that you would see the sellers of the horses first and arrange about the price, and then take them to Mr. Nixon to have the price approved?—No.

6243. Before the price of the horse was named between you and the seller, Mr. Nixon would take part in the purchase?—I would not say that always. I would meet a man on the street, and say: "How much will you take for your horse?" and I would say: "Come along."

6244. I ask you if you and the sellers would not sometimes talk about the price, and if you would not then take them to Mr. Nixon?—We would talk about it, and then go to Mr. Nixon.

6245. Did it sometimes happen that a man would be willing to sell the horse for a less price than you would name to Mr. Nixon?—No; never.

6246. I notice in an account of May 7th, 1875, in favour of C. V. Alloway, veterinary surgeon, you sign a receipt. Is that your signature (handing account to witness)?—Yes.

6247. Were you authorized to act for him in such matters?—Yes; sometimes.

Nixon's Pur-
veyo ship—
Buying Horses.

6248. Were you interested at all in it?—No.
6249. At this time, in 1875, had you command of much funds yourself?—Yes.
6250. Were they funds that were provided for the purpose of carrying on this business of buying and selling horses?—Whatever I wanted funds for I got all I wanted.
6251. Do you know why those purchases of individual horses were not paid for direct to the seller by Mr. Nixon, instead of by yourself in the first instance and afterwards by Mr. Nixon to you?—I suppose it was to save the making out of cheques and accounts, as nine-tenths of those people cannot read. They were half-breeds, and they cannot read. Explains why horses not paid for direct by Nixon.
6252. Is that all the reason you have?—I think it is a very good one. It is one of the principal reasons.
6253. That they cannot read?—I think that is the principal reason—the making out of accounts—and Mr. Nixon asked me to pay for them.
6254. In another account of May 27th, 1875, you have charged for a bay mare for section 14: do you remember anything about that transaction? Look at the account (handing it to witness).—I do not remember.
6255. You think the reason why Mr. Nixon did not pay by cheque was because the sellers could not write?—I suppose so. Thinks the reason Nixon did not pay sellers by cheque was because they could not write.
6256. Did he never pay accounts to anybody who could not write—as far as you understand?—I suppose he did.
6257. Why could he not have done it in this instance as well as in the others?—He could have done it.
6258. The half-breeds of this country, you say, formed the larger portion of the individuals who sold those horses?—Yes. Bought horses principally from half-breeds—native horses.
6259. Do they own many horses, as a rule—the half-breeds?—Not now.
6260. Did they then?—Yes.
6261. What kind of horses?—Good horses. Indian horses. Large horses.
6262. When you say large horses, do you mean imported from other parts of the Dominion, or native breeds?—Native.
6263. Large animals of the native breeds?—Large and small.
6264. As a rule are they large horses—the native breed?—No.
6265. What was an average-sized animal of the native breed worth in those days?—\$100. Average native horse worth \$100.
6266. Was that about the ordinary price?—Sometimes \$250, and sometimes \$75.
6267. I am speaking about the ordinary price?—For a cart horse or a saddle horse?
6268. For an ordinarily fair horse for general purposes?—For a general purposes horse, \$150. \$150 for a general purpose horse.

**Nixon's Purveyors-
Buying Horses.**

6269. What would cart horses of the native breed be worth at that date?—About \$90.

6270. Do you remember anything about this bay mare for which you have charged \$125 for section 14?—I do not.

Account, horses \$150 and commission \$7.50.

6271. In an account of June 10th, 1875, you have charged for one horse, \$150, and for your commission, \$7.50; do you remember anything about that?—No.

6272. Do you think that was purchased in the same way, through Mr. Nixon and yourself exercising a joint judgment upon the price?—Yes, his judgment upon the price; and my judgment as to whether he was worth it or not if he was sound.

6273. That would be as to the price if you were exercising judgment as to whether he was worth it?—Yes.

6274. Then you both discussed that question?—Yes.

WINNIPEG, Wednesday, 22nd September, 1880.

MOBERLY.

WALTER MOBERLY, sworn and examined:

Exploratory Surveys—Parties S. & T.

By the Chairman :—

Engineer and contractor.

6275. What is your occupation?—Engineer and contractor.

6276. Where do you live?—In Winnipeg at present.

Entered Canadian Pacific Railway service in 1871.

6277. Have you been employed on any of the works of the Canadian Pacific Railway?—Yes; I entered the service in 1871, and went out with the first survey. I came over from the western side from Utah at the time the road was first started, and took part in the surveys through the Howse Pass.

6278. From whom did you get your appointment?—From the Dominion Government.

6279. How was it communicated to you?—By Mr. Fleming.

6280. In writing?—Yes; I came to Ottawa and he gave me the appointment there.

Employed as District Engineer for surveys through mountains from Shuswap Lake to Edmonton.

6281. In what capacity were you employed?—As District Engineer for those surveys through the mountains from Shuswap Lake to Edmonton. It was not particularly mentioned to Edmonton, but it was understood to be in the direction of Edmonton to where we could get through the mountains.

6282. Had you charge of other parties that year?—I took two parties up, S and T. These were the survey parties.

6283. Was there an engineer in charge of both these parties?—Yes.

6284. And both of these parties were subordinate to you?—Yes.

6285. Had you the principal charge of all the surveys in British Columbia at that time?—No; Mr. Roderick McLennan went up the North Thompson.

6286. Was he your superior officer?—No; he was entirely independent of me.

Fleming witness's superior officer.

6287. Who was your superior officer?—Mr. Fleming.

Exploratory
Surveys, N. C.—
Parties S. & T.
No officer in
general charge in
British Columbia.

6288. Then there was no officer in charge of all the surveys in British Columbia?—No; we were entirely independent then.

6289. Had you charge of the organizing of both parties S and T?
—Yes.

6290. What was the size of the party S?—I think, exclusive of the packers, there were twenty-two or twenty-four men, and others were engaged occasionally. We had a great deal of trail-making to do. Size of party S.

6291. How many subordinate officers would there be to that party?
—The engineer in charge, transit man, leveller, assistant leveller, rod man, two chain men, and a commissariat officer.

6292. Would the last be labourers, and men of that class?—Yes; there was a commissariat officer and a clerk. Sometimes some of the other officers acted in place of clerk; the assistant leveller or rod man.

6293. Except those persons whom you have described, the parties would be composed of persons who had no experience in the business?
—No; except good choppers.

6294. But peculiar to explorations?—Yes.

6295. Were your axe men paid higher wages than pack men?—No; pack men were paid higher wages than the others. The axe men were the least paid; they were paid \$40 a month, and the pack men were ranging from \$50 to \$90. Axe men \$40 a month pack men from \$50 to \$90 a month.

6296. That would be besides board, of course?—Yes; we boarded the men besides, and all expenses.

6297. Were there any animals attached to that party S?—Yes; we had. I forget how many now, but I think I bought the first year a train from the Hudson Bay Co., and I think there must have been eighty or ninety animals, or something like that; after which I bought more. Party S had a train of eighty or ninety animals—more bought.

6298. What kind of animals?—Mules and horses.

6299. At present I am speaking of party S?—Yes; I think the other party had no animals.

6300. Do you say you bought more than eighty animals that season?—I bought a good many more animals. I bought a number of animals that season to help Mr. McLennan, and Mr. Selwyn, the manager of the geological survey. I bought them at Kamloops to assist them to get off, but I forget how many animals I bought. These were for the North Thompson altogether; they did not belong to my party. I think they were all paid for by me by drafts from me on Mr. Watt; Mr. Watt was the paymaster in Victoria. I think every draft was accompanied by a description of the animal and the price of it. A number of animals bought for McLennan and Selwyn (Party Q.) Paid for by drafts on Watt.

6301. You had, as I understand, the responsibility of completing the bargain for these animals with the Hudson Bay Co., or other persons, for Mr. McLennan's party and your own?—Yes; and in 1871 Mr. McLennan bought other animals that I had nothing to do with—after I had left.

6302. Were you not connected with the survey between New Westminster and Great Shuswap Lake, that season?—No; Mr. John Trutch had charge of that. I surveyed it all, when I was in the employ of the Imperial Government, before that.

**Exploratory
Survey, B.C.—
Party S.**

1871.

Reported Feb.
24th, 1872, to
Fleming.

Arrangements
for supplies.

6303. But in 1871, in connection with the Canadian Pacific Railway?—I had nothing to do with it. I went over it in the winter after I got back.

6304. I believe a report from you to Mr. Fleming, dated February, 1872, appears in the special report of 1872, describing your operations of 1871?—Yes.

6305. Who had charge of the furnishing of supplies to party S, over the season of 1871?—Before I left Ottawa, I asked Mr. Fleming to telegraph—I think I drew the telegram myself—to have supplies forwarded from Victoria to Wild Horse Creek, a mining camp. It was what was generally known as the Kootenay mining camp. Those supplies were delivered to me at Wild Horse Creek. They were furnished through a house in Victoria that used to be Henderson & Barnaby; they made arrangements and had a contract drawn out with a man named Chisholm.

6306. Do I understand that you merely decided upon the quantities, and that some one else ordered them from these parties?—I generally gave the quantities and ordered them that year.

6307. Did you select a person from whom the supplies were ordered?—No; I did not know who supplied them.

6308. Then your responsibility was merely to give the quantities?—Yes.

6309. And your superior officer decided from whom to order?—No; I think he took my advice who to order them from. I forget now who he telegraphed to, but I think it was Mr. Trutch. It was only for a small quantity of supplies to be ready for my party when we got up there.

Bill for supplies
to be ready for
party, \$5,000.

6310. For what number did you order supplies at that time, and sufficient for what period?—I think the bill came to \$5,000, or something about that.

6311. Do you remember the distinguishing number or letter of the party?—Party S.

6312. And for what period?—It was simply to have supplies going on there until I got other supplies on.

Made arrange-
ments to have
other supplies at
Yale and Kam-
loops.

6313. Did you decide then what time it would be necessary to have them there, so as to enable you to get other supplies? For instance, if you furnished supplies for no more than three days, it would probably not be sufficient to enable you to get other supplies afterwards?—I knew the country very well, and knew where I could draw my supplies from, and I made all my calculations so that I could have other supplies at Yale and Kamloops, which I bought myself to carry my party through that year—through the winter and into the spring, until I could get further supplies up.

6314. Did you order supplies to be placed at this initial point for a period long enough to enable you to get future supplies?—Yes.

6315. Do you remember how long that period was estimated to be?—Until I could get a pack train from Colville in, and I think it might probably have been for two or three months.

**Exploratory
Survey, B.C.—
Party S.**

6316. Then, according to your recollection, do you think that supplies were furnished at Wild Horse Creek sufficient for this party for two or three months?—I think so.

Supplies furnished at Wild Horse Creek sufficient for party for three months.

6317. Did you go to Wild Horse Creek?—Yes.

6318. Where did you get the men to make up your party?—Most of them in Victoria, and some at New Westminster.

Made up his party from men from Victoria and New Westminster

6319. Did you take any of your party from Ottawa?—Only my commissariat officer.

6320. Who was he?—A. S. Hall. There was another, my leveller, who joined me out there. He went across with me, but I did not take him. He came from Ottawa; but he was sent out, without any particular party to join. There were three or four.

6321. Did you select the engineer in charge of party S?—Yes.

Selected engineer in charge of party S.

6322. And your transit man, leveller, assistant and rod man?—Yes; I selected them all in British Columbia.

6323. You say you got most of them in New Westminster?—Most of the men at Victoria, and a few at New Westminster.

6324. How far was it from this point at which you engaged them to the point at which your supplies were—in round numbers?—I think it must have been over 800 or 900 miles. But I did not follow the party.

6325. Did the party proceed about the distance that you named 800 or 900 miles?—No; they did not travel as far as I did. They went straight across from Hope in a more direct line, along what we call the southern boundary of the Province.

Country travelled over.

6326. How far did they travel to get to those supplies at Wild Horse Creek?—I should think they must have travelled about 500 miles from Hope. Then they travelled nearly 160 miles from New Westminster, besides that, by steamer.

6327. Would there be no necessity for furnishing them with supplies on the steamer?—No; I paid for their meals there.

6328. From Hope to Wild Horse Creek, how were they provided with supplies?—I bought some at Victoria and a few at Hope, and sent them on a pack train that went with them. I think I might have bought a few from the Hudson Bay Co., too.

6329. What was the size of this pack train?—I think there must have been about fifty or sixty animals. I afterwards got an order for some more from the Hudson Bay Co., on one of their posts at Similkomeem.

Fifty or sixty animals in pack train.

6330. Were these fifty part of the eighty which you say you bought for that party that season?—Yes; I think I had the order from Mr. Finlayson, the chief factor at Victoria, for them. He was in charge of the company's business out there at the time.

6331. Did the party proceed to Wild Horse Creek?—Yes.

6332. Do you know when they arrived there?—They arrived there a day after I did. I overtook them a few miles out; it was, I think, in September some time.

Arrived at Wild Horse Creek in September, 1871.

**Exploratory
Survey, B.C.—
Party S.**

6333. When did they start from Hope?—In August—I think the first week in August.

1871.

6334. Do you think they were somewhere about a month on the road, or not as much as two months?—Not two months; they were over a month on the road.

Most of supplies bought on responsibility of witness. Buying for his own party (S), party T and McLennan and Selwyn's parties.

6335. Were the supplies for that trip bought by you upon your own responsibility?—I think most of them were; there may have been a few bought in Victoria by Mr. Watt. I was buying not only for my own party, but for these other parties, and trying to hurry the parties off as fast as we could.

6336. You mean party T and McLennan's party?—Yes, and Mr. Selwyn's. I bought a good many, and Mr. Watt bought a good many, for my own party; also for McLennan's and Selwyn's parties; and these quantities were afterwards separated and distributed amongst the different parties.

Reached Wild Horse Creek a day before party.

6337. Then, by taking another road yourself you reached Wild Horse Creek a day or so before the party arrived?—A day before; I travelled fast with three Indians. Of course the pack train only made an average of from twelve to fifteen miles a day.

6338. Then you made to the rendezvous as fast as possible?—Yes.

6339. How did your supplies hold out on that trip?—Very well.

6340. As far as you know they had sufficient?—Yes.

6341. Had they any to spare when they arrived?—Yes.

Seeking a Pass.

Takes party S to the Howse Pass.

6342. Did you remain with party S?—Yes.

6343. What work did party S undertake?—I took them down Wild Horse Creek to the Howse Pass by the source of the Columbia.

6344. Was this a party for making a bare exploration?—An exploration and instrumental survey. I took a party up there because the only doubt I had with regard to the line of railway from Burrard Inlet to the North Saskatchewan was the grade over the summit on the Rocky Mountains to the west side to the Columbia River.

6345. I do not catch your meaning about that doubt?—I had explored all this country before for the Government of the country; on the Columbia River, the Okanagan, the Thompson, and the lower Fraser Rivers and other southern portions of British Columbia.

6346. Did I understand that you thought it might be necessary to take a railway from Wild Horse Creek to Howse Pass on the east side of the Columbia River?—No; it was to get to the Rocky Mountains on the west side. On the west side in that portion the slope was steep.

Object: to find out whether Howse Pass could be made available for a railway.

6347. Was that with a view to ascertaining whether Howse Pass could be made available for a railway through it?—Yes.

6348. Then was it considered necessary, in order to ascertain this, that an instrumental exploration should take place between Wild Horse Creek and Howse Pass?—Yes; I recommended it myself.

6349. Was that for the purpose of ascertaining the height?—The height, and if we could get a practicable line for a railway down the mountains.

6350. Then did I understand that you thought it might be necessary to bring the railway down that line?—Certainly. When I left the employment of the Imperial Government, Mr. Trutch and myself had come to the conclusion that the line for the main railway was settled by the Valley of the Fraser River, from Burrard Inlet to Kamloops Lake.

Exploratory Survey, B. C.—Party S.

Seeking a Pass.
Truth and witness considered line for main railway settled by the valley of the Fraser River from Burrard Inlet to Kamloops.

6351. That you considered as a settled projected line?—Yes.

6352. Then do you consider that a line might be made from Kamloops through Howse Pass?—Yes; our doubt then was that from Kamloops Lake to get into the Saskatchewan country—which was the better pass to take: the Yellow Head Pass or the Howse Pass.

The only doubt which the more desirable pass Yellow Head or Howse.

6353. Do I understand that the object of this instrumental survey by party S, in 1871, was to ascertain the feasibility of Howse Pass?—Yes.

6354. And you say in order to arrive at an opinion on that point it was desirable to make an instrumental survey of the way from Wild Horse Creek northward?—No; no instrumental survey was made there at all.

No instrumental survey made.

6355. Then the progress of that party which you have described from Wild Horse Creek to Howse Pass was not an instrumental survey?—No.

6356. Was the progress only for making a trail, or was it exploration as well?—Only to make a trail to get our supplies forwarded by.

6357. Then what was your objective point?—We were going to Howse Pass.

Howse Pass an objective point.

6358. How long did it take your party to go from Wild Horse Creek to Howse Pass?—I got there on the 2nd of October, myself, and the others kept coming in as fast as possible. Of course we were forwarding supplies up until the snow came on, and winter stopped us and we could not forward any more.

6359. Did you proceed ahead of the party?—Yes.

6360. With what number of your party would you be ahead of the main body?—I took three or four Indians and went across the mountains into North Saskatchewan; I took none of the members of my party.

Witness took three or four Indians and crossed the mountains into North Saskatchewan, leaving them to follow indicated line and open trail.

6361. Then you separated from the party?—Yes.

6362. Leaving them to follow the line which you had indicated?—Yes; and open the trail.

6363. Was the principal object of that party to make a practicable trail, so as to get your supplies up to Howse Pass, or in the neighbourhood of Howse Pass?—Yes; at that time.

6364. Then you and your detached party went as far in a north-easterly direction as it was necessary to reach the North Saskatchewan?—I went to Kootanie Plain on the North Saskatchewan.

Went to Kootanie Plain on North Saskatchewan.

6365. Would you call that progress of yours and your small party, exploration?—It is described, I think, on page 32 of the Blue Book of Mr. Fleming's special report for 1872. I considered it exploration.

6366. Was that as far in a north-easterly direction from Howse Pass as you proceeded that season?—Yes.

6367. Did you return?—Yes.

**Exploratory
Survey, B. C.—
Party S.**

Seeking a Pass.
Returned to
mouth of Blae-
berry River which
flows through
Howse Pass.

6368. On the same route?—I returned on the same route to the mouth of the Blaeberry, which flows through the Howse Pass.

6369. Did you find party S?—Yes; I built a depot and wintered the party there.

6370. Had the supplies which had been forwarded to Wild Horse Creek been sufficient for the party during that season?—Yes.

Ample supplies.

6371. Were they sufficient for the whole winter?—Yes; a good many of them lasted us well into the spring.

6372. You do not mean that the supplies that you had provided originally at Wild Horse Creek lasted into the spring?—No.

6373. Then you had provided other supplies during the season to have sufficient for the winter?—Yes.

**Bought all the
supplies they had
at Fort Colville
"from every-
body."**

6374. Do you remember from what source you obtained those supplies?—Most of them were bought at Fort Colville, from Openheimer & Brown. In fact I bought all the supplies they had there from every-body.

6375. How were those supplies transported to your party?—They were packed up.

6376. Did you detach a party from your main body to go for those supplies?—I went there myself; my party did not go to Fort Colville at all.

6377. Did you engage other parties to transport those supplies from that point?—Yes; I arranged for that.

6378. Did they reach their destination safely?—Yes.

**Winter of 1871-72
passed by party
in neighbourhood
of Howse Pass on
the Columbia
River.**

6379. Then the winter of 1871-72 was passed by your party in the neighbourhood of Howse Pass?—Yes.

6380. On the Columbia River?—Yes.

6381. Is there any name to that particular locality?—We usually called it Columbia River Depot.

6382. Do you remember about what time of the first season your party reached Howse Pass or the neighbourhood?—The 2nd of October; I think that was about the date.

6383. Did they proceed with any work?—Yes.

**Trail opened by
Blaeberry River
and trial line run
to summit of
mountain.**

6384. What work?—Opening the trail by the Blaeberry River, and running a trial line to the summit.

6385. What distance did they make that trial line?—I think it was thirty-seven miles.

6386. Did the size of party S remain about the same during the season as at the start?—Yes; they could not get out.

6387. About how long were they engaged on that work making a trial line?—Until the snow set in; that would be about the beginning of November, when the snow came on in the mountains.

**Party did not
work during
heavy part of
winter.**

6388. Did the party remain at work after that?—No; not during the heavy part of the winter. They commenced early in the spring again.

6389. During the time, when the party were not at work, was it diminished in size?—No; we could not get them out. I took one man down with me to Victoria; he is the only man who left.

Exploratory
Survey, B. C.—
Party B.
Seeking a Pass.

6390. Then you left the main body of the party at Columbia River Depot for the heaviest part of the winter, merely remaining there for future operations, but not doing any work?—Yes.

Main body of
party at Colum-
bia River depot
during heaviest
part of winter
and doing no
work.

6391. Do you say that the whole party was somewhere between twenty and thirty?—Yes; but of course some went down with the animals to the head of the Columbia. I forget how many there were, but I suppose there would probably be eight or ten in charge of the pack trains.

6392. Was that because fodder was more plentiful there?—Yes; it was an open country and they could feed well, and the upper country was so thickly timbered that there was no feed at all.

6393. Were these animals and these packers available for subsequent operations?—Yes.

6394. Have you any idea of the expense incurred in wintering the party during the time that they were not at work?—I think that if I remember aright the gross amount of everything that I paid up to the end of that year, from the 20th of July to the end of the year, was \$57,000.

Gross amount
paid from 20th
July, 1871, to the
end of the year
\$57,000.

6395. Is that up to the 1st of January?—To the end of the year.

6396. Would the actual expenditure up to the end of the year cover the supplies for the remainder of the winter after?—Yes.

6397. You were not obliged to incur any further expenditure to carry them through the winter, as far as you remember?—No; I could not get them in.

6398. You and one man, you say, proceeded to Victoria?—Yes; I took six Indians with me to pack through the snow. We had to walk on snow shoes and carry our provisions.

6399. How long did you remain at Victoria?—I think I must have been there about two months. It took us about fifty-four days to walk down from the Howse Pass.

Remained at
Victoria two
months.

6400. Was any office work done in connection with the previous season's field work?—Before I left the Howse Pass we made out all the sketches and accounts and everything else in the tents. I waited there to get it done, and as soon as it was done I went to Victoria.

6401. At Victoria was there any work done in connection with the Canadian Pacific Railway?—Not with my party, except my own reports. I wrote these. I never went to the office except to see Mr. Watt occasionally.

6402. When did the work of the next season commence by your party, or any of them?—I think they must have commenced in the beginning of May. They commenced as soon as they could get out.

Work re-com-
menced in May.

6403. Were you with them?—No; I had not got out. The engineer in charge was with them.

6404. Who was that?—E. C. Gillette.

**Exploratory
Surveys, B.C.—
Parties S & T.**

Seeking a Pass.

Running survey
down the lower
portion of Howse
Pass.

6405. What was the work of the party the beginning of that season?—Running the survey on down the lower portion of Howse Pass and along the Columbia River, and opening the trail.

6406. Did you join them during the progress of that work?—Yes.

6407. About what time?—June, I think.

Party T. 1871.

6408. Now, I think you said it was in the beginning of June that you had party T under your control?—Yes.

Runs a line
through Eagle
Pass.

6409. What was their work?—I took them to run a line through the Eagle Pass; they came by steamer to Yale and then by waggons to Kamloops, and from there I sent them in by boat to the Eagle Pass.

6410. What kind of boat?—Bateaux.

6411. Did they start their exploration at Eagle Pass?—Yes.

6412. Moving in what direction?—East.

Witness arranged
for supplies.

6413. Who arranged for the supplies of that party?—I did.

6414. In what manner?—I bought some in Victoria, some at Yale, and some at Kamloops.

6415. You purchased them on your own responsibility?—Yes. There was some portion that Mr. Watt purchased, but we divided them all.

6416. Were these some of the supplies which you say you purchased for the several parties in 1871, and divided among them?—Yes.

Size of party T,
about twenty-two

6417. Do you remember the size of party T?—About the same as S party, without the packers; I think there were twenty-two in that party.

No animals and
no packers.

6418. They had no animals and no packers?—No.

Depot for supplies
in the Eagle Pass.

6419. Do you remember where the depot was for the supplies for that party that season?—In the Eagle Pass. They wintered on the west side of the Columbia River, at a place called Big Eddy.

6420. What is the distance from their starting point in the Eagle Pass to Big Eddy?—I think the survey made it forty-four miles.

An instrumental
survey and trial
location, from
Eagle Pass to Big
Eddy.

6421. What sort of a survey was that?—An instrumental survey.

6422. Was it a trial location?—Yes.

Eagle Pass a good
pass for railway
purposes.

6423. Was it considered possible that the railway might go through that pass?—Yes; it is a good pass to get a railway through.

6424. About how long were the party engaged on that survey?—Until the winter stopped them from working.

6425. About what time was that?—I think they stopped a short time before Christmas. I arrived there two or three days before Christmas, and I think they had only been in their winter quarters three or four days then.

6426. About what time did they commence that survey?—They must have commenced in August; I think about the end of August.

Time occupied in
survey by party
T. four months.

6427. Then the work occupied somewhere in the neighbourhood of four months for that survey by party T?—About that length of time.

Exploratory
Survey, B. C.—
Party T.
Seeking a Pass.

6428. As far as you know, was the work progressed with at a reasonable rate?—Yes.
6429. You had no fault to find with the work done, or with the time taken?—No.
6430. Was there any difficulty about the supplies with that party that year?—They had plenty of supplies, but the difficulty was in getting them through the woods. They could not get Indians to pack them well, and it was very expensive and a very bad country to get them through, and the transporting of the supplies after they got above the boat navigation was very expensive. I went round and I sent a large quantity of supplies that I mentioned as having bought at Colville to Big Eddy to meet them. Plenty of supplies. But difficulty in getting them through.
6431. How far was it from the point at which the boats could no longer transport them to this point which you call Big Eddy?—The boats came to Shuswap Lake and the Eagle River, which flows through the Eagle Pass.
6432. Could the boats take the supplies up the Eagle River any distance?—They could a portion of the way, but not up to where the depot was. The depot was built in the pass, and the supplies were left there.
6433. Then the distance over which it was difficult to transport supplies was the whole distance of the survey of that year—that is, from the depot to Big Eddy?—About half the distance. For half the distance between Eagle Pass and Big Eddy hard to transport supplies.
6434. How did they make it more easy over the other half?—I sent the supplies up the Columbia to meet them at Big Eddy.
6435. Then you mean that you transported the supplies with difficulty about half way towards the Columbia River and then left them?—I made a calculation roughly, and I found that we could transport the supplies from Kamloops to that depot for about 80 cts. a pound. I think it cost me about 5 cts. or 6 cts. for the bulk of the supplies sent up from Colville—the transport of them.
6436. What became of the supplies which were left at the point about half way on that survey?—I sent an Indian to take charge of them when I left, and I think they stopped there. The transport was too expensive to take them out. It would cost another 80 cts. to take them back to Kamloops, and I found that I could buy, and did buy them, at Fort Colville and transport them for 4½ cts. I bought flour at Kamloops at 4½ cts. I did not transport these supplies back again because it was too expensive. Supplies left half way on the survey.
6437. You say you left the supplies that were difficult to transport for the balance of that survey about half way on the survey?—Yes. In charge of one Indian.
6438. And you sent some Indians to take charge of them?—One Indian.
6439. With what final object?—That there might, perhaps, be an opportunity of getting them out.
6440. Did he remain there in charge of them?—I suppose so. I have never seen them since.
6441. Did you direct him to remain there until you saw him again?—Yes.

**Exploratory
Survey, B. C.—
Party T.**

Seeking a Pass.
Attempt to re-
cover supplies—
gave an order to
Captain Pugston
for them.

6442. Do you know what became of the supplies, or the Indian?—
No; I do not. I afterwards gave Capt. Pugston, who went down the
following year, an order to see if he could recover any of them, but I
don't know what he did.

6443. Who was he?—He was captain of steamer 49.

6444. Was that a Government steamer?—No.

6445. Why did you direct him to look after them?—He boated for
me on the Upper Columbia, and had charge of all my boats on the
Upper Columbia. I do not know but he sent a report in.

6446. If he got them, he would get them from Big Eddy Point?—
No; I gave him directions at a point further south than Howse Pass,
to proceed down the Columbia River and endeavour to get those sup-
plies at Big Eddy, or to get them transported back to Big Eddy, and
then to take them to Fort Colville.

6447. Do you know whether he succeeded?—I do not know. I do
not recollect; he might have. If he did, it would probably be returned
by Mr. Watt or Mr. Hall.

6448. Is it your impression that he did?—I do not know, but I think
not; I have never seen him since.

No reason to
think that sup-
plies were
recovered.

Cost of supplies
left on the way
and lost \$7,000.

6449. You have no reason to think that they were saved?—I think
not.

6450. What would be the value of the supplies lost in that way, in
round numbers?—I think they cost, in round numbers, about \$7,000,
delivered there, as near as I could make out.

6451. You do not know whether the Indian is under pay yet?—He
has never been paid by me. I paid him off before he went there. It
was his hunting ground, and I told him to use whatever he wanted for
food.

6452. Where did that party-T winter?—At Big Eddy.

6453. Had you still charge of that party during the season of 1872?
—Yes.

Party T in 1872,
returned to Kam-
loops and
proceeded on
North Thompson,
making survey
through Yellow
Head Pass.

6454. What work did they do during the season of 1872?—They
returned to Kamloops and proceeded northward on the east side of the
North Thompson River—sometimes on the east and sometimes on the
west—making a survey through the Yellow Head Pass.

6455. About what time did they start on that work?—I think I
telegraphed up to them on receiving instructions from Ottawa to
abandon the Howse Pass. That was early in the spring.

6456. The party were then at Big Eddy?—Yes.

6457. Do you know by what route they arrived at Kamloops?—The
same way they went up.

Took what sup-
plies they could
carry with them.

6458. Did they bring any supplies with them?—Just what they
could carry with them.

6459. There were no packers with this party?—No.

6460. Nor animals?—No.

6461. Do you know what time they reached Kamloops?—No; I do not recollect. They were brought down, as fast as possible, and camp, to Kamloops.

6462. Was that work which they had to perform in the season of 1872 a different work from what you had been led to expect?—Yes.

6463. What work had you before that expected that they would be engaged in?—The completion of the survey from Big Eddy to the Mouth of Howse Pass, following the course of the Columbia River.

Exploratory Survey, B. C.—Party T. Seeking a Pass.

Had expected to have had to complete work from Big Eddy to mouth of Howse Pass.

6464. Then the work of the season of 1872 for party T, was making a survey northward from Kamloops, following the Valley of the Thompson through the Yellow Head Pass?—From Tête Jaune Cache through Yellow Head Pass; T party went up the North Thompson to make a survey from Tête Jaune Cache easterly through Yellow Head Pass.

6465. Do you say that they made fair progress from Big Eddy on their route to Tête Jaune Cache?—Not all the way.

6466. In what portion of the distance did they fail to make fair progress?—I think it was about Blue River, somewhere about there.

6467. About what distance between that and Tête Jaune Cache?—About eighty miles.

Supplies.

Made fair progress save at Blue River, where supplies failed them.

6468. What was the difficulty?—Want of supplies.

6469. Who had made arrangements for the supplies of that party for 1872, while on this work?—I made an arrangement before I left Victoria with Mr. Watt and the Lieutenant-Governor, that a quantity of supplies were to be delivered at Tête Jaune Cache. I do not know what was the cause of their not being there; I think that the engineer in charge of the party was to blame for not sending his animals back to get the supplies.

Arrangements as to supplies.

6470. Back from where they were camped?—Yes.

6471. Where was that?—Somewhere between Tête Jaune Cache and Blue River.

6472. Was it the duty of the engineer in charge to send his animals back to get those supplies?—Certainly it was.

Duty of engineer in charge to send animals back to get those supplies.

6473. As far as you are concerned, I understand you to say that you were not responsible for the furnishing of the supplies at Tête Jaune Cache?—No.

6474. That had been arranged with a person employed by the Dominion Government at Victoria?—Yes.

6475. And that arrangement was not carried out?—The supplies were not up at Tête Jaune Cache.

6476. In making that survey, this party T was to proceed northward or southward?—Northward to Tête Jaune Cache, and then eastward through Yellow Head Pass.

6477. If the supplies had been arranged to be furnished at Tête Jaune Cache, how would the failure of that affect their arrangements when they had reached Blue River, because Blue River is a point which they would reach before they came to the point where the supplies ought to have been?—Because the supplies did not come up.

**Exploratory
Surveys, B.C.—
Party T,
and North
Thompson
Trail Party.**

6478. And because the supplies had failed to reach Tête Jaune Cache, that would not affect their getting to the head of Blue River?—The supplies were not ahead of them.

6479. Then do you mean, besides getting supplies at Tête Jaune Cache, persons at Victoria had undertaken to make a trail from Blue River to Tête Jaune Cache?—I had sent up my own party to make a trail from Blue River.

6480. What was the number or letter of that party?—The North Thompson Trail Party.

6481. Where was that party organized?—In Victoria.

6482. Who was responsible for its organization?—I was; I employed the men.

6483. What officers were in the party; were they merely labourers, packers and axe men?—There were packers, and I think a leveller, an assistant leveller and rod man. I was taking that party up the Rocky Mountains to complete the Howse Pass survey.

**Howse Pass
survey,**

This party to run
a survey down the
Saskatchewan.

6484. Were the axe men and levellers going up to join your party S?—It was a separate party from S. I intended it to be a separate party, running a survey down the Saskatchewan on the eastern side of the Rocky Mountains.

6485. They would not be connected with the S party?—No, they would go through to them; but they had no particular connection with them.

6486. Then you organized a trail party to make a road up as far as Tête Jaune Cache, so that this gentleman, who had undertaken to get the supplies there, would be able to travel over this road?—Yes; to open the trail through the Rocky Mountains.

Supplies.

6487. Then did the fulfilling of the contract of taking supplies depend upon this prior arrangement: that this trail should be made by the party you organized?—Yes.

Default as to sup-
plies—explana-
tions.

6488. Where was the default which occasioned the absence of the supplies?—I do not know, I never enquired into it. I know that the engineer was to blame for not sending back the animals to Dewdney's camp to get the supplies.

6489. Where was Dewdney's camp?—I forget where it was. He was running a survey from Kamloops up the North Thompson. His camp was about sixty miles from Blue River.

6490. Who was the engineer in charge of the trail party?—There was no engineer in charge of the trail party.

6491. Who was the superior officer of that party?—William Campbell McLeod.

Laches on the
part of T party.

6492. Do you mean that a party whose duty it was to make this trail, first of all, became short of supplies, and because they did not send back to get sufficient supplies they were unable to finish the trail?—No; it was T party that did not send back. They were two different parties.

6493. I want to find where the default was in not making the trail which your party had arranged to make, previous to supplies being sent over it to Tête Jaune Cache. I understand first of all

that the trail party did not do their duty?—The trail party did do their duty, but the engineer in charge of T party did not do his duty, he would not allow his men to work with the trail party.

6494. Did the trail party make their trail to Tête Jaune Cache?—Yes; but they were delayed, owing to not getting assistance from T party.

6495. Who was engineer in charge?—Mr. Mohun.

6496. Had you instructed the engineer in charge of T party to render such assistance to the trail party which you had organized?—I instructed him to go up as fast as he could and commence the survey at Tête Jaune Cache. An engineer knows very well that he has got to make his own trail, roads and bridges through the country if he wants to get ahead.

6497. I understood you to say that party T failed to make proper progress, because the supplies were not provided for them as you expected?—Yes.

6498. And I understood you to say that supplies were not provided as you expected, because the parties in Victoria were not able to transport them over the projected trail?—So far as I know; I never investigated the thing afterwards.

6499. But is that your theory that you have given me?—Yes.

6500. Then I understood you to say that the parties in Victoria could not fulfil their engagement for the reason that the trail party which you had organized did not do their duty?—They did not get through. The trail party did their duty, but the other party—T party—did not.

6501. I understood that the T party not doing their duty, was the effect of the previous cause; now you say that that was the cause of the default?—No; the supplies ran short. I cannot state how it was.

6502. Have you not some explanation to give of that?—No; the supplies did not come there, and I suppose the party got disorganized. On account of it they did nothing for six weeks, so far as I can make out, except to hunt for game. I was away; I did not see the party. I was away on the Columbia River all this time.

6503. Did these parties—I mean the engineers, or superior officers of these parties—report to you, as their superior officer, the cause of this trouble?—Afterwards, in Tête Jaune Cache, I had a short verbal explanation, and it was there that I met Mr. Fleming in the pass. This engineer was with me, and I was in a hurry to return to the Columbia, and I told him to give Mr. Fleming all the information he had. Whether he did so or not I do not know.

6504. Who was this engineer? Was it Mr. Mohun?—Yes.

6505. You handed him over to your superior officer to explain the difficulty?—Yes.

6506. Have you formed any estimate of the loss occasioned by that default of duty from whichever party it proceeded?—I suppose it would run about probably \$75 or \$80 per day—I should say roughly.

6507. And for how long?—For six weeks.

Exploratory
Surveys, B.C.—
Party T
and North
Thompson
Trail Party.

Trail party delayed in making progress to Tête Jaune Cache because engineer of T party improperly refused them assistance.

Party T did nothing for six weeks except hunt for game.

Met Fleming at Tête Jaune Cache.

Told Mohun to explain the default to Fleming.

Amount of loss occasioned by this default, \$90 a day per head for six weeks.

**Exploratory
Surveys, B.C.—
Party T**

**and North
Thomson
Trail Party.**

6508. Does that include supplies furnished to the party while they were on the work?—About the average of what their cost would be per head.

6509. And besides that, had you not furnished the trail party with provisions on the way up?—Yes; they got some of them from me.

Trail party worked on unassisted by T party.

6510. Was that not additional loss?—No; the trail party worked on as fast as they could with what supplies they had. You see T party ought to have turned in their men with the trail party to assist them while they were lying idle there.

6511. This loss is a pecuniary loss?—Yes.

Pecuniary loss about \$3,400.

6512. It amounts to somewhere near \$3,400; did it involve a further loss than money?—The loss of the time in completing the surveys.

The above default caused a delay of a year in completing survey east of the mountains.

6513. Had it a serious effect upon the completion of the survey that season?—Yes; I think I could have got the parties out of the mountain a year earlier than I did.

6514. Was that because the survey of party T commenced at Tête Jaune Cache at last, much later in the year?—Later in the year; they had not pushed it on to meet me on the other side, and I had to go back in October to the Rocky Mountains and run the survey easterly. They were to have completed their survey from Tête Jaune Cache to the Athabaska.

6515. Do you mean Athabaska River to Henry House?—To Henry House.

6516. Their survey was to have been made from Tête Jaune Cache to Henry House?—Yes.

Party arrived at Moose Lake on the 18th September.

6517. At what time did that party T actually commence their survey from Tête Jaune Cache?—They got up to Moose Lake on the 18th September. I do not know what time they commenced their survey from Tête Jaune Cache. This was when I met them with Mr. Fleming at Moose Lake.

6518. Was that about the time you met Mr. Fleming?—Two days afterwards.

6519. Mr. Fleming had been coming from the east and had gone through that pass?—Yes.

6520. Had they not done some of their work before that?—Yes; they had surveyed from Tête Jaune Cache to Moose Lake.

Rate of progress made by party T. from Tête Jaune Cache to Moose Lake.

6521. Can you form any opinion about what time it took them to survey from there to Moose Lake?—They averaged about a mile a day on the survey, and it was about twenty-nine or thirty miles, I think.

6522. So that they commenced their work that year about the beginning of August?—Yes; about the 10th of August, I think.

6523. Where did they end their field work of that season?—In the height of land in the Yellow Head Pass.

Party S.

Party S discharged.

6524. Did party S continue in the service of the Government?—They went off before I got back from the Columbia, and I went down and discharged them all.

6525. At what time were they discharged?—I think as soon as my messenger got down to Kamloops.

6526. About what time would that be?—In October some time; it might have been the early part of November.

6527. Was that soon after they had finished their field work?—As soon as they got the survey to the summit of the Rocky Mountains instead of going on to the Athabaska, they turned around, left their supplies on the summit, and went back to Kamloops as fast as they could go.

6528. They had comparatively easy means of communication with Kamloops?—At that time they had a capital trail all the way.

6529. Did the whole party return to Kamloops?—No; I got two of them out of it—three of them. I sent my messenger down and he overtook the party, and a transit man, and leveller, and another man came back to rejoin me in the mountains; but the others all went.

6530. Have you ever formed any estimate of the whole loss to the undertaking, in a pecuniary sense, of that misconduct in the season of 1872, of party T?—It might have been a matter of \$50,000 or \$60,000.

6531. Now, returning to party S, what do you say was their work for 1872?—To build a trail through the Athabaska Pass and along the Columbia, and then to carry on the survey easterly from Henry House to Fort Edmonton.

6532. That was for the purpose of completing a line which party T had commenced, or ought to have commenced, from Tête Jaune Cache to Henry House?—Yes.

6533. Was it to join that line?—Yes; to join that line.

6534. At what time did party S commence work, in the fall of 1872?—24th of October.

6535. Had they done no work in the field before that in 1872?—They were also getting through the Athabaska Pass.

6536. Then when you speak of work in the field, you mean survey work?—Yes.

6537. You do not call that exploring?—Party S were building a trail all that summer.

6538. You do not call that work in the field?—No; we call that "trail-making" over on the other side.

6539. At what time did you commence to work at trail-making in 1872?—As soon as the snow was off the ground. They had previously been surveying on the old line about the mouth of Howse Pass before they commenced trail-making. I think the engineer told me that they got out in the beginning of March on the survey there, until he received orders from me to stop the work, and move into Yellow Head Pass.

6540. Up to that time they had been surveying towards the height of land at the Howse Pass?—No; party S was surveying northerly from Howse Pass in the direction of Boat Encampment, in order to meet the proposed line to be run by party T from Big Eddy to Boat Encampment.

**Exploratory
Surveys, E.C.—
Party N.
Seeking a Pass.**

Discharged in
October or
November.

Party T.

Misconduct of T
party in 1872,
caused a loss of
from \$50,000 to
\$60,000.

Party S.

Work of party S
for 1872.

Party S com-
menced survey
work 24th
October, 1872.

Party S building
a trail all the
summer.

**Exploratory
Survey, B.C.—
Party S.**

Seeking a Pass.

Telegram from
Ottawa to aban-
don all the
surveys in Howse
Pass, and make a
survey in Yellow
Head Pass.

6541. Then the arrangements of both these parties were changed, as I understand it, in consequence of instructions from Ottawa intimating that the Yellow Head Pass had been absolutely adopted?—I received a telegram to say that all the surveys were to be abandoned in the Howse Pass, and to go and make a survey through the Yellow Head Pass.

6542. Then what change in the movements of party S did that cause?—Instead of surveying easterly through the Howse Pass and down the North Saskatchewan, they were sent up the Columbia River to the Athabaska Pass, by Mount Brown.

6543. How did you convey your instructions to party S at that time to change their plans?—I telegraphed from Victoria to Walla-Walla, and sent instructions to have the letter forwarded by special messenger.

Instructions
reached party S
the 20th May.
(April according
to witness's
report of the 13th
January, 1873.)

6544. Do you know at what time those instructions reached party S?—I forget the date; I think it must have been about probably the 20th of May.

6545. About what time did you join party S that year?—I think about the 10th of June.

6546. Where were the party at that time?—There were some of them at the Columbia Depot and some of them several miles down, making the trails to Boat Encampment.

6547. Did this change in the programme of that party for that year involve the necessity of moving the supplies, or were they satisfactorily disposed of where they were?—We had to take all our supplies that we had then in the Howse Pass and in the depots along with us, and some more that I got from Walla-Walla and Portland on the Columbia.

6548. Did the party move these supplies?—Yes.

6549. Did they make the trail all the way to Henry House?—Yes.

Commenced sur-
vey on summit of
Rocky Mountains
on 24th October.

6550. At what time did they finish the trail-making and begin field work proper?—The survey commenced at the summit of the Rocky Mountains on the 24th of October, at the point where T party left off.

6551. So that all that season was occupied, up to the 24th of October, in getting through the Athabaska and preparing for the survey?—Yes.

Movement of
party S now
directed from
Ottawa through
Lieut.-Governor
Frutch.

6552. Was this movement of party S directed upon your responsibility?—No.

6553. How was it directed?—Directions came through the Lieutenant-Governor to me.

6554. From Ottawa?—Yes.

6555. From the Engineer-in-Chief?—Yes.

6556.—Did those instructions direct you by what course you were to move your supplies?—By the Athabaska Pass.

6557. If you had been left to your own discretion would you have adopted that route?—No.

Witness would
have taken a
route different
from that direct-
ed Fleming.

6558. What route would you have adopted yourself?—I would have gone to Edmonton by the North Saskatchewan, and run my survey westerly.

6569. If that course had been adopted would you have been enabled to commence your field work at an earlier date than the 24th of October?—Yes.

Exploratory
Survey, etc.—
Party 8.
Seeking a Pass.

6560. About what time do you think you would have been able to commence it?—About four months sooner.

6561. Do you mean that four months work of all your party was probably lost by adopting the route determined on at Ottawa, instead of allowing you to exercise your own discretion on the subject?—I think at least that.

Loss in consequence of the route being determined at Ottawa.

6562. Is that what you attributed it to?—Yes; I recommended against the Athabaska Pass route, and in favour of a more easterly route by the North Saskatchewan.

Recommended a different course.

6563. You mean for the purpose of arriving at the same destination and to do the same work?—Yes; I mean that I should have commenced work at a different point on the line.

6564. And accomplished the same work?—Yes.

6565. But you would have commenced at the easterly end of that part of the survey instead of the westerly end of it?—Yes.

6566. To whom did you make that recommendation?—To the Lieutenant-Governor.

6567. Did you explain to him your reasons?—Yes.

6568. Were you instructed to follow his directions instead of the directions from Ottawa? I mean, was he the channel of communication between you and the Engineer-in-Chief?—Yes; I am not sure whether he showed me the letter, but at least he told me that the Government had requested him to take a general supervision about the things over there; not to interfere with any of our surveys, but to have a general supervision over things. There were so many parties knocking about the country.

Lieut.-Governor Trutch given a general supervision in British Columbia, and henceforward instructions from Chief Engineer went through Trutch.

6569. Do you mean that the instructions from the Chief Engineer would be communicated to Mr. Trutch?—They were from that time forward.

6570. But during the time we are now discussing?—At the time the telegram came to Mr. Trutch to stop the surveys in the Howse Pass and abandon them, and that I should go to the Athabaska Pass, they supposed I had left Victoria; but fortunately I had not.

6571. Do you know whether Mr. Trutch communicated to the Engineer-in-Chief your suggestions upon the subject?—He read the telegram to me the next day that he sent.

6572. What was the substance of it?—Pointing out that we both recommended the route by the North Saskatchewan to Edmonton, and saying that the Athabaska Pass was, I think, impracticable. He has got all the telegrams.

Telegram sent to Chief Engineer that both Trutch and Moberly recommended a different route to that determined on at Ottawa, and giving reasons.

6573. Did any answer come to that suggestion?—We got an answer, I think, in twelve days afterwards.

Twelve days after answer arrived that the recommendation was not approved of.

6574. Did you get the answer before you left?—Yes; I waited for the answer.

Exploratory
Survey, B.C.—
Party S.
Seeking a Pass.

6575. What was the substance of the reply?—To say that my proposed plan was not approved of, and that the Athabaska Pass was the proper route. I forget the wording of it, but that was the general effect of it.

6576. Had Mr. Trutch any profession?—Yes.

6577. What was it?—He used to be Chief Commissioner of Public Works in British Columbia, under the former Government.

6578. Was he an engineer?—Yes.

Trutch an able
engineer.

6579. An able engineer?—Yes.

6580. A man of reputation?—Yes.

By Mr. Keefer :—

6581. Was he a member of the Institute of Civil Engineers?—Yes.

By the Chairman :—

6582. Then the course which you and Mr. Trutch suggested was disapproved of by Mr. Fleming?—Yes.

Loss in conse-
quence of the
route determined
at Ottawa being
taken \$60,000.

6583. Have you any idea of the pecuniary loss occasioned by your taking the Athabaska Pass instead of a more easterly course?—I think it would be about \$60,000 loss.

6584. Do you mean that that was a positive expenditure which might have been saved by your proposed course?—It delayed us; and it kept me from completing the surveys through that year.

6585. In speaking of the disappointment as to time, do you mean that four months pay of the party was occasioned by this adoption of the Athabaska Pass to arrive at the point from which to commence this survey?—That was loss.

6586. Was that a positive loss in money?—Yes; of course.

6587. When you speak of \$60,000, do you mean the pecuniary loss that was occasioned?—That loss would not have been occasioned in four months, but the delay of keeping the party the following year.

Party had to
winter in the
mountains.

6588. Then does this \$60,000 cover a corresponding period of the next year, or any period of the next year?—We had to winter in the mountains that year when we might have got out.

6589. Do you think, if you commenced the survey on this particular line, you would have been enabled to get through without wintering in the mountains?—I think so, provided the other party—party T—had not failed in their survey.

How a whole
year might have
been saved.

6590. Do you mean, if you had gone to Edmonton and proceeded westerly toward Yellow Head Pass, commencing four months earlier than you did, and that party T had commenced at Tête Jaune Cache and proceeded easterly towards Yellow Head Pass, as contemplated, that the whole of that line would have been run before winter?—Yes.

6591. And that the expense of wintering the whole of party S would have been saved, as well as four months' pay, during the time that they were in the Athabaska Pass?—Yes; they should have saved the preliminary survey, and I should have kept the party there afterwards on location work.

**Exploratory
Survey, E.C.—
Party S.—
Seeking a Pass.**

6592. Assuming that Mr. Trutch and Mr. Fleming were of equal ability in forming their judgment on an engineering question, do you think there is any reason for supposing that Mr. Trutch would have been enabled to come to a more correct conclusion on this particular matter?—Mr. Trutch had much more definite information regarding the country than Mr. Fleming could possibly have.

Trutch possessed of more definite information on which to form an opinion than Fleming.

6593. And had you any information which would assist Mr. Trutch in coming to a conclusion?—Yes; I gave Mr. Trutch a great deal of information. I was assistant for two years in the Government employment at one time, when he was Chief Commissioner, and had charge of explorations in the interior.

6594. Upon this Columbia River?—Yes.

6595. Do you mean that between you and Mr. Trutch, you had data upon which to form a judgment which you think Mr. Fleming had not?—Yes.

Both witness and Trutch had data before them not in possession of Fleming.

6596. You commenced about the 24th of October to survey easterly from near Moose Lake, in the Yellow Head Pass, from the summit of the Rocky Mountains; that was not far from Moose Lake?—No; it was fifteen or twenty miles.

6597. And you proceeded easterly?—Yes.

6598. How far did you proceed easterly that season?—To Lac-à-Brulé, about forty-nine miles.

Proceeded that season easterly as far as Lac-à-Brulé.

6599. At that time had party T been dismissed?—Yes.

Party T dismissed; witness in charge of party S and the North Thompson trail party.

6600. You were left then in charge of one party, S, with the McCord trail party?—Yes; our party and the trail party were with me—the North Thompson trail party.

6601. Did party S still consist of some pack men and animals?—Yes.

6602. And you had also the trail party which you have described as the North Thompson trail party?—Yes.

Party S and North Thompson Trail Party.

6603. They having continued with you during the season of 1872?—Yes.

6604. That is the McCord party?—Yes.

6605. How did they come to join party S?—They finished the trail through to Henry House in the winter, and built a depot for the party to winter in, and then opened the trail the following season to Edmonton.

6606. So that during the winter of 1872-73 you had near Lac-à-Brulé your original party S, with the addition of the McCord trail party?—Yes.

6607. Numbering how many altogether?—I think we must have had, between the two parties and the packers, somewhere over forty or forty-five men. I think probably not quite so many.

Number of men under his charge, forty-five.

6608. About how many animals?—I think we must have had in the neighbourhood of 250 animals.

250 animals.

6609. How many animals had the McCord trail party, without reference to party S?—I think they must have had somewhere in the neighbourhood of thirty when they joined party S.

6610. Had you over 200 with your party?—Yes.

Exploratory
Surveys, B.C.—
Party, S., and
North Thomp-
son Trail
Party.

Seeking a Pass.

Reason for
having so many
animals—to get
provisions
through.

Had made
contracts for for-
warding supplies
to the head of the
Columbia. Sup-
plies on way when
orders came to
abandon survey.
If the packers
knew this they
would have
charged him ex-
orbitant prices
for packing. He
therefore, before
they could have
this knowledge,
bought all their
animals.

Buying the
animals resulted
in saving.

Unprinted report
of witness to
Fleming.

Wintered near
Lac-à-Brulé,
1872-73.

Operations com-
menced 16th
March, 1873.

Survey from
Kettle River to
Edmonton.

6611. Had the number of animals increased considerably since your commencement in 1871, at Wild Horse Creek?—Yes.

6612. What was the necessity of increasing the number so largely?—To get provisions through.

6613. From what point do you remember was the number of animals so largely increased?—From Walla-Walla and Colville, and on the trail.

6614. Then I understand you had been obliged to purchase a further supply of animals during the season to get fresh supplies in?—Yes; I had contracts made for forwarding supplies to the head of the Columbia—to within forty-eight miles of the head of the Columbia—and they were on the way when these orders came from Ottawa to me to abandon the surveys. Those supplies were to be delivered to me at this place—the boat landing on the Columbia—forty-eight miles from the head of the river. When I had to transport supplies into the Yellow Head Pass, I knew that if the men who had the contract for packing caught me there without packing animals they would put on exorbitant prices, so I followed the pack trail and bought all the animals that were among the packers, before they knew that a change was to take place.

6615. Did that result in a saving to the Government?—Yes.

6616. By owning the animals you were enabled to get in your supplies at a fair rate?—Yes.

6617. I see that in Mr. Fleming's report of 1874, there is a report from you to him dated 13th January 1873, in which you allude to another report forwarded to him; is that other report printed, as far as you know?—No; I think not.

6618. Have you a copy of it?—Yes; I produce it. (Exhibit No. 102.)

6619. Are the facts stated in this additional report correct, as far as you know?—Yes.

6620. Are you still of the same opinion as to the conclusions which you make in that additional report?—Yes.

6621. Did you pass the winter, or any portion of it, near Lac-à-Brulé, in the winter of 1872-73?—The trail party were camped about within a quarter of a mile of the west end of Lac-à-Brulé, and built a depot there. My surveying party built their depot about two miles further west than that, within one mile and a-half of old Henry House.

6622. I ask whether you spent the winter there yourself?—Yes.

6623. What time did you commence operations in the spring of 1873?—I think it was on the 16th March we left the depot.

6624. You did not get down to Victoria during that winter?—No.

6625. Was any office work done connected with the field work of 1872?—All the office work was done while we were in the depot: plans, profiles, reports, and accounts were prepared and forwarded down to Winnipeg. I sent a dog train with them, with instructions that they were to be forwarded on by express to Ottawa.

6626. Upon what work did your party start in 1873?—Surveying from Kettle River to Edmonton, and making a trail along the line.

6627. Had you still the large number of animals with you, 250?—No; I sent some of them back the previous autumn to Kamloops.

6628. What number of animals did you winter over?—I think I must have had 150, or something like that, in the mountains, perhaps a few more.

**Exploratory
Surveys, &c.—
Parties A & T.
Seeking a Pass.**
Number of
animals kept in
the mountains.

6629. Did you think as many as that would be required to transport your supplies in 1873?—Yes; they were kept busy all summer.

6630. While on the subject of supplies, I would like to ask you, what had been your anticipation in 1871, about the transporting of supplies from Eagle Pass to Columbia River? How did you expect to transport them; if I remember aright, your T party had no animals?—No; I was going to send them up the Columbia by the steamer 49, from Colville.

Supplies.

No animals with
T party.

6631. But how did you expect to get them from Eagle Pass to Columbia River?—If they had been left there we would have had to pack them through with Indians.

6632. How did you plan for that season's transporting of supplies? It turned out that it was more difficult to transport them than you expected?—The only way was to transport them on men's backs.

6633. How many men had you provided for transporting for party T, at Eagle Pass?—The men out of the survey and a few Indians they managed to pick up.

6634. Did you provide for the difficult country which actually existed as to transporting for 1871 for party T?—The bulk of the supplies I intended to send up, and did send up, on steamer 49. It was too expensive to get from Shuswap Lake to the Columbia River.

Bulk of supplies
for T party he
intended to send
up by steamer.

6635. Are you speaking of party T now?—Yes.

6636. That was the party who left their supplies, and to which you sent an Indian?—Yes.

6637. It turned out that sufficient provision had not been made for the transporting of those supplies from Eagle Pass to the Columbia River—Big Eddy?—I did not want to get those supplies to Columbia River. Those supplies were left in the middle of the pass, so that I could use them for the location survey through that pass.

6638. Did you not expect that your party would require to use those supplies as they went on with their work that season?—Not on the Columbia River.

6639. Between Eagle Pass and Big Eddy?—Big Eddy is at the west end of Eagle Pass. Big Eddy is the eastern terminus of Eagle Pass.

6640. In 1871 the party progressed easterly?—Yes.

6641. But they were not able to take sufficient supplies with them?—No; because I provided supplies, by sending them up the Columbia to Big Eddy, by steamer.

6642. Did not that occur because they were unable to transport their supplies more than half way?—About half way. I did not want to send them the whole way, because I could send them up so cheaply from Colville by steamer, and I wanted the survey party to go along the river to Boat Encampment, and then on location survey I could have utilized the supplies in the Eagle Pass.

Did not want to
send supplies the
whole way.

6643. Do you mean that, in laying out the operations for 1871 for party T, you intended that supplies should be carried by them from

**Exploratory
Surveys, B. C.—
Parties S. & T.
Seeking a Pass.**

Eagle Pass eastward, about half the distance over that year's survey?
—About half way through that pass.

6644. That is the same thing as half way through that year's survey?—About half way to Big Eddy.

6645. And you had always intended that they should remain there, and should be utilized on the next year's operations?—Yes.

6646. That is, provided that you should decide to make a location line?—I made every provision to make a location survey right through, from Shuswap Lake to Edmonton. The survey work done there was preliminary work, and I was making provision to go and finish the location survey as soon as that was done.

6647. Do you mean that your instructions for the 1871 operations included making a location line at a subsequent period, as well as preliminary survey for that year?—No; there was nothing definite about it, except to get this preliminary survey done first.

Reason why in 1871 he made provision for supplies for the following year.

6648. Then why did you take it for granted that your supplies would be wanted on the same line for another year?—Because I thought a location survey would necessarily follow.

6649. Do you mean that you took it for granted that that would be the line located for the survey?—It lay between that one and Yellow Head Pass, and it was to get a distinct knowledge of those two passes, because there could be no doubt about it that this provision was made.

6650. But it was an undecided question?—It was perfectly clear in my mind that one or the other had to be adopted.

6651. Was it clear to your mind that the Howse Pass would be adopted?—No.

Thinks Howse Pass abandoned without sufficient information.

6652. If Yellow Head Pass were afterwards adopted, would those supplies which you had planned to leave between Eagle Pass and Big Eddy, be available for the location line?—No; they would have all been consumed in the location work in the Howse Pass. To have completed the survey properly in Howse Pass would have taken a long time, and these supplies would all have been consumed in it. I think to-day they abandoned the survey of the Howse Pass too soon and without sufficient information.

6653. Were the supplies arranged to be left for you in Eagle Pass, or had you taken it for granted that afterwards there would be a location line through the Howse Pass?—Yes.

6654. Why did you take it for granted that there would be a location line through the Howse Pass?—Because I thought it would be necessary to decide which would be the better pass of the two.

On reaching summit of Howse Pass found grade heavier than he expected.

6655. Do you mean that it could not be well decided which was the better pass without first making a location line for the Howse Pass?—At that time I thought so. When I made the survey, from the Columbia to the summit of Howse Pass, I found the grade was heavier than I expected.

6656. And that knowledge you did not obtain until the end of the 1871 operations?—The last thing in 1871.

6657. But at the beginning of the 1871 operations you took it for granted that a location line would be required for the Howse Pass?—

Yes.

6658. Did you not know at that time that some other pass might be used?—I thought it lay between Yellow Head Pass and Howse Pass, which would be adopted.

**Exploratory
Surveys, B. C.,—
Parties S. & T.
Seeking a Pass.**

The choice lay
between Howse
Pass and Yellow
Head Pass.

6659. If it should turn out that the Yellow Head Pass should be the one adopted, was it necessary to make any location line for Howse Pass?—I should have located a line through Eagle Pass to the west slope of the Rocky Mountains, they being the two doubtful points on that route.

6660. Although the Yellow Head Pass had been adopted?—It was not adopted then, at that time.

6661. Did you know that it might be adopted; did you not conceive that it might be adopted?—Yes.

6662. Did you conceive that it might be adopted at such a time as to render a location line through the Howse Pass useless?—No.

6663. Why not?—I thought that this work would all be done the following year. I was not charged with any work on the Yellow Head Pass, that year, until I got the telegram that the Howse Pass had been abandoned. I had received a telegram to make a location through Howse Pass, and a few days afterwards came the instructions to abandon that work.

Received a tele-
gram to make a
location line
through Howse
Pass a few days
before receiving
instruction to
abandon it.

6664. Did you arrange for supplies being left in Eagle Pass for the purpose of the location of the line, in 1872, before you knew that a location line would be necessary?—I left those supplies there in 1871 expecting that in 1872, I would complete the location survey through the Eagle Pass.

6665. What was the reason in 1871, that you expected the location line to be made through the Howse Pass?—Because I thought it was probable that it would be the pass that might be adopted, in preference to Yellow Head Pass.

Advisability of
arrangement as
to provisions for
1872, contingent
as to correctness
of opinion that
Howse Pass
would have been
adopted.

6666. Then it depended upon the probability of your expectation being correct?—Yes.

6667. It turned out not to be correct?—No.

6668. Would it not have been better to have provided for a possibility of its not being correct, and to have saved those supplies?—If you would like to take a number of men into the mountains and run the risk of their starving to death, I would by all means say: leave the supplies out; but you cannot take men into the mountains and risk their lives. They had several times to make trips during the winter, to get supplies from that depot.

6669. At what time did your examination of the Howse Pass lead you to the judgment that it would not be the one adopted?—In October, 1873?

In October, 1873,
concluded that
Howse Pass was
not eligible.

6670. Was it not in March, 1872, telegraphed that the other had been finally adopted?—No; it was telegraphed to me to abandon the survey in the Howse Pass, and make surveys through Yellow Head Pass.

**Exploratory
Surveys, B.C.—
Party B.
Seeking a Pass.**

Witness in 1873 concludes from his own observation that Yellow Head Pass was that which should be chosen.

6671. Then so far as your individual judgment goes, you were not aware of the preference for the Yellow Head Pass, until you had made your surveys of 1873?—In October, 1873, I rode through Yellow Head Pass to the Grand Forks of the Fraser, and I came to the conclusion then that it was a better pass than Howse Pass. I simply rode through on horseback; the first time I had been through it.

6672. At what time in 1873 did your party cease field work?—In 1873 we ceased field work just before we left Tête Jaune Cache to go back to Victoria.

6673. In October, 1872, you commenced to work from the height of land eastward?—Yes.

6674. And you wintered that year, you and your two parties, somewhere near Jasper House at Lake Averil?—Yes.

6675. In that season at what time did you cease to work?—I think they got into the depot on the 2nd of January, 1873.

**Preliminary
Survey.**

In 1873 field work ended in October.

6676. That party commenced work in 1873?—Yes.

6677. What time in 1873 did that party end their work?—I think it was the 16th of October that I completed the survey of the Tête Jaune Cache.

**Survey easterly
to Root River.**

6678. In the spring of the year when you commenced work easterly, how far did you proceed?—To Root River.

6679. Were all your party occupied on that survey?—Yes.

6680. Animals and men?—Yes; all except one man in charge of the depot.

6681. At what time did you end that easterly survey?—I think it was about the end of August.

**Instructed by
Fleming & Smith
to turn back west
to Moose Lake.**

6682. What did you do next?—I turned back and went west to Moose Lake—re-crossed the mountains.

6683. Had you special instructions for that change?—Yes.

6684. From whom?—From Mr. Fleming and Mr. Smith.

**Line run from
Moose Lake to
Tête Jaune Cache.**

6685. What work was done after that by the party?—A line was run from Moose Lake to Tête Jaune Cache.

6686. Was it a located line?—It was a very careful survey—a preliminary line with the cross-sections—so that it might have been used almost as a located line. I ran it very carefully indeed.

6687. About what time did that work occupy you?—That was about the middle of October when the surveys were finished at Tête Jaune Cache.

**Party returns to
Victoria.**

6688. Did your party do any work in the fall of that year?—No; they went down at once to Kamloops and returned to Victoria.

6689. Do you mean the whole party, or only the party in charge of the animals?—The whole of the party, except one man who was left to get the supplies that they ordered to be transferred to the Hudson Bay Co., at Lake Ste. Anne.

**Supplies transferred for storage
to Hudson Bay
Co. at Lake Ste.
Anne.**

6690. In dealing with this surplus, would you exercise any judgment as to the price at which the company would take them?—No; they were simply transferred, for storage, over to their hands.

6691. Did they purchase them, or merely take charge of them?—I sent over to Mr. Richard Hardisty to send an officer up to take them over from my hands. I think I wrote to him—I had never seen him—and told him that I would pay the expenses of the officer that he would send up for that purpose. I wanted to get a receipt from the company for those supplies.

**Exploratory
Survey, E.C.—
Party B.
Seeking a Pass.**

6692. I suppose that was according to your instructions in dealing with surplus supplies?—Yes.

6693. Your party proceeded to Kamloops in the fall of 1873, were they discharged there?—Yes; some were discharged there and some at Victoria.

**Party discharged
and animals
transferred to
agent of Govern-
ment (November
1873).**

6694. Were the animals left at Kamloops?—They were all transferred over to the Government agent there.

6395. Who was he?—I forget his name now; the commissariat officer handed them over and brought me a receipt for them.

6696. Then did you proceed to Victoria?—Before leaving I sent a party from Tête Jaune Cache, and I made another exploration, with some Indians, from the Forks of the Albreda up the North Thompson, to try and connect with the survey that had been run from Howe Sound to Bute Inlet.

**Exploration.
Witness with
some Indians
makes explora-
tion up North
Thompson.**

6697. At what time did you end that exploration?—I was only a few days in there; I think it must have been about the end of October.

6698. Did you then proceed to Victoria?—Yes.

6699. Did you remain there long?—Two or three weeks.

6700. And then where did you go to?—To Ottawa.

6701. How long did you remain there?—Rather longer than I wanted. I think about a year and a half. I got in in the beginning of January. I was there all that winter and summer, and I think the March following.

**Proceeds to
Ottawa.
Accounts
overhauled.
A year and a-half
at Ottawa, getting
out reports and
profiles and going
through accounts.**

6702. Were you occupied during that stay at Ottawa upon the Canadian Pacific Railway business?—I had to get out the reports and the profile of the survey, and then I had to go through all the accounts with the Auditor, Mr. Taylor, which was completed, I think, about the 20th of May.

6703. Of what year?—1874.

6704. That would take you to May, 1874?—Yes.

6705. Then after that what were you doing?—I expected to leave then, but they appointed another auditor to go through the accounts again, Mr. Radford, and they kept me all summer and winter.

6706. Was there some difficulty about the auditing of these accounts?—Mr. Taylor got through the accounts, and we had no trouble. I had to explain every bill and every account.

6707. Do you mean that after having once gone through, he was not satisfied that the operation was complete?—Yes.

**Had to go
through accounts.
a second time.**

6708. Do you know what the reason of that was?—I suppose it was to try and give me a little difficulty. I never asked.

6709. To give you a little difficulty?—Yes.

**Surveys, B.C.—
Accounts
overhauled.**

Result of two
audits the same.

6710. Was the second audit accomplished satisfactorily?—Yes; there was no change made.

6711. The result was the same after both audits?—Yes.

6712. Then you lost that season altogether in consequence of the second audit?—Yes; they refused to pay me.

6713. What reason did they give?—They did not give me any reason at all, but they would not pay.

Government re-
fused to pay
witness anything
more than an
allowance for the
time engaged in
auditing his
accounts.

6714. Do you mean to say that they would not pay for your services or were there other accounts?—No; they would not pay during that time—from the time the first audit was completed, and while the second audit was going on. They refused to pay me any salary, only an allowance during the time I was occupied auditing.

No further con-
nection with
Canadian Pacific
Railway.

6715. After the second audit was completed, were you further connected with the Pacific Railway?—No.

6716. Have you not been upon the works since then?—No.

6717. Was there any reason given for not paying you—such as your mismanagement or inaccuracy?—No; they never said a word to me.

No reason was
given for not
paying him. He
left.

6718. The reason was that you had not been employed except in auditing?—They gave me no reason; I told them that they had behaved unfairly, and I left.

6719. Would there have been any time that season to do anything further in your business, after the time you say the second audit was ended?—I left in March, after the second audit was in. I applied to get a settlement for that time I had lost, and some time elapsed in corresponding. I wrote to the Minister of Public Works, and the result of the correspondence was I could get no satisfaction, and I went away. I only asked them to pay me up to the end of the year, but I left in March.

Some drafts
drawn by witness
remained unpaid
for a long time.

6720. Since that you have had no connection with the works?—None; there were accounts, some drafts, that were given by me, for different things in the interior, that were not paid for a long time after I came to Ottawa. They were accounts for supplies and for some men's wages, amounting to several thousand dollars, and for dog-sleighs that were sent up on my requisition to Fort Edmonton to the mountains by the Hudson Bay Co., that were not paid for four years afterwards.

Paid him no ex-
penses from the
time he arrived
in the central
provinces of the
Dominion.

6721. Have you been out of pocket besides your loss of salary during that time, in consequence of the action of the Government?—Yes, they never paid any of my expenses from the time I arrived in Canada. When I joined the railway, and they gave me my appointment, it was mentioned then that all my expenses should be paid; but I had to pay all my own expenses.

6722. Is this matter the subject of a claim now on your part against the Government?—I tried for it; but I found it was easier to go to work and make money over again, than it was to get it. I think if it had been a private company, I should have sued them.

6723. That claim is not pending still?—No.

Thinks it was a
mistake to have
taken supplies

6724. Is there any other matter connected with this railway which you wish to explain?—I think after I left the mountains, the Yellow

Head Pass, that there was a great mistake made in having the supplies taken out of the pass. They ought to have been left for the surveys that were made afterwards, and for which supplies were taken back there again. Of course, I am speaking now of after I left there. I wanted to have those location surveys finished without taking the parties out of the mountains. There was so much time lost in taking men backwards and forwards that the better and cheaper plan would have been to have kept them in the mountains, when they were on the ground, and finished those surveys. Parties went up from this side even to make explorations right at the Athabaska River, in one place within half a mile of my depot. I met the party here under Mr. McLeod. I said: "You are going to explore the Mulgrave River to the Rocky River, and other explorations. I can tell you I would have been the party to have given you information about it. You will go there and come back again and find no pass." I said: "I have explored every one of those passes." I told him he would have a difficult trip, and would come back without finding any pass there. I think his report is published in the report of 1873-74.

Exploratory Surveys, B.C.— Seeking a Pass.

out of Yellow Head Pass, where surveys should have been completed before the men left the mountains.

Warned McLeod he would find no pass up the Mulgrave River.

6725. Did he succeed in getting any pass?—No.

6726. Did you think that there was no pass because you had previously explored it?—I had tried to get through both of those places, and about a dozen others.

6727. You mean your men employed on the Pacific Railway?—No; when I was up in the mountains.

6728. In what season had you made those branch explorations?—In 1871, I tried to see if there was any pass from the head waters of the North Saskatchewan into the Athabaska valley, examining it from the valley of the North Saskatchewan. The following year I examined the same range of mountains southerly from the Athabaska, and failed to find any pass.

6729. Did you report the result of these branch explorations to your superior officers?—Not any unimportant ones.

6730. Did you report the fact that the Athabaska Pass was not a feasible one?—Yes; that was out of the question altogether. It was of no use.

Reported impossibility of Athabaska Pass.

6731. Was Mr. McLeod then going to explore the Athabaska Pass?—He was going to explore those passes from Athabaska River, to try and get through the mountains to the south. I told him when I met him here—I was then out of the Government employment—that he would fail.

Warned McLeod he would fail to get through the mountains to the south.

6732. Those may be described as subordinate explorations?—Yes.

6733. The point that I understand you to make is, that he was sent to survey subordinate localities?—I do not think that he was sent to survey, but simply to examine.

6734. Well to examine what you had already ascertained to be unavailable?—Yes.

6735. Had you reported that fact to your superior officer, that you had discovered them to be unavailable?—I think I had reported generally that it was impossible for us to go through from Athabaska to the Saskatchewan without going much further to the north and

Showed in report advocating present line that it was impossible to go through, from Athabaska to the Saskatchewan.

**Exploratory
Surveys, E.C. —
Seeking a Pass.**

east, and I sent a sketch map to Mr. Fleming, through Mr. Marcus Smith, before I came down, showing them where the right line for the Canadian Pacific Railway west of Yellow Head Pass was; the line they are on now.

6736. Besides showing them where you thought the right line was, did you show him that those other localities, which are in the right line, had been examined, and ascertained that they were not available? —I showed them that I had failed to get through those mountains.

6737. But did you report that you had actually explored them? —I do not know that I did. I think when I told them that I had failed to get through, it was hardly necessary to mention every little creek and valley that I went in through. It was hardly likely that I would leave any pass unexplored in a country like that.

6738. In order to ascertain the feasibility of any pass, is it necessary to make a location survey? —No.

Simple exploration adequate to ascertain feasibility of any pass. Large parties unnecessary.

6739. It can be done by merely what is called an exploration? —Yes.

6740. Was there a location survey made of any portion of the territory through the Howse Pass? —No.

6741. The examination which you made in 1871 was not a location survey? —No.

Examination made by witness in 1871 a preliminary survey.

6742. What would you call it, technically? —A preliminary survey.

6743. That is instrumental, I suppose? —Yes; not through the Howse Pass. The survey that I did through the Yellow Head Pass was done much more correctly.

6744. Could the feasibility of the Howse Pass, for instance, have been discovered without anything more than a bare exploration? —A very good idea could have been arrived at just merely by any engineer going over it and examining it with his eyes.

Ran a fast survey along trail to Howse Pass, took levels and got the distances.

6745. Was a more expensive mode than that adopted by you? —I ran a very fast survey along the trail that we cut through the valley, and took levels and got the distances.

6746. Was it necessary to do that to ascertain the feasibility of it? —I think it was necessary to enable me to send a profile down to the Government, so that they would be able to decide what kind of line they would be likely to get.

6747. Did you assume that there would be any line there? —Yes.

6748. Or did you assume that you were only to ascertain whether there was a possibility of a line? —I assumed that it was very likely that the railroad would go through there.

Instructed to make such survey as he made by Fleming.

6749. Were there instructions from your superior officer to make such an examination—whatever the technical name of it may be—as you did actually make? —Yes.

6750. Assuming that this examination may have been more elaborate and more expensive than was actually necessary, I wish to know who was responsible for the direction of it? —I forget the wording of my instructions. I think a great deal of it took place in a conversation between myself and Mr. Fleming, verbally, the first year—that was in 1871—and that it was considered that I should make a proper survey through there for a railway.

**Exploratory
Surveys, B.C.—
Seeking a Pass.**

6751. But the problem in my mind now is, what was the proper survey?—I consider a preliminary survey through there, and a location survey of the line through the Howse Pass and Eagle Pass.

6752. If the only object of that season's operation was to ascertain the feasibility of the pass there, the survey which you say you have made was unnecessary and more expensive than it was required to be, because you say the feasibility of it could be ascertained by merely walking through?—It could have been ascertained, but there could not have been a proper knowledge arrived at. We did not get to the west end of the Howse Pass until the 2nd of October.

Feasibility of pass could have been ascertained at much less expense by walking over the ground.

6753. That was because you had a large party, was it not?—We could not get our supplies there without.

6754. But you would not have had to get so much supplies if the party had been a few men?—No.

Failed to get supplies through, most of which would not have been needed for a small party, which was all that was required.

6755. If the object of the survey—or examination, rather—was only to ascertain the feasibility, could it not have been accomplished by a less elaborate and a less expensive examination?—Yes; I think it could.

6756. Then do you know why the more elaborate and more expensive one was adopted?—To get a thorough survey.

6757. Why was a thorough survey adopted instead of an exploration?—I suppose it was owing to their wanting to have the line located within two years, according to the agreement with British Columbia.

6758. Who was responsible for adopting the more thorough and expensive survey?—I think Mr. Fleming gave instructions about how the parties were to be conducted in the printed books that he sent us.

Fleming responsible for the more elaborate survey.

6759. You speak of printed books; were printed instructions given you?—Yes.

6760. Did those printed instructions describe the kind of examination that you were to make in this instance?—I think so; it is so long since I have read them. They described how each engineer was to conduct his survey, and what was to be done in carrying them out.

Printed instructions furnished by Fleming described how each engineer was to conduct his survey.

6761. Do you know whether, before you made this survey, the feasibility of the Howse Pass had been at all established?—I knew that it had been established from the mouth of the Blaeberry River to Burrard Inlet on the Pacific coast, and I knew that from the summit of the Rocky Mountains easterly, from Dr. Hector's report, that it was quite practicable to get a very good line further in the Saskatchewan country as he got out of the pass in coming down the west side; but his report was not very clear on those thirty or forty miles at least. It was for the lower portion of the Blaeberry River, but for the upper portion of it it was not.

6762. Do you know whether this work of 1871 at Howse Pass was devised after taking it for granted that it was a feasible pass, or was it only to ascertain whether it was a feasible pass?—When I went over to Ottawa in 1871 I gave Mr. Fleming all the information I could with regard to that road. He was aware of my not having been any further east than the mouth of Blaeberry River. Other information of east of that was obtained from Dr. Hector's report.

Exploratory Surveys, &c.— Seeking a Pass.

Moberly's operations of 1871, devised because it was taken for granted that the Howse Pass was practicable. Object to ascertain whether it was better than Yellow Head Pass.

6763. Do you know whether your operations of 1871 were devised because it was taken for granted that the Howse Pass was a feasible pass?—Yes.

6764. Then the operations could not have been for the purpose of ascertaining whether it was a feasible pass?—For the purpose of ascertaining whether it was a better pass than the Yellow Head Pass.

6765. Now I understand you to say that the survey of that year was devised, not to ascertain whether the Howse Pass was a feasible pass, but, taking it for granted that it was a feasible pass, to compare it with another one which was believed to be a feasible pass?—Yes.

Work in British Columbia could have been done without bloated survey parties.

6766. Have you ever given any serious consideration to this question: whether the ascertaining of a route for a railway through British Columbia could have been accomplished, at less expense than it has been accomplished, by sending out smaller parties and exploring merely instead of making preliminary surveys?—Yes; I should have recommended a proper survey through the Howse Pass and through the Yellow Head Pass. All other explorations I could have done with an engineer and a few Indians, without those heavy survey parties. When I heard the Bute Inlet survey was going on I recommended an exploration, but not a survey.

By telegraph to Fleming recommended against Bute Inlet survey being made elaborate and in favour of a mere exploration.

6767. Was your recommendation adopted?—No.

6768. Was there an elaborate survey?—Yes.

6769. Who had charge of that?—Mr. Marcus Smith had the general charge; I forget the engineers that were on it.

6770. In what year?—In 1872-73. I do not know how many.

6771. How did you make that recommendation, verbally or in writing?—By telegraph.

6772. To whom?—To Mr. Fleming.

6773. Do you remember when you made that recommendation?—It was in the winter of 1872, I fancy—in February.

6774. That was after your first year's operations?—Just after I got down to Victoria from the interior.

Howe Sound survey unnecessary as were some of the northerly surveys.

6775. Was there any other instrumental survey made where you think a smaller exploration would have been sufficient?—I think the Howe Sound survey, up Howe Sound, was unnecessary. I fancy some of the more northerly surveys were unnecessary. In making explorations and examinations in British Columbia for the Imperial Government, much of the interior work was in my hands; I obtained information of the country in every way possible. When Mr. Trutch was Chief Commissioner I was his assistant, and gave him the information about the country, and that was what led us, in 1867, when I left the employment of the Imperial Government, to come to the decision that from Kamloops to Burrard Inlet was safe to be the line, but that we wanted to get the Howse Pass and the Yellow Head Pass thoroughly examined to see which was the better of the two. We were perfectly clear that either one of these had to be adopted. Our system of carrying on explorations is shown by the reports published by the Government of British Columbia for 1865-66. We deemed that system to be an economical one.

In 1867, Trutch and witness had from knowledge gained while in service of Imperial Government, come to the decision that from Kamloops to Burrard's Inlet was safe to be the line, and that the question of passes lay between the Howse and the Yellow Head.

**Exploratory
Surveys, B.C.—
Seeking a Pass.**

6776. Can you describe shortly what that system was?—I explored with one or two men and a few Indians; took observations; I estimated the distances; took latitudes and longitudes as well as possible and obtained altitudes. I sent my assistants in the same way. Very often when I wanted to obtain information of some place, I have issued provisions—a few pounds of flour, and bacon, and tea, and tobacco—to men I could depend on, so that they could prospect and report to me. They got their provisions in the interior where they wanted them, and I got the information without having to pay any wages. It was an economical mode of doing it, and I obtained a great deal of information in that way.

Mode of carrying on explorations under the old Government of British Columbia.

6777. Taking any given distance of locality, have you any idea how much more expensive the system adopted for these preliminary surveys would be than the system you have described?—I do not know what the expenditure has been in British Columbia for these surveys, but I know it has been large.

6778. Judging from the parties you had under you and the cost of them, can you form no opinion?—Since I left the employment of the Canadian Pacific Railway, I have not followed the number of parties that they have had there.

6779. Can you form an opinion on the subject without knowing exactly what has happened?—I think that, under the other system, we might have got the information that we deemed requisite in two years, with, I should think, four parties—four surveying parties.

6780. Exploring parties do you mean?—No; surveying parties.

6781. That is not exactly what I am asking. Assuming that it is necessary to make an examination of any given locality in that country, can you state what proportion of the expenses of a survey party, such as you had, would be required to make only the exploration in the way you have described?—I should think \$400,000 or \$500,000 would have done the whole thing—made the surveys and the explorations.

All necessary information regarding British Columbia might have been got for \$400,000 or \$500,000.

6782. How long had you been occupied in gaining the information which you describe before you were employed on the Canadian Pacific Railway?—From 1858 to 1867—nine years.

Opportunities for knowing the country.

6783. Was there a discussion in British Columbia at that time as to a railway crossing the continent, or was your examination only for the purposes of the colony?—No; I had in view this overland road. I had discussions with Col. Moody, who was in charge of the Royal Engineers, about the probability of a line going through the country.

6784. Do you mean for a railway line?—For railways and roads. The adoption of a proper system of roads and trails through British Columbia was a thing that I paid very great attention to.

6785. What at that time was considered to be the principal inducement for opening the country by roads?—We had to get the roads there that we opened to the mines to get provisions in.

Early inducements for opening up the country.

6786. What sort of mines?—Gold mines—placer mines.

Gold mines.
Placer mines.

6787. In what part of the country did they exist?—Principally in Cariboo.

6788. That is near Quesnelle Mouth?—Fifty miles west of Quesnelle Mouth.

**Exploratory
Surveys, B.C.—
Seeking a Pass.**

6789. And was it mostly with the object of serving that district that you had to consider the question of roads?—No; we were trying to get a road in the more southerly district, or this Cariboo district. We had to get a waggon road in, as that was the principal mining district of the country. We never looked on that as a through route.

6790. Through to where?—Through the Rocky Mountains.

**Objective point of
road through
Rocky Mountains**

6791. In getting a road through the Rocky Mountains what was then considered to be the objective point?—The North Saskatchewan and Edmonton.

6792. What was the object of getting to the Saskatchewan?—We wanted to get an overland route and see if we could not get people to come across into the country in that way, and open communication from one side to the other.

**Witness's
experience.**

6793. How were you occupied between 1868 and the time you engaged upon this Pacific Railway?—I was in California, Nevada and Utah, engineering part of the time and mining at other times, and various other things.

6794. Had you much experience in crossing rough countries?—A good deal.

6795. Do you think that would be useful to you in forming an opinion of the practicability of lines through a country not thoroughly explored?—I think so.

6796. Is there any other matter connected with this subject which you would like to explain?—I do not recollect anything at present, but if I think of anything I will let you know.

WINNIPEG, Thursday, 23rd September, 1880.

ALLOWAY. W. F. ALLOWAY's examination continued :

**Nixon's Pur-
veyorship—
Buying Horses.**

By the Chairman :—

6797. At your last examination you said that you had made some entries in some books of the particulars of the purchase of these horses that were sold to Mr. Nixon, and that you would look for the books; have you searched for them?—I have.

**Failed to find
memorandum
books.**

6798. Have you found any?—I have not. There was only one pocket book and one diary, and it was only in one, and I could not find it.

6799. Do you mean that you had only one book in which you had entered all these transactions?—That is all at that time.

6800. You kept one book which would cover all that time?—Yes; I kept a pocket diary about three inches by five.

6801. I think you said there would have been some difficulty in recording the names of the persons from whom you purchased those horses, because some of them would be half-breeds whom you did not know?—I said I did not know the persons from whom I purchased, and I did not take any trouble to find out who they were.

6802. You gave that as one reason why names were not mentioned? —Yes; in my diary I never entered the person's name from whom I bought. I just put down, say, "one chestnut horse," date, so many hands high, and if he had any particular points about him, I would enter it at so much.

Nixon's Pur-
veyorship—
Buying Horses,
Accounts.

6803. Would you not expect that that purchase and the particulars of it would be subject to an investigation afterwards by Mr. Nixon?—I supposed that Mr. Nixon kept an account of it himself, too. I supposed he kept a memorandum of say, for instance, "five horses bought to-day at so much"—the same as I did myself. He knew the price of everything just as much as I did. I suppose he kept it as a check on me; if he did not he was very foolish. He did so, for he checked it over with me.

Manner of
making entries
in diary.

6804. You have a strong opinion, have you, that he did keep such a memorandum?—Certainly he did.

6805. Why would he be foolish if he did not do it?—Any business man would be foolish not to.

6806. There would be no difficulty in recording the names of the sellers as well as other particulars?—Yes; I think there would have been difficulty.

A difficulty in
keeping account
of names of sellers
of horses.

6807. What would have been the difficulty?—Well, sometimes horses were sent down by people to be sold; one man would come in from the neighbourhood and would bring in three or four horses; so-and-so would send his horse and he wanted so much for it. If I did not give it the horse would go back.

6808. When he said so-and-so you mean that he would mention the name of the owner?—Yes.

6809. If he mentioned the name of the owner would there be any difficulty in keeping a record of it?—No; I do not suppose there would have been any great difficulty in keeping the names.

No difficulty in
keeping account
of names of sellers
of horses.

6810. Do you think there would have been any great or small difficulty in keeping a record of the names, if it occurred to you as being necessary?—If I had thought it was necessary I would have kept the names.

6811. You said that the accounts being made out in a lump sum and a lump number, as your accounts were on several occasions, was caused, to some degree, by the fact that you had no book-keeper?—No.

6812. Did you not say that?—No; I did not. I said I had no book-keeper.

6813. But did you not give that as a reason for not rendering your accounts at greater length?—No; I said it would be a great deal of bother to me to render them at greater length.

Reasons why he
did not render
accounts in more
detail.

6814. Was the bother which was occasioned by having no book-keeper the reason for your not rendering them in detail?—I can answer that, but I would sooner answer it by saying—

6815. Answer that first?—No.

6816. What was your reason for not rendering them in detail?—Because I asked Mr. Nixon if it would do as well the other way, and he said it would. That is my reason.

**Nixon's Pur-
veyorship.
Buying Horses.
Accounts.**

No detail by
Nixon's permis-
sion.

The way Nixon
and witness
lumped the
accounts.

Both had details.

Another reason
for not giving
d-tails.

Nixon got no
advantage from
these contracts.

6817. Then it was by Mr. Nixon's directions that you did not render them in detail?—Not by his direction, but by his permission.

6818. I do not see much difference; it was in consequence of his decision. You submitted the subject to him for his decision, and he decided that they need not be rendered to him in detail?—I submitted my figures to him and his figures corresponded with mine. There was a certain number of horses—there were eighteen horses in one lot, I think—and I would say to Mr. Nixon: "There is so much money—this would be \$90 apiece," and he had the same amount of money I had myself, and he said: "Yes, that would do."

6819. Then it was in consequence of his decision on that subject that the account was not rendered in detail?—With his sanction it was done.

6820. Was that not his decision—had he not an opportunity of deciding?—You know better than I do, Judge.

6821. Did he not decide that it was unnecessary?—He gave me his sanction to do it.

6822. Do you think he gave his sanction without deciding?—Well, it would not appear to me. When you say a man gives his sanction, it is a different thing from a decision. I think he gave his sanction to it.

6823. Now, as a matter of fact, did you not go over the account with him so that he might compare your figures first without giving him all the details?—He had them himself: the same details as I had.

6824. But did he have them?—Yes.

6825. So that you and he both had the details?—Yes.

6826. Do I understand that before you made up your account showing an average, you would submit to him a statement showing the details of different prices?—Yes.

6827. Do you know what more bother it would have been to have left the statement in that way instead of putting it in a gross sum, because it seems that all this bother which was occasioned you by not having a book-keeper, was not avoided after all, inasmuch as you had submitted all the details to Mr. Nixon?—I did not think it was so much a part of my business to keep the details. I thought it was more his business to keep the details.

6828. You say that he got no advantage from any of those contracts? Yes; emphatically so.

6829. Was the advantage altogether your own?—Yes; altogether.

6830. Did you make him believe that the more you made the better it would be for him?—Never.

6831. Did you lead him to understand that an improvement in your circumstances would benefit any one of his family?—Never.

6832. Did you lead him to understand that you were to become a connection of his?—Never. He never understood anything of the kind. I never dreamed of such a thing, nor he either.

6833. There was no understanding on his part that you should become his son-in-law?—No; there was not. I do not think that has anything to do with the Pacific Railway. I do not think it is a fit subject to be discussed in connection with the Pacific Railway.

6834. Mr. Nixon was an officer of the Canadian Pacific Railway, and we wish to know his motives in dealing as he did with you?—His daughters were not.

**Nixon's Pur-
veyorship—
Buying Horses—
Accounts.**

6835. I have alluded only to him and his motives. If they were interested we ought to know it?—His motives were not interested.

**Nixon's motives
in dealing with
witness not
interested.**

6836. That is what I am enquiring into?—They were not.

6837. Did you expect in these other accounts for horses sold that he would keep fuller particulars than you furnished in your bills?—I expected so. I supposed he kept as full particulars as I did.

6838. I am asking you whether you expected he kept fuller particulars?—I expected he kept his business as he should keep it, whether you call my particulars complete or not. My particulars may be as full and complete in my mind as there was any necessity for.

6839. Do you think they were so?—Yes; as there was any necessity for.

6840. Did you do any work for the Government besides that which Mr. Nixon controlled?—I suppose so.

6841. Do you not know?—I did. I do not know whether he controlled it or not. I did work for other people beside him.

6842. Who were they?—They are too numerous to mention or think of them all.

6843. Could you mention one?—Mr. Rowan.

6844. Mention another?—Mr. Sutherland.

**Also worked for
Rowan & Suther-
land.**

6845. Which Mr. Sutherland?—Mr. Hugh Sutherland.

6846. Was that while he had charge of the Fort Frances Locks?—Yes; and other times.

6847. In June 10th, 1875, you rendered an account for one horse, \$150, besides your commission, without mentioning any name; can you say for whom that horse was bought?—No.

**An account for
one horse \$150.**

6848. Your account does not mention it. Look and see (handing the account)?—(After looking at the account): I expect that horse was for Mr. McMillan.

6849. Does it appear there?—No; it says above: "One pair of hobbles."

6850. And you think that the horse was for the same person who got the hobbles?—I think so.

6851. Do you think that was sufficiently particular without stating for whom the horse was got?—I do not know; I got the money for it, and that is all I wanted.

6852. I understood you to say that you believe your accounts were rendered with sufficient carefulness?—Yes; they were rendered with sufficient carefulness. If I sold an article to you, and I rendered an account for it to you, that is all the particulars that were necessary.

6853. It was not necessary if those accounts would be afterwards subject to inspection?—I was not particular whether they were or not.

6854. Do you remember?—I do not know that I thought of it. I may have thought of it at the time, and I may not, I am not sure.

Nixon's Purveyorship—Freighting.**Manner of ascertaining weight of freighted goods.**

6855. In freighting goods how is the weight ascertained?—By weighing them.

6856. Where?—Here and elsewhere.

6857. What was the practice as to ascertaining the weight?—Weighing them.

6858. Here and elsewhere?—Here and elsewhere, both.

6859. If they were weighed elsewhere, how would Mr. Nixon know the weight?—The person who would receive them would receipt for them short if they were not right.

6860. How would he be made aware of the weight which you claimed to have carried?—Because there was a way-bill sent with the freight.

6861. Who would make out the way-bill?—I would make out one and Mr. Nixon another.

6862. Do you mean that in every instance when freighting was done there would be a duplicate way-bill at this end of the line?—Yes; for the Pacific Railway.

Teaming—how time ascertained.

6863. In charging for the use of teams, to any particular camp for instance, how would you satisfy Mr. Nixon of the time charged for?—What camp do you mean?

6864. In the account of May 1st, 1876, the first item is “two teams to camp C?”—Yes; the receipts that the teamsters would get would be dated, and I would get as much as I could after the date to come back empty from Mr. Nixon. That is to say if they left here on the 5th and the receipt was dated the 10th for the delivery of the load, that would be five days, and I would get three days most likely for coming back. That would be about eight days for wherever it was to.

6865. Do I understand that you would get a certificate from the officer at the other end of the line as to the date you arrived there?—Not from the officer—anybody who was there in authority, whether he was an officer or private.

6866. He would be an officer for that purpose?—I suppose he would. Perhaps he would, and perhaps he would not.

6867. Be good enough to answer my questions correctly. I am asking you how you would satisfy Mr. Nixon as to the correctness of the time occupied in carrying that freight?—By presenting him with a receipt.

6868. From whom would you get that receipt?—From the person in charge out there, authorized to receipt them.

6869. But how would he know of the time occupied in returning?—The way-bill would be dated from here, Winnipeg, such a date, and then he would know.

If team five days going to objective point, three days would be allowed for return.

6870. And the return?—Yes; he would allow me so many days. If I was five days going out, he would allow me as an average three days for coming back.

Bill for teaming.

6871. You have a charge on April 4th, 1876, “three teams to crossing,” what crossing does that mean?—How much is the charge?

6872. Is there more than one crossing?—(Looking at the bill): That is the crossing at the lower Fort at Selkirk.

6873. How far is that?—Twenty-two miles and eight chains. **Nixon's Purveyorship.**
6874. Another charge, May 1st, 1876, is for a "messenger to Mr. Brunel, \$15." Have you any idea how the messenger was conveyed to Mr. Brunel?—I think he went along the Pembina Branch to Emerson. **Messenger.**
6875. With a horse?—I do not remember; I do not think so.
6876. How far would that be about?—There and back?
6877. Yes; either way?—126 miles, there and back.
6878. About how many days would it occupy a man without an animal?—I could not tell you. It was all water between here and there. \$15 is charged; seven days I should judge. **Carrying Mails.**
6879. You had a contract for carrying the mails at one time had you not?—I had. **Contract for carrying mails east.**
6880. To what points?—I do not remember their names.
6881. In what direction?—East.
6882. Were they to the camps of any persons employed on the Pacific Railway?—I think so.
6883. Was it a service just for the use of persons employed on the railway?—Which contract do you mean, for I had two?
6884. Take the first one?—Which one is that? **Two contracts—one for contract 14, and one for contract 15.**
6885. I cannot tell, I am asking you?—One was for contract 14, and the other was for 15.
6886. Was the contract for 14 for the services of the employés of the railway?—For the service of the employés of the Government.
6887. How was the price to be paid for that arrived at?—I think there was one by the month.
6888. And how was the other?—I think the other was by the month, if I am not mistaken; I am not sure.
6889. This account of May 1st has an item for carrying mails weekly: was the payment so much per week, or for a longer period?—I forget; if you tell me the price I will know.
6890. \$65?—That was a month—carrying it by the month, once a week. **One \$65 a month for carrying mails once a week.**
6891. Do you remember how much a month?—\$65.
6892. How would that mail be carried?—On men's backs sometimes; and sometimes with a horse, if the roads were passable enough.
6893. There is a charge for one buck-board for a Mr. Watt, \$85; what sort of a vehicle is a buck-board?—Four wheels and two axles and a board across; a set of springs, three or four boards, and a pair of shafts. **Buckboard.**
6894. Did you say springs?—Springs under the seat, generally; yes.
6895. Do you remember whether this buck-board for Mr. Watt was a better one than was usually made at that time?—It was a good one; I do not know whether it was better.

Nixon's Purveyorship—Buck-board.

6896. I am asking you whether this was a better one than usual?—I suppose it was from the price.

6897. Have you any recollection of it?—No.

6898. What was the price of a usual one?—\$80 or \$85.

6899. Was this a usual price, or an unusual price?—It was a usual price.

6900. Do you know whether this buck-board that you sold to Mr. Watt was of better quality than the average quality at that time?—I do not know what the quality of it was at the time, except from judging from the price; it was a good buck-board.

6901. Was it better than the average buck-board sold at that time?—It was a good average buck-board, because the average was pretty good.

6902. Do you remember about the distance over which you carried mails to section 14 generally?—No.

6903. Would the distance vary from time to time?—I think so.

Freighting.
Item for sending out horse and cart to Emerson.

6904. In June, 1875, you make a charge for sending out a horse and cart to Emerson, including expenses and wages of man, \$22.50, do you remember that transaction?—No.

6905. Have you any idea how long it probably took for a man to go there with a horse and cart?—\$22.50 would be about seven days.

6906. And would you charge between \$3 and \$4 per day?—Yes; \$3 or \$3.50 per day.

6907. Do I understand that you estimate the distance because of this price? I asked you about how long it would take?—I did not estimate the distance; but the time that it would take.

6908. And you judge by seeing the price now?—No.

6909. Could you not judge without seeing the price?—Yes; I could. It would be about six days. Emerson is about sixty-three miles, and it would be about that time it would take.

Accounts.
Item for transporting stores to North-West Angle.

6910. In June, 1875, you charge for four teams, eleven days each, for transporting stores to the North-West Angle; can you explain what evidence you would be likely to have to satisfy Mr. Nixon of the correctness of that charge?—The receipt is the only thing, unless some of the engineers were with them; of course there were.

6911. When you presented those accounts containing such items would you give up the receipt to Mr. Nixon?—Yes; the receipt was the voucher for the item. I would have a voucher for pretty nearly every item.

Practice as to Vouchers.

6912. Do you say it was your practice at that time to furnish him vouchers for most of the items in each account?—Any items that vouchers could be furnished for, were always furnished from beginning to end. When I say vouchers I mean way-bills for freight.

6913. Do you mean certificates from some disinterested person who would know whether the item was right or wrong?—I explained to you some time ago that the way-bills for the teams, while the teams would be on the road, would be the voucher.

**Nixon's Purveyorship—
Freighting—
Accounts.**

6914. But the way-bill would not show the time you were kept on the road?—The receipt of the way-bill would be for so many days on the road going out; then he would have to be the judge of the number of days on the road coming back. If I started from here on the 5th of the month it would be on the way-bill "Winnipeg, May 5th." If I got out there in five days the man would receipt it, or say that I arrived on the 10th, that would show five days.

6915. Suppose you did not call his attention to it until after you were there a day or two?—There would be no supposition about it; it could not be.

6916. Then the receipt itself would not show it?—The receipt itself would show it.

6917. No; the receipt would not show it without the fact being evidenced in some way that you had delivered it as soon as you could. It might have been more profitable to you to wait there a couple of days before delivering the goods?—I could not wait there. In sending stuff out to the North-West Angle there is only one house, and a man is not going to allow a team to stand there for a day or an hour if he can help it. That is the way we do business.

6918. Were the goods which you transported weighed at the other end of the line?—Yes. Goods transported weighed at the other end of line.

6919. At Winnipeg and the points to which you were taking them?—If it was done by the hundred it was

6920. In taking goods to Rat Portage, do you remember whether there was a person there who weighed them?—Yes.

6921. Please look at your account of the 16th June, 1875, and say whether the horses sold there were horses bought by the Government, or whether they were horses of your own which you sold?—I could not say; it looks as if they were my own (looking at the account). **Buying Horses.**
Item for buying horses which but for charging commission he would think were his own.

6922. Then can you explain why you charge commission on horses \$12?—I do not know. Is \$12 charged in that account? \$12 commission.

6923. I showed you the account?—I did not see the commission.

6924. If you found the commission there would it make any difference?—Yes.

6925. Then you can look at it again (handing the account to witness)?—(After looking at the account): Some of them must have been mine.

6926. How many horses have you charged for in that account?—There are only two horses.

6927. Now what do you say?—There were none of them mine—they were bought on commission.

6928. And the reason you say that is because you see the commission charged?—Yes.

6929. Did you do freighting for the Fort Frances Locks and for Mr. Hugh Sutherland at the same rate that you did it for Mr. Nixon?—Yes. **Fort Frances Lock—
Freighting.**

6930. Was that rate established by competition with other persons?—I believe there was a year or so that contracts were not made on account of none to go, and whenever there was I charged higher for it.

Nixon's Purveyorship—Fort Frances Lock.

Relations with Sutherland.

An understanding with Nixon & Sutherland that whatever one paid for freighting the other would pay.

Canal shut down before witness and Sutherland roomed in same house.

Sutherland and witness connected together in business for about a month.

Never jointly interested in any transaction with Sutherland.

But there is a building in Winnipeg which they built on joint account.

Item for transportation to Carleton in 1876.

6931. Was there any understanding between you and Mr. Sutherland and Mr. Nixon that whatever one paid the other should pay?—Yes; if I got the Pacific Railway contract I got Mr. Sutherland's contract.

6932. Were you and Mr. Sutherland connected in any way in business?—Never, at that time.

6933. Did you live together?—Not at that time.

6934. Did you at any time during the time you did work for the Pacific Railway and Fort Frances Locks?—I do not think so. I might say no. I think the canal was shut down before he and I roomed in the house.

6935. Since that you have been connected in business together?—No.

6936. Did you not make a contract for any work together?—Never.

6937. Why did you say that you had not been connected in business at that time?—Well, I have done things for him and he has done things for me, but there never was any business connection.

6938. Have you not been jointly connected in business together?—I was for about a month.

6939. Then why do you say never?—I lent him some money to do business, and after a month I sold out to him.

6940. During that month you were interested together?—I do not think I ever thought I was interested with him.

6941. Did he think so?—I do not know.

6942. Did you ever have reason to suppose that he thought so?—No.

6943. Do you say now that you and he were never jointly interested in any transaction?—Yes.

6944. You say that?—I say that, yes. I might say that there is a building here that he and I built together, if you call that business.

6945. On joint account?—Yes; I do not know whether you call that business.

6946. It was not for pleasure altogether, was it?—It was speculation. He and I built a building together, that is all.

6947. When was that?—Two years ago, I think, or a year and a-half ago.

6948. That was since his connection with the Locks?—Yes.

6949. Had you any other business in connection with the Locks except freighting?—I suppose I had. I have done lots of things for the Fort Frances Locks.

6950. Why do you say you suppose: do you not know?—Yes; I say I have.

6951. What was the nature of the business?—I used to send messengers in there.

6952. Any other kind of business?—I sent teams in there. There may be some other kinds, but I do not remember.

6953. In January, 1876, you render an account for transportation; do you remember the transaction in which you were to take supplies further than you did take them?—Where was it to.

**Nixon's Pur-
veyorship—
Freighting.**

6954. Carleton—I think it was to Fort Pelly you intended to take them, but you left them at Carleton?—Yes; I left them at Carleton.

6955. How far is it to Carleton from Winnipeg?—547 miles.

547 miles.

6956. That is the distance you think to the place at which you left them?—Yes.

6957. What was the distance to the place at which you were engaged to leave them?—About 800 miles, I think, from memory. I think you will find the exact distance in that account, if I am not mistaken.

6958. Do you mean in the account which you rendered, or in figures afterwards?—In the account which I rendered. I do not know that it is there, but I know we figured the distance. I do not know whether it is in the account or not.

6959. Do you find it figured there (handing witness the account)?—(Looking at the account): No; I do not.

6960. You were mistaken about that?—Yes; the way we arrived at the $2\frac{1}{2}$ cts. credit was by saying if it was worth 11 cts. to go 800 miles, what was it worth to go 500? I remember the transportation particularly; I had good reason to.

The average price arrived at.

6961. The amount actually paid to you was only a proportion and not an excessive proportion of the whole amount?—A very small proportion.

6962. Less than you ought to have got, in your opinion?—Less than I ought to have got—a good deal.

6963. In March of the same year there is an item for transporting supplies to Victoria, Saskatchewan, and which were not transported all the way, but were left at Carleton; was that settled in the same manner—I mean paid by only a proportion?—I think so.

6964. Is there not a credit in the account?—(Looking at the account): Yes, there is a credit there.

6965. The proportion that was paid was not a fair proportion?—No; it was not as much.

6966. Do you remember in round numbers the distance to Victoria?—No; I do not.

6967. Do you remember whether your contract for carrying mails was for more than one year?—I do not; I guess it was.

Carrying Mails.

6968. Was there any change in the price, as far as you remember?—There was one contract from this account for \$65 a month, and there was another for \$200 or \$300, I think.

A contract for \$65 a month, and a contract for \$300.

6969. What service was performed for the large amount?—Weekly, to contract 15; it was \$550 or \$600 a month.

Weekly to contract 15, \$550 or \$600 a month.

6970. Do you remember during what time that contract at the larger rate extended?—I do not. I remember there were tenders called for and I got the contract.

6971. Do you wish to say anything further about the evidence you have already given?—Except that I would like to ask the reporters not to put in that personality about Mr. Nixon and his family. I do not think it is a proper thing to appear in the papers, and I do not

**Nixon's Pur-
veyorship.**

think it is a proper thing to ask me, as I cannot see it has any connection with the Pacific Railway. I cannot help saying so before I leave the box.

The Chairman :—It will have to remain now.

WILSON.

G. M. WILSON, sworn and examined :

**Fort Frances
Lock—
Supplies.**

By the Chairman :—

6972. Were you at any time connected with any transaction concerning the business at Fort Frances Lock?—I was.

In store at Fort
Frances.

6973. In what capacity were you interested?—I was in the store; in the Government store.

Engaged by
Sutherland in
spring of 1876.

6974. When were you engaged?—I think it was some time in the spring of 1876, as near as I can remember.

6975. Who engaged you?—Mr. Sutherland.

6976. What was your duty in the store?—To give out supplies and attend to the service of the men, whatever they required.

Kept books which
are in possession
of Government.

6977. Did you keep books?—Yes.

6978. Where are those books?—I suppose the Government has them.

6979. To whom did you give them up?—I left them with the Government, they belong to the Government, and I have nothing to do with them.

6980. Who had charge of them after you left?—Mr. Logan, the store-keeper.

In service of
Government
until spring of
1877.

6981. How long did you remain in the service of the Government in that capacity?—Until the following spring, the spring of 1877.

6982. Was there any person in the store over you?—Yes.

6983. You had not sole charge?—No.

Mr. Logan his
superior officer.

6984. Who was over you?—John Logan.

6985. Was he principal store-keeper?—Yes.

System on which
Government
stores were
managed.

6986. What was the system of disposing of the Government stores at that time?—Do you mean in disposing of them for their own use?

6987. To any one of them?—They kept clothing, books, shoes and such things as that, whatever the men required, and they were sold to the men—furnishings, I suppose you might call it, for the men.

6988. Did they dispose of them to any person except the persons employed by Government?—Only to employés of the Government.

6989. Was there a separate account kept for each of the employés?—Yes.

6990. And goods got out of the store would be charged?—Yes.

6991. Was it your duty to settle all these accounts with the labourers?—No.

6992. Whose duty was that?—That was done at the head office. My duty was only to furnish the accounts to the head office.

6993. Then, from time to time, you rendered statements to the head office, of the goods got by each of the employés?—Every month.

**Fort Frances
Lock—
Supplies.**
Rendered statements to head office every month.

6994. Settlements between the Government and the persons employed took place at the head office?—Yes; at the head office.

6995. Do you mean the principal office which was at the Locks?—Yes.

6996. That officer took charge of the transactions with the boats and other things?—Yes, everything; all had to report there. Of course sometimes these accounts would be rendered oftener, if they were settling up with the men.

6997. But the practice was to render them at least once a month?—Yes; sometimes oftener if necessary, if a man was settling up.

6998. What change took place in your transactions with the Government; you say in the spring of 1877 you ended this engagement?—Yes.

**Transference of
Government
Store.**

6999. Then, what happened?—The Government, or Mr. Sutherland, had decided to do away with the store. I think a number of parties having started stores there, and we used to have a good many complaints from the men, one way and another, and we decided to do away with it. The furnishing part of the store, it was decided to do away with—boots, shoes, clothing, and such things as that.

In spring of 1877 Government did away with the furnishing part of store, the provisions being retained.

7000. And provisions?—No; just the furnishings.

7001. The provisions still remained the property of the Government?—Yes.

7002. What happened after that?—I bought the stock and started business on my own account.

Witness bought stock and started business on his own account.

7003. Do you remember what you gave for it?—I do not remember just the figures.

7004. Can you tell near about?—No, I cannot; it is so long since I looked at the thing.

7005. Can you tell within \$1,000?—I should think it would be, perhaps, \$3,000 or \$4,000.

Price paid some \$3,000 or \$4,000.

7006. How was the value of them arrived at?—The value was arrived at from invoices.

How price arrived at.

7007. But you would first take stock and ascertain the quantities?—Yes; stock was taken.

7008. And you applied to those quantities the prices of the invoices?—Just the cost—whatever the goods cost.

7009. Adding freight and charges?—In some cases there was; in other cases there was not.

7010. In what cases would you not add freight and charges?—On the rubbish.

7011. Do you remember what rate you paid on the cost?—I do not.

7012. Did you pay the full cost?—Yes; and some of it was a pretty hard lot to pay cost for.

**Fort Frances
Lock—
Supplies**

**Transference of
Government
Store.**

Logan & Thompson the valuers who appraised the quantities and prices of goods transferred to witness.

Got a detailed account of goods purchased.

Arranged at time of transfer that goods on their way to Government store should pass into possession of witness.

7013. Who ascertained the quantities and prices which you would be called upon to pay?—Mr. Logan, the store-keeper, and Mr. Thompson, foreman in charge of the works.

7014. Was Mr. Sutherland there at the time the transfer was completed?—He was not.

7015. Then who took charge of its being carried out?—Mr. Thompson and Mr. Logan, the store-keeper and foreman.

7016. Had the principle upon which the transfer was to be made been previously arranged by Mr. Sutherland?—I suppose Mr. Sutherland gave instructions.

7017. You had no negotiations with him?—No; simply to buy the stock. It was Mr. Sutherland offered the stock for sale.

7018. Did you agree with him as to the rate at which you would pay the whole cost?—No; I was to pay the cost.

7019. That was arranged with him?—Yes.

7020. When you purchased what you did, what goods did they retain to dispose of on the Government account?—They kept all the provisions.

7021. I suppose you got a detailed account of the goods purchased at the time?—Yes; it was all done in detail.

7022. Did you keep a copy of it?—I may have it; I am not quite positive. I left Fort Frances in July, 1878, or about 1st August, 1878.

7023. Then you were in business on your own account some fifteen months?—I think it was about the 1st July, 1877, that I got possession of the stock, and it would be about July, 1878, when I left—about a year.

7024. I thought it was in the spring of 1877 that you left?—Spring out there is June generally.

7025. Besides the goods which you got at the time of the transfer, other goods arrived, did they not, which went into your possession?—Yes; the statement I made there, about the values of the whole, would include them.

7026. But it was arranged that goods on the way to the Government stores should pass over to you?—Yes; furnishings.

7027. Was there a separate invoice made out for those goods which arrived afterwards to you?—I think that they arrived there about the time I took possession.

7028. Some invoices arrived afterwards, I am informed?—I could not tell; the Government books would show, I suppose.

7029. I am asking whether you had separate and subsequent statements, showing those new arrivals after the first invoice of the first transaction?—Yes.

7030. Do you think you have those?—I may have some of them; I brought my papers with me and threw them into my store-house; if they are there I will be happy to produce them.

7031. After you became proprietor of this store about July, 1878, was any person interested with you in the store?—No.

**Fort Frances
Lock—
Supplies.**

7032. What system was adopted, after that time, about goods got from you, by persons engaged by the Government?—No system whatever; I had to look out for myself.

7033. You did sell goods to persons employed on the works?—Yes.

7034. How did you get your pay?—I got my pay by orders on the paymaster, from the men.

Men paid him by orders on paymaster.

7035. Did it sometimes happen that the paymaster paid you, without orders from the men?—No.

7036. Would you always settle first with the purchaser of the goods, and get directions from him?—Yes, I got instructions from them; they sometimes gave it verbally, but it was done generally through written order. I wish I had been able to get it that way. I would not have got behind with some of them.

7037. I suppose, at times, you would require goods which you had not in your own shop and which the Government had in theirs?—There may have been some provisions got in that way, but I think that, as a general thing, it was on the other side—that the Government borrowed from me.

7038. Was there a system of borrowing, between the two shops?—They did borrow from me; when they were short they borrowed from me instead of buying. They had the stores on the way, and if I had the goods in the shop I never refused.

7039. What would they borrow from you?—Provisions.

Government store borrowed provisions.

7040. They did not deal in any after you purchased the goods from them?—Nothing but provisions. They may have bought some sheets, or blankets, or something of that kind from me.

7041. And was this borrowing only recorded in the memory of those who got them on behalf of the Government, or was it entered in the books?—It was entered in the books the same as another article.

7042. If they borrowed an article would you charge it in your books?—It was charged in the books, and when it was returned it would be charged back.

7043. So that all those transactions would appear recorded in your books?—Yes; and others too. Every transaction of mine with the Government would be recorded.

All transactions recorded in his books.

7044. Of course you did not feel sure that they recorded it?—I assume that they did; they should have done so.

7045. So far as you know you have no reason to think it was not done?—I believe it was done.

7046. Do you remember some butter coming from Thunder Bay, addressed to the superintendent, Mr. Sutherland, but afterwards going to you?—Not that I know of.

7047. Are you aware that there has been some rumours about such transactions?—I never heard any rumour of the butter transaction; but I have heard other rumours.

7048. It has been said that a quantity, something like two tons, started from Thunder Bay addressed to Mr. Sutherland, and that the marks were changed before they got to the Locks, and that the butter went to you?—It is false.

No truth in rumour that on two tons of butter addressed to Sutherland marks changed and butter delivered to witness

**Fort Frances
Lock -
Supplies.**

7049. Do you remember any quantity of butter coming from Thunder Bay to you?—Yes.

7050. About what quantity?—That I could not say. I got butter so many times from Thunder Bay.

7051. Would you get it in such quantities as that?—I got pretty large quantities of butter—some very large quantities.

7052. Do you remember any arrangement by which butter which had been intended at first for the Government store, became your property before it reached the Locks?—Never; there was never such a thing occurred.

7053. The rumours that you allude to are probably about cattle?—Yes.

Government store borrowed beef from witness and returned it.

7054. What do you say about the rumours of the meat that changed hands?—They borrowed some from me and they returned it. It was only a small amount. I can, perhaps, explain the matter thoroughly to you: I bought a beef from, at that time, I supposed the Hudson Bay Co.; it was through one of their officers. It was in the very hot weather, and the families had nothing but pork, and some of them were getting black-leg; they were complaining that they would like to have some beef. I got an opportunity of buying a beef. It was more than the families would use, two or three times over; and I agreed to buy it and supply the families, provided that the Government would take the rest and return it when their cattle came in, which they were very glad to do.

7055. Then they got it from you and returned it afterwards?—Yes.

7056. Did that happen on more than one occasion?—That was the only occasion, that I know of, that they borrowed from me.

7057. Did it happen that you sold any live animals which at first were intended for the Government stores?—I never sold any live animals that belonged to the Government, but to myself. I bought all my cattle here in the city.

7058. From what place would you buy your goods, as a rule?—I got some here, some in Toronto, some in Montreal, and some in Thunder Bay.

Transportation of goods for witness by Government servants

7059. Would the transportation of those goods to your establishment be over any of the Government lines?—Yes.

7060. Would it be transported by Government service?—Yes; by boat, it would be from North-West Angle into Fort Frances Lock, and some from Thunder Bay.

7061. How could they come?—Some parts overland and some over the portages—by boat you may call it.

7062. But performed by persons in the employment of the Government?—Performed by the Government.

Of which freight items regular accounts were kept.

7063. Were regular accounts kept of those freighting items?—Yes.

7064. Do they appear in the books to the credit of the Government?—They do.

7065. Have you had time to look at your books, since you were subpoenaed?—No; I live out of town.

**Fort Frances
Lock-
Supplies.**

7066. Then you have not been near enough to the books for you to bring them since you have been subpoenaed?—No.

7067. Are you aware that there has been some rumours about the omission of such charges?—I am.

Rumours of the omission of such charges unfounded.

7068. That has no foundation?—No; it has not. It is very easy coming at the proof of it, that there is no such foundation. I think Mr. Fowler, of Fort Frances, gave evidence on that at one time that satisfied them.

7069. Before whom did he give evidence?—Before a Commission that sat here once before, and at Ottawa, I believe.

7070. Did it happen when you wanted goods by way of exchange out of the Government store, that you would sometimes get them without any person being present?—No.

7071. It has been said that the Government clerks were not always there, and that they had such confidence in you that they let you take what you wished and allowed you to keep account of it?—There was no such thing happened. I do not think the store-keeper would allow anything of the kind; he is a very strict man.

Never allowed to go to store and take goods when no representative of Government present.

7072. I believe Mr. Thompson, who was foreman on the part of the Government for some time, bought some of the property or got some of the property: are you aware of that transaction?—Not that I know of.

7073. Did you know that he had got any machinery of any kind?—No; not that I know of. I have heard these rumours; that is all.

7074. Had he some landed property in this part of the world?—I think he had a farm about thirty miles from here.

7075. Is it west?—It would be south.

7076. What is the name of the place?—Clear Springs, near Niver-ville.

7077. Have you any knowledge of any removal of Government property by him, either after purchase or otherwise?—No.

7078. Would it be convenient for you to let us look at the books for a short time, upon some future occasion?—My private books?

7079. No; the books of the Government?—I have no books of the Government.

7080. I mean your private books in which your charges for the Government are, or your credit for things returned by the Government?—I would willingly show it to you in my presence.

PETER SUTHERLAND, sworn and examined:

**P. SUTHER-
LAND.**

By the Chairman:—

**Nixon's Pur-
veyo. ship-
Supplies.**

7081. Where do you live?—In the city of Winnipeg.

7082. How long have you lived here?—Since 1873.

7083. Do you know Mr. Nixon, who was paymaster and purveyor for the Canadian Pacific Railway?—Yes.

**Nixon's Purveyors-
ship—
Supplies.**

7084. Have you had any transactions with him in that capacity?—
Yes.

Witness had business transactions with Nixon in the shape of contracts and purchases for the Government.

7085. What was the nature of the transactions?—It was largely on contracts, and in a great many instances private purchases—that is, for the Government.

7086. But not by tender?—Largely it was simply private purchases.

7087. Not by competition with other parties?—In a great many instances, yes; and in as many instances, no.

7088. When you speak of private purchases, you mean not by public competition but by arrangement with him alone?—Yes.

7089. Have you any idea, in round numbers, of the whole amount of your transactions with him?—I could not speak advisedly without reference to old books; but it was a very large amount.

**Extent of trans-
actions.**

7090. Would it be anywhere in the tens of thousands, or only in the thousands?—I do not think it would be in the tens of thousands, but it would be over thousands.

7091. Would it all amount to more than \$10,000?—My impression is that it would.

**First acquaint-
ance with Nixon.**

7092. How did you first become acquainted with him?—While returning from a business visit to the east I met Mr. Nixon on board one of the steamers—I believe it was the "Selkirk"—and he introduced himself to me there on the boat and got acquainted with my wife. His family were not along with him, but he came down here and found out from some source that we had a comfortable home, and he asked me if I would board him. I refused at the time, saying that we never kept boarders, but referred him to my wife. I said to him if she was willing that I would be happy to receive him in my family; and he went to my wife and made the same request to her, and she demurred.

7093. I suppose you were not present?—No.

7094. At all events you say he had an interview with her?—Yes.

**Nixon goes to live
at witness's
house.**

7095. What did it lead to?—It led to her consenting to his coming to live at our house for a short period.

7096. Did he live at your house?—He did, from the fall until some time in the month of April.

7097. None of his family were with him?—No.

7098. During that period had you dealings with him in his capacity as paymaster?—Not during his residence in the house.

7099. What was your business during that time?—I was dealing in wholesale provisions and groceries.

**Nixon dealt with
witness on his
private account
during the same
period that he
was dealing with
him on behalf of
the public.**

7100. Did he deal with you on his private account during the same period that he was dealing with you on the public behalf?—He did.

7101. To what extent did he deal with you on his private account?—His private account might have amounted to from \$35 to \$40 monthly, latterly.

7102. About what would be the gross sum?—The gross sum, up to the time of the latter settlement, was about in the neighbourhood of \$900.

Nixon's Pur-
veyorship—
Supplies.

7103. Was it understood that he was to pay that private account in full or not?—There was never an understanding at any time. He kept on dealing and getting goods for his private account.

7104. To what extent had this account run before he made any payment on it, or any considerable payment? In fact, what was the largest balance you had against him at any time?—\$900; in that neighbourhood. I will not speak advisedly to the time. Private account ran up to \$900, which was written off.

7105. How did you deal with that account against him?—I wrote it off from the face of the books as paid, not giving any reason to my book-keeper for doing so.

7106. Do you mean the whole sum, or the balance out of the \$900?—I wrote off the whole sum.

7107. Do you mean that you marked on your book that it had been settled?—Yes.

7108. Without any actual settlement having taken place?—Yes.

7109. Do you know whether that came to the knowledge of Mr. Nixon?—I was summoned to appear before a Parliamentary Committee on Public Accounts. In 1878 summoned to appear before Public Accounts Committee.

7110. Could you specify in what year it was?—In 1878.

7111. About what time?—Some time in the early part of March I was summoned to appear before the Committee.

7112. What happened between you and Mr. Nixon then?—When I was summoned I thought it advisable to render his account in full, from the time that he commenced to that date; and he came to visit me and he said to me: "Is that account not settled upon your books?" I admitted that it was settled upon my books; but, on the other hand, it was not actually paid, if it were settled, and I thought it was likely that I would be put upon my oath, and if it were asked me whether the account was settled I would have to make the statement that it was settled but not paid, and I thought it probable that it would injure both him and me also. Then rendered his account in full. Nixon called and asked whether the account was not settled in his (witness's) books.

7113. Was any different arrangement made between you then?—Yes; I made a large discount.

7114. About how much?—Probably nearly one-third of the account, or something in that neighbourhood, and took his note for the balance, payable at a future date. Made reduction of one-third and took Nixon's note for balance.

7115. The notes were settled subsequently?—Yes; all except the discount. Of course I discounted it very liberally.

7116. You mean discounted your open account?—Yes.

7117. But the notes, they were finally satisfied?—Yes; they were finally satisfied.

7118. During the time that he was boarding with you, was there any understanding that he should pay you for board?—No; although after boarding with us for some time, he actually tendered, or made enquiry what the amount of his board was; and my wife being anxious to get him away from the house refused, and I refused, to accept anything, thinking that he would take that for granted and leave of his own accord. Money for board refused in hopes that Nixon would go.

**Nixon's Pur-
veyorship—
Supplies.**

Nixon said he could not possibly stay and not pay, but he stayed.

7119. Did he propose to leave?—He said he could not possibly stay and not pay board.

7120. Did you assent to that?—Yes.

7121. Then he went away I suppose?—No.

7122. How long after that did he stay?—He stayed on until some time in April.

7123. How many months would that be?—From October to April

7124. After this conversation do you mean?—No; it might be some time in December the conversation took place, and he stayed on until April.

Board never paid for.

7125. For that period has he ever given you any compensation?—No.

7126. Do you remember any transaction between you and him about a cheque from him to you?—Yes.

(Cheque for \$150 for sleigh returned to Mrs. Nixon.

7127. What was that for?—That was for a sleigh; but I returned the cheque to Mrs. Nixon, or it was sent to the house at all events by one of my clerks.

Witness got two sleighs at the time, one for the engineers and the other for Nixon.

7128. Do you remember the amount of that?—In the neighbourhood of \$150. I could not exactly specify the amount, but I recollect well that I got two sleighs at the time, one for the engineers and the other for him.

Paid only for sleigh furnished to engineers.

7129. Was this cheque for the one sleigh you got for him?—I was paid simply for the sleigh that was furnished to the engineers.

7130. Do you mean that the cheque covered the price of both sleighs?—No.

7131. Only the one sleigh that he got himself?—Yes.

7132. Do you know whether that came to his knowledge at once: that you had returned the cheque?—He was aware of it at once.

Nixon aware that cheque had been returned.

7133. What makes you think he was aware of it at once?—The fact that his cheque, given on the Ontario bank, I think, was returned to him.

7134. Did he ever speak to you about it shortly after that?—Scarcely ever.

He had no objection.

7135. Did he object to your sending his wife the cheque?—No; he had no objections.

Government account the reason for this benevolence to Nixon.

7136. Was there any reason why, in addition to board being given without pay, you should make any gift to any one of his family?—There was really in truth none, only that the Government account was an account that we regarded valuable, even if we did not make a profit on it. To a person in large business ready amounts of money were most valuable, and we regarded that it would be better at least to have an ordinary share of the patronage of the Government, even if we were not making anything out of it. That was my only object.

Nixon claimed the right to large discounts on his private accounts.

7137. Did he make any request to you about your throwing off any of your account at any time, either as a discount or otherwise?—He always mentioned that it was customary, according to mercantile rule, that a person purchasing largely should get a large discount upon anything that they wanted privately for themselves.

Nixon's Purveyors-
Ship-Supplies.

7138. Do you mean purchasing largely upon public account?—Yes.
7139. That would give him a claim for reduction upon his private account?—Yes; by the ordinary practice of commerce.
7140. Did he mention what that percentage was?—No; not particularly.
7141. It was not a question of percentage?—No; not particularly a question of percentage at all.
7142. Then do you say that this balance of his private account remained written off and unsettled until you were summoned before the Committee on Public Accounts?—Yes; until I was made aware of that by being summoned.
7143. And after that time, when you made a claim for the whole, do you say that he suggested that it had already been settled on your books?—Yes.
7144. Did you understand that to be an intimation that he should not be required to pay it?—Yes.
7145. Do you know whether he dealt with merchants and other persons furnishing goods to the Government on account of the Pacific Railway in a business-like way, or did he endeavour to obtain any advantage?—I can only speak for myself. I know that I felt, during all my transactions, that it was necessary to propitiate him to get a moderate share of the Government patronage; even at the reduced prices that the Government was paying to us. Witness felt the necessity of propitiating Nixon in order to secure some of the Government patronage.
7146. Did you, upon any occasion, tender at very low rates?—Yes. Tendered very low.
7147. How low, in a general way?—Absolutely at cost, and less.
7148. What was your object in tendering so low as that?—To test if it was possible that we could get a contract at any price.
7149. What was the result of your tendering at cost, or lower?—Of course there were difficulties raised, and our tender was regarded as irregular. It had never been regarded so before.
7150. Did you succeed in getting a contract on that tender?—No.
7151. Are you aware of any instance where other dealers propitiated him?—I am satisfied in my own mind.
7152. I can hardly take that as evidence?—It is so patent with every one that every one knows it. The last of my transactions seemed to be at the time that he made application to me to buy a lot of half-breed scrip for him. Last transaction with Nixon. The latter wanted him to buy a lot of half-breed scrip for him.
7153. What was his request to you on that occasion?—Simply that he wanted me to purchase the scrip.
7154. Do you mean for him?—Yes.
7155. Did he offer to find the money for you to do it with?—No; he did not mention anything regarding that.
7156. How did you understand that proposal?—I felt at the time that I had then given him more than my business could afford; that I could not afford, in justice to myself and those associated with me, to give any more. I had given to the full extent of my power. Witness at length felt that he could give Nixon no more.
7157. Did you intimate that decision, that you would not?—No; I dare not do that.

**Nixon's Pur-
veyorship—
Supplies**

Refused to buy
them and the
Government ac-
count was with-
drawn.

The third thrown
off Nixon's
private account
never paid.

7 58. You merely omitted to buy them?—I omitted to buy them.

7159. Did he continue to deal with you?—The Government account was withdrawn instantly, but his private account, from some marvelous cause, was continued from time to time, for quite a while.

7160. The reduction that you speak of having made upon his private account, to somewhere approaching one-third of the whole, has that still remained unpaid?—It stands upon the face of my books yet, although I have balanced the account to profit and loss.

7161. I mean has he actually satisfied it by anything valuable?—No.

7162. Since that omission to buy the land warrants, have you had any dealings with him on Government account?—None.

J. SUTHERLAND.

JAMES SUTHERLAND, sworn and examined :

**Fort Frances
Lock—
Book-keeping.**

By the Chairman:—

7163. Were you at any time employed by the Government in connection with any of the Pacific Railway works?—I was employed indirectly by the Government—that is, on the Fort Frances Canal.

7164. You mean the Locks which were built under the charge of your brother?—Yes.

Book-keeper.

7165. In what capacity were you employed?—I was book-keeper.

7166. At what time were you first engaged?—In the spring of 1875.

7167. Was that at the Locks?—It was at the Locks.

7168. Where do you live now?—I live here in Winnipeg.

**Left Locks in
winter of 1879.**

7169. When did you leave the Locks?—I left the Locks in the winter of 1879, or rather in December, 1878, just about New Year's time.

**Had charge of
Government
books.**

7170. Who had charge of the books kept on behalf of the Government at that point?—I had.

7171. Had you any assistant book-keeper?—Occasionally I had; a portion of the time I had none.

**System on which
books were kept.**

7172. Will you explain to me the general system of keeping the books connected with these works?—To keep the accounts of all the different works and to credit the Department with all money coming, and to keep a proper distribution of time and supplies, and all that sort of thing on the different works; keeping everything straight in that way.

**Separate account
for Government
store.**

7173. Did you keep a separate account for the Government store?—Yes.

**And for trans-
port.**

7174. And for the boats? the Government owned a boat?—We did not keep it for the boat; we kept an account for the transport of supplies between Thunder Bay and Fort Frances. When we did that sort of thing we charged it up to Transportation Account.

7175. Did you engage persons for that special service?—Yes.

Transport.

7176. How was it done? what kind of vehicles?—We had horses and waggons on the portages, if necessary, and small boats on the lakes with barges in tow.

7177. That is, you kept a force for that work specially?—Yes; when required. They were not always required. For instance: we had some supplies that we wanted from Thunder Bay; we had a man employed for that purpose, and he hired men to assist him to bring his stuff right through, and would probably make three or four trips a season if necessary.

**Fort Frances
Lock—
Book-keeping—
Transport.**

7178. Then you had not any force there continuously?—No.

**No permanent
force.**

7179. Do you say you had a separate account for that service?—I kept a Transportation Account.

7180. Was there any other route on which you kept a Transportation Account in the same way?—In the same way we kept a Transportation Account for the North-West Angle route.

7181. How was the transportation effected from Winnipeg to North-West Angle?—We let that by contract, I think.

**Transportation
from Winnipeg
to North-West
Angle arranged
for by contract.**

7182. Was that not done by Government labourers?—No, not by day labour; only a portion from North-West Angle.

7183. Between the North-West Angle and the lakes you say it was always done by your own servants?—Not always; Capt. Wylie contracted to take some sometimes.

7184. How did he take it?—By his boat and barge.

7185. What was the name of his boat?—I forget the name; it was a little tug.

7186. Did the Government own at any time any boat there?—No boat, except on the line; there was a small tug-boat there.

7187. Where was that?—On Rainy River and Lake of the Woods.

7188. Then, besides the work done by that Government boat, you occasionally hired Capt. Wylie to work with his boat?—Yes; as the line boat was not sufficient.

**Besides Govern-
ment boat hired
Capt. Wylie.**

7189. Did you keep a separate account for that boat?—Transportation Account: North-West Angle Division.

7190. Would that account include the principal operators of this boat?—Yes.

7191. Did you keep a separate account with each person employed?—Yes.

**Government
Store.**

7192. How would you get information of the amount of goods disposed of at the Government store?—By a statement handed in to me from the store.

**Amount of busi-
ness done at Gov-
ernment store—
ascertained by a
statement from
store.**

7193. Who would have charge of making that statement?—There were several. Of course Mr. Logan was the head; he had Mr. Wilson as his assistant, who generally furnished me with the statement certified by Mr. Logan, and I entered it accordingly in my books.

7194. Then they had a subordinate set of books for the purpose in that store?—They might not be called a set of books, as they were memorandum to be transferred to the head books.

7195. They had some books in which entries were made?—Yes.

7196. And did those books purport to account for all goods going out of the Government store as far as you know?—Yes.

**Fort Frances
Lock—
Payments.**

Accounts rendered before payments were made to labourers.

7197. Was there any particular period of time at which those accounts should be rendered to you?—Always before the payments were made.

7198. You mean payments to be made to labourers?—Yes.

7199. How often was that?—As a general thing when my brother came in. There was no particular time, as the men did not require their money there; they could not do anything with it, and they were better without it often.

7200. As a rule were the payments made to persons employed only when your brother came to the place?—Occasionally; Mr. Logan kept a small amount of cash on suspense, and if a man wanted a dollar or two he would pay it.

7201. But there was no periodical settlement?—No.

**Government
Store.**

7202. In keeping this account with the Government store, I understand you had a separate account open in your books for it?—Yes.

**System of book-
keeping.**

7203. Did you charge your Stock Account with the goods that came to the store?—Yes.

7204. At what rate?—The invoice rate, with freight and charges added.

7205. Did you charge the Stores Account with the cost of transportation of the goods which went to the store?—Yes.

7206. And you credited your Transportation Account accordingly?—Yes.

Books in possession.

7207. Have you the books now showing that account from the beginning?—Yes.

**Transfer of some
Government
store goods to
Wilson.**

7208. Do you remember a transaction by which a certain portion of stores were at one time sold, or exchanged, to Mr. Wilson?—Yes.

7209. Before that time Mr. Wilson had been in the employ of Government?—Yes.

7210. In what capacity?—As assistant store-keeper.

7211. After that time he kept a store on his own account?—Yes.

**How these goods
were valued.**

7212. Do you remember how the value of those goods, which were transferred to him, was arrived at?—I think that they were put in at cost, or I think Mr. Thompson and Mr. Logan valued them, if I recollect right; the statement was handed to me at all events, and entered accordingly.

7213. You charged Mr. Wilson with the amount of that statement, and credited your Stores Account?—Yes.

**Goods which
arrived after
transfer delivered
and charged to
Wilson.**

7214. There were some goods which, I understand, arrived after that transaction?—Yes.

7215. Do you know how the accounts were made as far as those were concerned?—They were charged to Mr. Wilson—that is all such as he took, which would come under the same head.

7216. Those subsequent arrivals were not all of the kind of goods which he bought—such as provisions?—No.

7217. Then you selected from the whole lot a portion of the character which he had bought—such as furnishing goods?—I think

Fort Frances
Lock—
Book-keeping.

there were some goods bought before the clothing, and such stuff—men's supplies—were sold to Mr. Wilson; and those goods, when they arrived, were handed over to Mr. Wilson and charged to his account. Of course there were no more bought after that but supplies.

7218. When you speak of supplies do you mean provisions?—Yes.

7219. So that after that period you did not deal on behalf of the Government with furnishing goods—such as clothing, and boots and shoes?—No; not at all.

After transfer of stores dealt no more in clothing and the like.

7220. Then that account which you say was kept of those stores ought to show whether that transaction had been a profitable one or an unprofitable one?—Yes.

Account of stores as it appears in books.

7221. Would you open your books and let me see how that account stands? (Witness opens the book.) Do you remember whether your brother used to charge to Stores Department Account the salaries of persons who were employed?—Yes.

7222. Such as those of Mr. Logan and Mr. Wilson?—Yes; everything in connection with it.

7223. That account has not been finally balanced?—No, it remains open; the store was handed over.

7224. I understood you to say that you had charged this account with the amount of goods got by Mr. Wilson?—Certainly.

7225. When the store was closed was any stock taken of the goods on hand?—That is, when the works were closed here?

7226. When the stuff was transferred?—We kept the store for our own supplies.

Supplies.

7227. Is it open now?—No.

7228. When was it closed?—It was closed when the works were shut down.

7229. Then you left before the store was closed?—Yes.

7230. So that you are not able to say how the account was finally adjusted?—No; I am able to say just in the same position I would be supposing that were the case. I took it from the statements at all times; I was not supposed to go into the store and take stock myself. I was furnished with a statement of stock on hand.

Left before store was closed. (Can not say how account was finally adjusted.

7231. Do your books—these books which are under your control—show the final settlement of that account? Is this the one you mean (pointing to an account book)?—Yes.

7232. In doing that would you credit to Stores Account that final statement of stores on hand?—Yes.

7233. Is it done?—No.

7234. Then these books do not show the transaction?—I can show you statement of stock on hand, but it is not entered up there; that is supposed to show the amount of stuff on hand.

Can show statement of stock on hand, but it is not entered up.

7235. Why is it supposed to show it when it is not here?—Every entry is made of all the stuff that has gone out of it, and every entry is made of the stuff that went into it, and the difference between the two is the balance on hand.

**Port Frances
Lock—
Book-keeping-
Supplies.**

7236. But supposing they had been stolen, would the books show whether they were on hand or not?—Certainly.

7237. How would the books show?—We had the amount of each account of stuff that went in there. All it would require is a mere matter of work, to pick it out in the ledger, and that and the stuff that had been sold would show it.

7238. But the stuff on hand is not entered to show the balance between the two accounts: this account as it stands now does not give any idea of the real state of affairs at the closing of the shop?—The words "by balance on hand" are not written in.

If books were formally balanced would show state of affairs at the closing of shop.

7239. If that were written in correctly it would show?—Yes; that is all that is required to be done.

7240. You think that can be done by the statement that you have?—Certainly.

7241. Will you produce that statement?—I have not got it with me, but I think I can find it.

7242. Do you remember, in round numbers, the amount of that statement?—I could not say.

7243. Was that the time that you say the store was handed over to Mr. Fowler?—Yes.

7244. Who was Mr. Fowler?—He is a man who owns a mill there.

Brother of witness handed over all stock in hand to Fowler at the time of the abandonment of the Lock.

7245. Did he buy this stuff there?—No; I believe my brother had instructions from the Government to hand over any stuff that was on hand at the time of closing the works to Mr. Fowler.

7246. Was a statement of the estimated value of the goods at that time taken by Mr. Fowler handed to you for the purpose of entering it in the books?—Yes; and signed by Mr. Fowler as having received it.

7247. Did he receive it on behalf of the Government or on his own account?—I believe on behalf of the Government, to keep it in store for them.

7248. Then that statement, if the estimate was a fair one, would show, up to that time, whether this keeping of the store had been profitable or unprofitable?—Yes; of course as far as profit is concerned we had no profit on anything except goods that were sold to the men, and that was closed when the store was handed over to Mr. Wilson.

After transfer to Wilson only supplies kept for boarding house which was charged at cost price.

7249. I thought you still kept supplies after that?—No; we kept supplies to supply our boarding-house, and we charged it at the same rate as it cost, just the invoice price. Transportation and expenses in connection with the store were put on the goods, and they were dealt out as near as we could get at the cost. Of course when the stores were all dealt out the two accounts should balance, because there was no profit on anything except stuff that was sold to men.

7250. It would show how unprofitable it had been: it would show the actual state of affairs?—Yes; it would show the actual state of affairs.

All books require an entry of credit goods, side of stores account of the value of goods handed over, to show the real state of things.

7251. So that all this book requires now is an entry on credit side of stores account of the value of those goods as estimated when they were transferred to Mr. Fowler?—Yes; the difference would be the depreciation.

7252. Was that your last connection with the books?—Yes.
7253. Did you charge Mr. Fowler with that transfer?—No; I did not make any entry of it at all. I did not charge him with it because I was out of the employ of Government at the time. When the statement came in here to me I was at Winnipeg.
7254. Did any person succeed you to take charge of the books on account of the Government?—No.
7255. So that that particular transaction is not recorded in any Government book, as far as you know?—No; we have a statement for it, that is all we have to show. Of course that can be easily entered; I can enter it any time for you in a few moments.
7256. Would you please show me in the books the entry or entries by which the goods were debited to Mr. Wilson when he got them?—Yes; there is an entry—(pointing to the book).
7257. What do you find to be the whole amount of goods taken at that time by Mr. Wilson?—Just at that time, \$1,738.32.
7258. What time was that?—June 30th, 1877.
7259. Was there any subsequent entry in it of a similar character?—Yes.
7260. When was that?—December 31st, 1877.
7261. What is the amount of that charge?—\$3,716.36.
7262. Besides the goods and supplies transferred to him, was there any charge for accounts assumed?—Yes.
7263. What is the amount of that charge?—\$139.49.
7264. Then what would be the total of your debit upon that transfer of the accounts and goods?—\$5,594.17; I do not know that that was all in connection with that one transaction. You see we had a trade account, and that made some of it, of course. I have not the details before me, and I cannot tell without referring to them.
7265. Whether it was part of the transfer at all events it was a charge which ought to be made against him?—Yes.
7266. Are you aware of the method by which he settled that claim?—He settled it by supplies in return, I think; if I recollect rightly.
7267. The value of what he got was not to be paid for in money?—I do not know what the agreement was.
7268. Do you know whether it was paid for in money?—I do not think it was.
7269. How do you think it was paid for, if settled?—I think it was paid for by supplies that we got after in return from him. I know a statement was sent to the Department in detail.
7270. After this transfer to him you continued to deal in provisions?—Yes; we kept our own supplies for our works.
7271. Do you think that you obtained provisions from him in exchange?—Occasionally; when we were out of them we did.
7272. I mean in satisfaction of this large transaction: was it not arranged that he should pay for the furnishing goods which he got, by giving you provisions in exchange?—I do not think it was arranged,

Fort Frances
Lock--
Book-keeping.
Supplies.

Transfer of
Goods to
Wilson.

Entry in books
debiting goods to
Wilson.

Amount of goods
taken by Wilson
as shown in books
\$1,738.32.

Subsequent entry
for \$3,716.36.

Accounts assum-
ed \$139.49

Total debit
\$5,594.17.

Claim settled by
supplies.

Paid for by
supplies

**Fort Frances
Lock—
Book-keeping.
Transfer of
Goods to
Wilson.**

but if it was I do not know what the arrangement was. He was to pay for it; but before very long he had an account against us for supplies which I think covered it, if I recollect rightly, because we were very often out of supplies, and we could not get them in under a week or a month's notice sometimes.

7273. Do you remember who valued the goods which were got in any large quantity from him, after he got furnishing goods from you?—They were charged to him, I think, at cost price.

7274. I am speaking of the goods which you got from him. Who valued them? Your brother's recollection was that there was an understanding made between him or some one else, on the part of the Government and Mr. Wilson, to the effect that Mr. Wilson should take all the furnishing goods that you had on hand, and that he should pay you by the exchange or delivery of other goods, such as provisions, which you required to deal in?—I think that was the understanding.

7275. Do you know who valued the goods which you actually got from him on that bargain?—I think Mr. Thompson and Mr. Logan, if anybody. Of course I do not know.

7276. I see there is a credit in June, 1878, of one entry of an invoice, will you be able to produce that invoice?—Yes.

**Bank Account.
Account with
Ontario Bank.**

7277. Please turn to your account with the Bank of Ontario. Was it your habit to keep an account with the Bank of Ontario, showing each amount that was sent by the Government to that institution for the expenditure on the Locks?—Yes.

7278. And then showing each payment on cheque given against that account?—Yes.

**Item of \$1,307—
Suspense Account
How Suther-
land's disburse-
ments were
arranged.**

7279. Please turn to your cash book of May, 1877. I notice a credit to the bank of \$500 in one item, and \$1,307 in another; can you explain why such a large sum as \$1,307 would be drawn at one time?—It would be drawn on Suspense Account. For instance, my brother would be going away on a trip, and he would want to pay small bills; a cheque would be drawn by the paymaster and countersigned by himself and marked on "Suspense Account." Then when he returned he brought in vouchers in triplicate for everything that was paid, and a statement was made up from it. That amount was charged to Suspense Account, and the vouchers were credited when they were brought in.

**Suspense Account
—how dealt with.**

7280. Will you show me the Suspense Account which contains that entry of \$1,307, and how it was disposed of? Did you say that upon such occasions as you mention, when \$1,300 would be taken from the bank, it would be taken in bank bills and paid out by somebody handling it?—Yes.

7281. In this instance it would be taken by your brother?—It would be deposited to his own credit in the bank, to issue cheques against it, as if it were his own—it amounts to the same thing.

7282. What object would be gained by that?—He was only in there once in a while and he could not be with Mr. Logan to get a cheque countersigned whenever he wanted. He was 500 miles and sometimes 1000 miles away from Mr. Logan, and he could not issue a cheque without Mr. Logan and he were together.

**Government pay-
ments made on
joint cheque.**

7283. Had a system been established that payments of the Government money should only be made by joint cheque of Mr. Logan and

**Fort Frances
Lock-
Book-keeping-
Payments.**

your brother? Is that what you mean?—Yes; I believe though that the instructions were that whenever any money was to be drawn in that way, it was to be drawn on suspense, and it was to be marked "Suspense Account;" that is in accordance with the instructions from the Government.

7284. But it avoided the necessity, you say, of the money being paid out by joint cheque: your brother had control of the money, to pay any person he alone thought was entitled to it?—Yes.

7285. So it avoided the supervision which was intended to be exercised by Mr. Logan?—Yes; but those Suspense Account items were kept as low as possible; they could not be avoided. Drawing cheques on Suspense Account avoided the check of the double signature.

7286. Do you know whether, when you gave a credit in this instance to your brother for his disbursements against this Suspense Account, he had to submit vouchers, and submit them to a similar supervision of Mr. Logan, or any one else?—He handed the vouchers in to Mr. Logan. Sutherland gave vouchers for his disbursements.

7287. So his Suspense Account was not credited with those items until Mr. Logan supervised them?—He was not credited with them until Mr. Logan passed them.

7288. Was that by one statement, or was each item of money actually paid out so revised by the officer appointed by the Government?—Yes.

7289. There is one item against the suspense charge of \$1,307, amounting to \$850 in one sum as wages, do you know whether an item like that would be revised by Mr. Logan?—Yes. Item of \$850 for wages.

7290. What was Mr. Logan's position at the Locks?—He was pay-master and store-keeper. Logan paymaster.

7291. Besides his duty of looking over the goods in the store, had he also to revise statements of expenditure?—Yes; but the assistant store-keeper relieved him of a good deal of work in the store, so that he could give more attention to the cash.

7292. Then your brother had not the authority to pay moneys entirely on his own judgment?—No. Hugh Sutherland had no authority to pay money on his own account.

7293. Is it your idea that this charge of \$850, according to the system which you have described, will appear to have been revised by Mr. Logan?—Yes; I can give you the details of it. \$850 for wages revised by Logan.

7294. I am speaking of Mr. Logan's signature?—Anything about wages will be on the pay rolls, and will be found certified to by Mr. Logan. Department has them and we have triplicates.

7295. Were there other Suspense Accounts besides this?—Yes; Mr. Logan had a Suspense Account.

7296. Do you mean by that, that money in a lump sum would be handed to him and charged to his Suspense Account?—Yes.

7297. And it would be his duty afterwards, to account for the disbursement of that money?—Yes; and my brother checked him, because all vouchers had to be certified to and approved by both of them. System of audit at the Port Frances Locks.

7298. And that was the system of audit which was adopted with reference to the Locks?—Yes.

7299. It did not pass through the hands of any auditor in Winnipeg?—Not that I know of.

**Fort Frances
Lock-
Book-keeping.
The Boiler
transaction.**

Thompson fore-
man in charge of
works.

Thompson got a
boiler the prop-
erty of Govern-
ment which
was
charged to him.

An upright
boiler

Cannot say
whether Thomp-
son was charged
by Govern-
ment
with transport of
boiler.

**System of pay-
ing labourers.**

7300. Who was the foreman in charge of the works?—Mr. Thomp-
son.

7301. Did he remain there as long as you did?—He remained there
longer than I did; he remained there until the close of the works.

7302. Do you know whether he got any of the property belonging
to the Government, by purchase or otherwise?—I believe he got a
boiler, which was charged to him in the books.

7303. Was that in your time?—Yes.

7304. Please turn to his account?—It did not belong to us; it
belonged to the Red River route.

7305. Was that a boiler that had been in use in one of the boats
that you speak of?—It was a boat. I think the hull of it was burnt on
the route, and it was taken to Fort Frances and used there. At the
close of the works Mr. Thompson bought it; and I believe my brother
had instructions to sell all the stuff he could.

7306. Did you take any part in the arrangement?—No; I did not.

7307. Do you know who settled on the price?—I think it was
between him and my brother. The books will show the transaction.
There was no arrangement between him and me.

7308. Do you know what kind of a boiler it was?—An upright
boiler.

7309. Have you any idea of the value of it yourself?—I do not
consider myself capable of valuing it.

7310. Do you know the size or number of tubes, or anything of that
description?—I do not; I simply recollect seeing the boiler. I did not
pay any particular attention to it. It is not a very large one, at all
events.

7311. Do you remember whether Mr Thompson was charged with
the freight of any property which he had removed?—I do not recollect.
There are other means of transporting, besides Government.

7312. Yes; but I want to know as a fact whether he had been charged
by the Government with any transport?—I do not know.

7313. You do not know whether he ought to have been charged with
any?—I do not.

7314. It was no part of your duty to manage the affairs there; it was
only to keep record of them in your books?—It was only to keep the
books.

7315. Did Mr. Thompson keep a boarding house?—No.

7316. In paying the labourers, do you remember whether it was the
system that they should give orders upon shop-keepers for any goods
that they got before you paid the shop-keepers, or did you pay the shop-
keepers without such orders, and charge the men with the amount?—
In the first place Mr. Logan paid all the men; I know it was the habit
when a man wanted any goods at any particular store, he would come in
and ask the paymaster for an order on that store. Mr. Logan would
not give an order until he went to the store and found out how much
he wanted, and whatever he wanted Mr. Logan gave him an order on
the store for it, and took his receipt for the order and charged it to his
account.

7317. Have you any reason to believe that Mr. Wilson was interested jointly with any one else in the store after he became the owner of that store?—I have not.

**Fort Frances
Lock-
Book-keeping.**
Has no reason to believe that Wilson was interested jointly with any one in store.

7318. You are probably aware that there have been rumours that he was?—Yes, I am aware of it.

7319. Have you the time-book that was kept?—I do not know that I have; I expect that I have.

7320. Was it part of your duty to keep the time?—The fore part I did, but after a while I got so busy I could not, and got a man to assist me.

7321. Have you the pay-lists?—We have the triplicate copies somewhere; they have been stored away for a year and a-half.

7322. Have you the custody of the cheques that were given on the Bank of Ontario?—No.

7323. Do you know who would have those?—Mr. Logan, the pay-master.

Logan the pay-master has custody of cheques.

7324. Did I understand you to say that all the cheques given on this Government account on the Bank of Ontario were signed by two persons: your brother and Mr. Logan?—Yes; first signed by Mr. Logan and countersigned by my brother.

7325. Is there anything else connected with this matter which you would like to explain, either on account of the evidence you have given, or anything that I have omitted to ask, so as to give a fair knowledge of the way it was conducted?—I do not know that there is anything, unless I heard the evidence read.

7326. You can consider the matter, and if at any future time you wish to give your evidence you can do so.

WINNIPEG, Friday, 24th September, 1880.

RICHARD FULLER, sworn and examined:

By the Chairman:—

FULLER.

Telegraph—
Tendering.
Contract No. 2.

7327. Where do you live?—In Hamilton.

7328. Have you spent much of your time in the North-West of late years?—A very considerable in the summer time.

7329. Have you been interested in any transactions on account of the Canadian Pacific Railway or telegraph lines connected with it?—Yes; in building the telegraph line from Livingstone to the longitude of Edmonton. I have built in Edmonton, but that was at my own expense to reach the people there.

7330. Were you the contractor originally for this work?—Yes.

7331. Was the work let by public competition?—Yes.

Work let by public competition.

7332. Did you tender for that work which you contracted for?—Yes; amongst others.

7333. Did your tender make an offer for that particular work?—My tender was from Fort Garry to Edmonton.

Witness's tender was from Fort Garry to Edmonton.

**Telegraph—
Tendering.
Contract No. 2.**

Tendered for
three sections.

7334. Did you make any offer for the portion of the work which you contracted for?—It covered that. The way I tendered was for the three sections. I did not tender for No. 1, from Fort Garry to Fort Pelly. I tendered under the other, No. 3, from Fort Garry to the longitude of Edmonton, and I likewise tendered from Fort Garry to Lake Superior.

7335. In the work for which you took the contract, the portion of the line between Fort Garry and Fort Pelly was not included?—It was included in my tender.

7336. But for the portion of the line for which you contracted?—No; that is not in my contract—from Fort Garry to Pelly.

7337. It was not a special tender from Pelly to Edmonton?—No.

Did not tender
separately for the
portion he got.

7338. Did you make any tender alone for the portion which you built?—No; not separately.

7339. Then your contract was for a different length of the line, from that for which you tendered?—Yes.

How he came to
get a portion of
the line for which
he had not
tendered.

7340. How did it happen that you obtained a contract for a portion of the line for which you had not tendered?—I was notified by telegraph that the whole of my tender was accepted from Fort Garry to Edmonton. When I reached Ottawa, finding that they were going on the present route of the railway to Pelly, I declined to take that.

7341. Do you mean on the present route of the railway?—Yes; because I had specified to go south to Pelly.

Had specified to
go south by
Ellice.

7342. But the present route of the railway is south?—I mean the then projected line. I had fortunately specified in my tender to go by Ellice or Pelly, or that way; that is going up this trail.

Got contract No. 2
by negotiations
subsequent to his
tender.

7343. Then was it by a subsequent negotiation that you were allowed to contract for only a portion of the line for which you had tendered?—Yes; that was the result of my withdrawing from that.

7344. Was it by subsequent negotiations?—Yes.

7345. It was not in accordance with the terms of your tender?—No.

7346. Then it was by subsequent negotiation?—Yes.

7347. With whom was it you made these subsequent negotiations?—I think it was upon a report from Mr. Fleming to the Minister.

7348. With whom did you make them?—I withdrew unless I was paid an extra price from here to Pelly, and then the other was offered to me.

Withdrew original
tender, and
contract from
Pelly to Edmon-
ton offered to him.

7349. Who offered it to you?—The Engineer-in-Chief by special report. It arose from a report from the engineer, I presume. That is all that took place. I withdrew; and, in the course of the day, that from Pelly to Edmonton was offered to me.

7350. Do you remember whether the offer was made in writing or verbally?—I think on their part it would be verbally. I do not think there was any writing to me about any more than the contract. I put in a letter saying what I would do this for from here to Pelly.

Asked \$20 per
acre for chopping
and clearing.

7351. In that letter, stating what you would do this portion between Fort Garry and Pelly, did you claim a price higher than you had originally tendered for?—Yes; I claimed \$20 an acre for the chopping and clearing.

7352. Do you mean \$20 an acre for the whole portion of the wood, or only for that portion which you supposed to be in excess of that which would be on the southern line?—On the southern line I did not calculate on any timber land.

**Telegraph—
Tendering.
Contract No. 2.**

7353. Then your demand was \$20 an acre for the whole of the wood land which would be found on the northern line?—Yes; I would have had no timber to hinder me on the southern line at all.

Would have had no timber in his way on southern line.

7354. Do you know by what amount that increased the offer of your tender?—I could not tell. I do not know the number of acres there would be between here and Pelly,

7355. Do you think this proposal for the increased price was made in writing or verbally?—I made that in writing.

**Telegraph—
Construction.
Contract No. 2.**

7356. To whom was that directed?—It was directed to Mr. Sandford Fleming.

7357. Had you a conversation with him on the subject after this writing?—No; I think the next thing was that when I went to the office he offered me the portion from Pelly to Edmonton.

Sandford Fleming offered him the portion from Pelly to Edmonton.

7358. Did you and he then discuss the probable amount of wood, and therefore the probable result upon your offer of \$20 an acre?—No.

7359. Had you any estimate, either in conversation or without, as to that?—No; I had no idea of the quantity of timber.

7360. Were you led to understand, before you were informed that you would get the contract for the balance of section 3, that some one else was willing to take the portion upon which you charged the extra price?—No; not from the Department at all.

7361. From any one else?—No.

7362. Then your proposal to take the westerly portion of section 3 was made without any knowledge as to how the Government were to get the section from Pelly to Fort Garry constructed?—No.

7363. Was there any time in the contract by which you were to have this work completed?—Yes; time was the essence of the contract.

Contract to be completed by 1st July, 1876.

7364. What was the time?—The 1st of July, 1876.

7365. Was it completed within that time?—It was completed on the night of the 15th or 16th of July.

Completed 16th July.

7366. Was the maintenance of the line included in your contract?—Yes.

**Telegraph—
Maintenance.
Contract No. 2.**

7367. For how long?—Five years

Maintenance for five years included in contract.

7368. Have you undertaken the maintenance?—Yes.

7369. Have you carried out that portion of the contract?—Yes.

7370. Was the maintenance by the mile or by the time?—The maintenance is a lump sum per annum.

7371. Without reference to distances?—Yes; that is for the whole of my work.

7372. Did the length of your work exceed the amount, or rather the distance, estimated at the time of tendering?—No; I think it is about three miles shorter.

Telegraph -
Construction.
Contract No. 2.

Contractor's
Claims.

\$80 per acre
claimed extra
for a road cut
through the
woods.

Paid \$25; gross
amount \$10,200.

Claim for stop-
page by Indians

\$1,300 paid on this
account.

7373. Did your tender make any difference between wood land and prairie land?—My tender was specified in a specification to be all prairie.

7374. Was it more expensive to you than all prairie?—Yes; the timber was a very serious detriment to my operations.

7375. Did you make any claim on that account?—Yes; I claimed for a road I cut there to build the line through the woods.

7376. Do you mean as an extra?—Yes.

7377. At what rate did you make that claim?—I made it at \$30 an acre, and they paid me \$25.

7378. Do you know what the gross amount of that item was?—I received \$10,200 for the chopping.

7379. Does that represent the acreage at \$25 an acre?—Yes.

7380. Has that item been finally settled between you and the Government?—Yes; I have a claim now for cutting trees fallen on the line.

7381. I am speaking of clearing for construction?—I think I am correct in stating \$10,200. It may be a little more or less.

7382. But that is about the amount that you arrived at?—I was paid on finishing the line.

7383. At the time that tenders were invited were particulars afforded by the Government to persons tendering?—Yes.

7384. Was it in those particulars that you were informed that there was nothing but prairie on your section?—Yes.

7385. Have you a copy of those particulars?—In the memorandum for the information of parties tendering, clause 17, it states "between Fort Pelly and Edmonton the country is prairie."

7386. Was there any other matter during the construction upon which you had a claim for extras against the Government?—Yes; there was one claim for stoppage by Indians.

7387. Was that a subject of discussion between you and the Department of Public Works?—Yes.

7388. Did they resist the payment of it?—Yes.

7389. Is it still a claim?—No; not on that account.

7390. Has the matter been arranged between you and the Government?—Yes.

7391. Upon what basis?—By their paying me a portion of the claim—thirteen hundred and some odd dollars.

7392. About what proportion was that of the claim which you had first made?—That, I think, would be a little more than half.

7393. This claim arose, I believe, on account of the extra expense which you were put to in transporting goods or something of that kind?—No, it was by delay; the freighting parties were stopped, and they had a claim against me.

7394. You were sued for that claim by the freighting parties?—Yes.

7395. And judgment was rendered against you?—Yes.

7396. It was in order that you might be indemnified against this that you made this claim against the Government?—Yes.

**Telegraph—
Construction,
Contract No. 2,
Contractor's
Claims.**

7397. Are you a loser or a gainer, considering the actual disbursements by you, upon that subject?—I am a loser by being delayed in the operations very much. I should have been through that season if it had not been from the causes of delay, which would have made my maintenance very different. It would have been finished in 1875.

7398. Is there any other matter upon which you claim an extra?—I claim an extra for the movement of my material.

**Claims an extra
for movement
of material.**

7399. Why was that?—My material was distributed upon Mr. McLeod's trail before the line was ready—the surveyed line.

7400. Why did you put your material upon any trail before the line was ready?—The parties were not out to survey the line when my material was on the road.

**Contract let
before line
located.**

7401. Then the contract was let before the line was located?—Yes.

7402. How long before it was located?—The location party only kept just in front of my men, and had hard work to keep ahead of them.

7403. Was that the party locating the line of the railway?—Yes.

7404. Could you say at about what rate per day they were locating that line of railway—I mean how many miles a day?—I should think that they would probably go three miles through the bush, and about eight miles upon the prairie.

**Rate of progress
in locating—three
miles a day
through bush and
eight upon
prairie.**

7405. Do you remember about the size of the party who had the charge of locating the railway line at that time?—There was the engineer and, I think, there were about four or five of the staff, assistants, and his men. I should think the party, with packers and teamsters, would amount to thirty.

7406. Did they take their supplies with them?—Yes.

7407. In what way did they indicate to you the line which was located?—In getting through the woods they had a chopped line.

**Manner in which
located line was
indicated.**

7408. Did they mark the centre of the line by pegs?—Yes; that is through the woods.

7409. And on the prairie?—On the prairie they put stations every 100 feet on most of the line, and the numbers would be marked on the pegs.

7410. At what distance from this centre were you erecting the poles?—Fifty feet.

7411. Do you remember the width which you cleared through the wood portion?—The average was about twelve and a-half to thirteen feet—just sufficient to let the train get through and clear the poles.

7412. When you speak of the train, you mean the train which was transporting your material and supplies?—Yes.

7413. What would your train be composed of?—There were thirty-one waggons, about 100 head of horses and cattle, and ninety men, I think. It would be composed of the wire, brackets, insulators, and provisions.

**Size of train—
thirty-one wag-
gons, 100 horses
and cattle, and
ninety men, with
wire, brackets,
insulators and
provisions.**

7414. Did you say that you were able to move in the construction of the line nearly as fast as the party surveying it?—Yes.

**Telegraph—
Construction.
Contract No. 2.
Contractor's
Claims.**

7415. They were not able to keep far ahead of you?—No.

7416. Did you actually overtake them at any time?—Not until they got away from the woods—when they got on the prairie they got a start of us, but we pressed them pretty hard.

Clearing made by locating party only sufficient to let them through and to take their sights.

7417. In locating the line, was it necessary for the surveying party to make any clearing through the woods?—I do not think they made any more clearing than was necessary for their party to get through and take their sights.

7418. Did they make any clearing?—I could not call that clearing, it was just a surveyor's line.

7419. How wide would that be?—Knocking down a tree here and there to get their instruments through.

7420. Would they take their train through with their supplies?—Sometimes they would have to.

7421. What sort of a train?—Carts.

How they got their carts through.

7422. Could they get their carts through without clearing?—They could get round a great deal of it. They did not follow their track all the time—in some parts they had to take their train directly through.

7423. In order to take their train through those portions would they have to clear the woods?—Yes.

7424. To what width?—Sufficient for the cart to get through.

7425. What width would that be?—Nine to twelve feet.

7426. Did that clearing take the same line in some instances?—It might have touched it or crossed it.

7427. But they did not clear upon any substantial portion that you cleared?—No.

7428. Was any allowance considered proper to be made on your claim for clearing on account of the clearing that they did?—I do not think it. I do not think they could have made out any.

Paid for moving material as far as South Branch of the Saskatchewan.

7429. Is there a claim for any further extras made by you?—Not during construction—only for this moving of material on the line. I was paid a proportion of it.

7430. How much were you paid of it?—I was paid for moving my material on the line as far as the South Branch of the Saskatchewan—between Pelly and the South Branch of the Saskatchewan.

7431. Had you been induced by the Government to put your material upon a line different from the one which was actually adopted?—Yes; I got permission to put it on Mr. McLeod's trail, because he went ahead of the surveying party and left mounds here and there along.

7432. Was it any part of the original arrangement that they should find places where you could safely put your material?—No; I do not think it was.

Selected places to put his material at his own risk.

7433. Were you selecting the places at your own risk where you put it?—Yes.

7434. Did you select them at your own risk?—I laid it over three miles along the line.

**Telegraph—
Construction.
Contract No. 3.
Contractor's
Claims.**

7435. Did you select the places at your own risk and on your own responsibility?—Yes.

7436. Then why was it when they turned out not to be correct, that you laid a claim for moving to the proper location?—Because the line was not ready for me when my material was there, and I had to keep my men and carts on the ground.

Nevertheless a claim arose on this ground because line was not ready.

7437. If the line had been ready would you have been able to take this material to a place which would have saved the expense?—Yes; it would have saved me an enormous expense. From the South Branch to Edmonton I had to move it over a long distance.

Had line been ready would have been saved enormous expense.

7438. This claim was for the expense of being obliged to move these supplies at a time when you could not tell where the line would be?—Yes; they refused to pay the claim, so far as it extended from the South Branch west, on the ground that instructions had been given to my foreman that we might build the line on Mr. McLeod's trail north of the Saskatchewan.

7439. Was this claim for moving your material finally settled by the Government?—Yes.

7440. There is no further dispute on that subject?—No.

7441. Had you any other claim for an extra?—Not during construction.

7442. After construction?—Yes; I had a claim after construction. I have a claim for \$5,515.

Claim of \$5,515 for maintenance for a period during which line was not, but might have been, workable.

7443. What is that for?—That is for the maintenance of that portion of the line that was built in 1875, on account of the delays, or I should have been through in 1875, and I would have been entitled to the maintenance of the whole line.

7444. Do I understand that you claim pay for maintenance before the line was actually finished?—Yes.

7445. But from the time at which it would have been finished had you not been unreasonably delayed?—Yes; I claim for that portion which was actually built that season—350 miles.

Claims pay for maintenance before line was finished because of delay.

7446. That was built?—Yes; it is that much longer, I had to maintain that on account of being delayed.

7447. Then your claim is not as I have described it, but for the portion of the line which you had actually constructed?—Yes.

7448. Not for delay in construction?—Yes; for delay in construction, as I should have had the whole line that fall.

7449. You claim that your pay for maintenance should begin from the time that it was constructed?—Yes.

7450. Not from the time the whole was constructed?—No.

7451. How long was that portion constructed before the whole was finished?—About eight months.

7452. Has your claim for that maintenance been resisted?—It has been up once or twice, and it has not been settled yet.

7453. Was the construction of that portion finally completed at the time you name?—Yes.

**Telegraph—
Construction.**

Contract No. 2. 7454. Ready for operation if the rest had been ready?—Yes.

**Contractor's
Claims,** 7455. And you say the rest would have been ready but for the delays caused by the Government?—Yes.

7456. Now what delay as to the rest was caused by the Government?—The delay in not having a line to lay the material on, having to move the material, and the delay caused by the party who had the sub-contract for laying the poles on the western end being turned back by the Indians. All these poles had been on the ground, and I had to remove them from the South Branch west, and all the material, a second time.

7457. In your bargain with the Government originally was there any agreement that they would have the line located at any particular time?—No; but by my contract I was compelled to finish the line by the 1st of July, 18.6. Time was the essence of the contract and I was bound to it.

7458. You mean t me as to the finishing?—Yes.

Nature of
contractor's
complaint.

7459. But your complaint is that they were not in a position to let you begin work as soon as they ought to have allowed you to begin?—My complaint is that the line was not ready for my material to be laid upon it when it arrived there.

7460. Is there any portion of the contract which calls upon the Government to be ready at a particular time?—No.

7461. How do you make out that it was their duty to be ready at a particular time?—To enable me to do my work within the limit of my contract.

7462. Then it was by implication, was it, and not by any expression either in the contract or verbally?—No; I notified the Government when I was going on, and they notified me that they had made preparations for it. They knew the time I was going to commence.

Completing con-
tract nearly in
time notwith-
standing work
not prepared for
him to commence
entailed extra
cost.

7463. But would they not have performed the spirit of the agree-
ment, as you understood it, if they enabled you to begin the line so
that you might complete it within the time named in the contract?—
If they had done that.

7464. As a fact you completed it within fifteen days afterwards?—
Yes; but it was at an extraordinary cost to myself.

7465. But the Government did not contract that you should build the
line in the cheapest possible mode to yourself?—No.

7466. Whether you could have done it less than the contract price
or not, is not part of the agreement with the Government?—No.

Claim remains
unsatisfied.

7467. That claim has as yet remained unsatisfied?—Yes; it remains
unsatisfied.

**Telegraph—
Maintenance.**

Claim of \$10,740
for cutting trees
during mainten-
ance.

7468. Is there any other item for an extra?—There is a claim
amounting to \$10,740.

7469. For what?—For cutting trees.

7470. During maintenance I suppose you mean?—Yes; during
maintenance.

7471. Why do you make that claim?—Because I have no right to
take the trees off. It should have been all prairie.

Telegraph - Maintenance. Contract No 2. Contractor's Claims.

7472. Why did you take them off the line?—The line could not have been kept up without taking them off.

7473. Were these trees which you have removed, and for which you make this claim, entirely within the wooded sections?—Yes; principally within the first 100 miles.

7474. Are they scattered trees?—There are no scattered trees, it is solid wood.

7475. Do you mean that the whole maintenance of the line has cost you this much more in consequence of there being a wooded portion instead of being all prairie, as you were informed?—Yes.

The amount claimed—the difference in cost between a wooded and a prairie region.

7476. Do you mean that that is the amount that is has cost you?—It is the amount returned to me by my men—the number of trees—and I have charged by the tree

7477. Did you pay your men by the tree?—No; I pay them by the month.

7478. Then how did you arrive at this sum which you claim?—The extra cost of men and killing of horses sometimes in the bush.

Amount arrived at by counting extra cost of men and the value of horses killed in bush.

7479. Have you calculated exactly the extra cost it has been to you to maintain the line?—Not correctly. I can get that from the books at Battleford.

7480. Upon what basis do you make \$10,740?—So much a tree.

7481. How much a tree?—I do not recollect. I have not the accounts with me; I have only a memorandum of accounts. Many thousands of trees have fallen, but I have not any idea of the number. Then there were brackets and insulators.

7482. Do you say that you were not directed to remove these trees, but you found it necessary to remove them in order to perform your contract?—Yes.

7483. Could you have fixed a price per tree?—Yes.

7484. Can you explain upon what basis you have arrived at the price you have fixed per tree?—Sometimes it has cost me \$50 to send a man out for probably one tree, and sometimes it will not cost much, because a man will go through the woods and cut off a lot of them.

7485. Have you kept any record of the occasions when it has cost you \$50 a tree?—Yes; I have that account. My man has paid as much as \$50 for extra men to go out.

7486. Have you the data upon which you can now calculate that it has cost you \$10,740, or is that a random estimate?—I have not the exact data myself. I would have to go to Battleford to get the books.

Has data on which he bases this claim for \$10,740.

7487. I am not asking you to produce them now; I am asking you whether you have them within your control?—Yes.

7488. So that you are able to show the correct data which has led to this amount being claimed by you?—Yes; by extra men and horses, I think.

7489. That claim is still unsettled?—Yes.

7490. Have you any other claim to make?—I have a claim of \$475.

Claim of \$475 for sending operator to Edmonton at suggestion of Government.

7491. What is that for?—For sending an operator to Edmonton from here during last summer by the instruction of the Government.

**Telegraph—
Maintenance.
Contract No. 2.
Contractor's
Claims.**

7492. Was there any arrangement with the Government by which you were to operate these lines?—No.

7493. Are they operated?—Yes.

**Lines operated
for benefit of con-
tractor.**

7494. For whose benefit?—My own; rather for the benefit of the public, for I lose out of it.

7495. Has the operation not resulted in a profit to you?—No.

**Fleming instruct-
ed operator to
be sent to Ed-
monton.**

6496. For what reason was this operator sent?—By written instructions from Mr. Fleming. He was sent by mail cart to Battleford, and then by my own cart to Edmonton. This claim includes his pay for five or six months up to the time the Government was expecting the expedition that came over the mountains.

7497. Was this for the purpose of furnishing an operator at the request of the Government?—Yes.

Object of this.

7498. In order that this line might be operated as well as maintained?—No; it was in order that when Mr. McLeod and Mr. Gordon came out from the Peace River there should be an operator there to send the result of their expedition to Ottawa. I charged them with the man's pay and sending him out there for that time.

7499. If the Government had not asked that that operator be sent up would the line have been operated?—Not between Battleford and Edmonton.

**Does not as a rule
operate line
between Battle-
ford and Edmon-
ton.**

7500. That was for operating the line further than you had constructed it, do you mean?—No; I do not operate it, as a rule, between Battleford and Edmonton.

7501. That portion of the line you were not then operating?—No; I only operated it when the repairer happened to be at the other end.

7502. And the operating on this occasion was done for special purposes of the Government?—Yes.

7503. And caused this extra expense to you?—Yes.

7504. About how far had you to send that messenger?—From here.

**Had to send a
messenger 900
miles.**

7505. How far?—About 900 miles.

7506. You say that he went with the mail cart?—Yes.

7507. Was there a regular mail cart carrying mail from this point to that?—Yes; he was carrying the mail in the cart at the time.

7508. And this cart sometimes took passengers?—He sometimes takes a passenger as a favour.

Claim not settled.

7509. Has that claim been settled?—No; Mr. Fleming wished to settle it upon the basis that I should deduct the amount that was charged for the message through to Ottawa, and which was very considerable; but I do not see that I should do that, because that message amounted to considerable money passing over other lines.

7510. Do you remember about what your charge was for passing over your line?—No, I do not recollect; I did not get those particulars. They are all on record of course.

7511. Do you think that the Government should bear the whole cost of this man's travelling and pay, in order that he might operate that particular section of the line, and that you should get profit?—I think

Telegraph—
Maintenance,
Contract No. 2.

I ought to get the profit because it had to go all through my other operators.

7512. Why through the other operators?—My operator at Battleford has to take it, and then at Pelly.

7513. Can it not go all the way through to Winnipeg without that?—No; it has got to be repeated.

Message had to be repeated at the several stations.

7514. Did the repetition by those operators increase the expense to you?—Necessarily.

7515. Were they paid by the message or by the time?—By the time.

7516. Then how did it increase the cost to you if they repeated it?—I was paying them anyway.

7517. Their repeating it added nothing to your expense?—Nothing to the expense that I was at at that time, but I think I had a right to a legitimate charge for their services.

7518. If the Government had not sent this operator to the westerly end of the line, so as to send a message from there to Battleford, your operator at Battleford would have had no message to repeat?—No.

7519. And the repetition of it by him cost you nothing?—No; no more than his daily wages.

7520. But still you think you should charge for this message in addition to the cost of furnishing the operator at Edmonton, which you put down at \$475?—Yes.

7521. Have you any other claim?—I have no other claim.

No other claim.

7522. In what manner has the line been maintained since you have constructed it?—It has been maintained well.

Line maintained well.

7523. Has there been any complaint on the part of the Government or the public?—There has been complaint on the part of the Government, but I have to bear it all from Ottawa to Edmonton.

Complaints made of inefficiency of line.

7524. Has there been any complaint as to the maintenance of this particular section over which you have control?—There was only complaint when the line was burnt down, for which stoppage was made of \$960 for the number of days which it was down.

Only one complaint respecting line; \$960 stopped in consequence of line having been burnt down.

7525. The Government has charged you that amount?—Yes.

7526. Has that been settled?—I do not call it settled myself.

7527. But they have taken that amount from you?—Yes; they have taken that amount from me.

7528. Is that a deduction in proportion to the time and price?—Yes; the line was burnt down the same spring and fall, and it was put up as rapidly as it was possible to be put up.

7529. Do you mean that the line fell?—It was burned by spring and fall fires when the frost was in the ground, and burnt down about twenty miles of it.

Line burned by spring and fall fires.

7530. Do you mean that those accidents were not provided against in the arrangement with you that you were to maintain the line?—No; there was nothing in the contract about it at all.

**Telegraph—
Maintenance.**

Contract No. 2. 7531. Do you mean that you were not bound to maintain the line against such accidents?—I was bound to maintain it; but I do not see that I should suffer a penalty for such accidents. Of course if I did not repair the line as rapidly as it was possible to do it, I should be.

Repairing such an accident he considers reconstruction. 7532. Do you mean that this was more in the nature of reconstruction than repairing?—Yes; it had to be reconstructed.

7533. Upon what understanding is the line now operated?—I keep the operators there and I operate it myself, so that it is not worth while making any further fuss about it.

Contractor takes what receipts there are. 7534. Are you allowed to take all the receipts?—Yes; which amount to very little.

7535. Is there any arrangement about a tariff?—No.

7536. Have you established a tariff to suit yourself?—Yes.

Tariff \$1 for a message of ten words and 7 cts. a word afterwards. 7537. What is the tariff?—It is \$1 for a message of ten words, and 7 cts. a word for all words above that.

7538. Are these prices less in proportion to distance?—No; they are the same all over the line, however short the distance may be.

7539. Is there any other matter connected with this telegraph construction or maintenance which you wish to explain?—No.

7540. Have you been interested in any other matter connected with the Pacific Railway?—Not with the Pacific Railway.

7541. Have you tendered at any time for any work connected with the Pacific Railway?—Yes.

7542. What was it?—I tendered for this fencing.

7543. Where was the fencing?—For the wire fencing of the line recently let here. I did not know then where it was to be.

7544. When was this?—Three months ago.

**Transportation
of Rails—
Tendering.****Contract No. 18.**

7545. That would be since the 16th of June, consequently that is not within our enquiry. Did you propose to do any other work in connection with the Pacific Railway, or any material for the railway?—Yes; I made a tender in 1875 for the transportation of rails.

Tendered but did not get job.

7546. Was that work which was offered to public competition?—It was in answer to an advertisement issued by the Public Works Department in 1875.

7547. Do you know who got the work?—The Red River Transportation Co.

7548. From what points?—From Duluth to Winnipeg or below it.

7549. Do you mean below it on the Pembina Branch?—It was for carrying rails from Duluth to any point between the boundary line and Winnipeg, and between Winnipeg and Selkirk.

7550. In fact upon any point upon the Pembina Branch, north or south?—Yes.

7551. Do you remember the rates offered by you in that tender?—Yes.

Rates offered in witness's tender.

7552. What rates?—\$13.50 from Duluth to any point from the boundary to Winnipeg per ton, and \$15 if it was landed between Winnipeg and Selkirk.

**Transportation
of Rails—
Tendering.
Contract No. 18.**

7553. Was that the long ton or the short ton?—The long ton. They did not specify the long ton, but I never thought of any other ton but 2,240 lbs. of iron.

7554. Upon that point did you make any change in the wording of your tender from what was supposed to be required by the wording of the advertisement?—No.

7555. Have you the particulars of that advertisement now in your control to be produced?—I am not sure whether I have it at home or not, but very likely I have. I am not certain.

7556. Did you get any communication on the subject afterwards?—No.

7557. So that you have not been officially informed of the result?—No.

7558. Do you know by whom the work was done?—By the Red River Transportation Co.

Work done by
Red River Trans-
portation Co.

7559. Was that an incorporated company?—I presume it was.

7560. Do you know who were the persons principally interested in it at that time?—I do not know any myself that was interested except Mr. N. W. Kittson and J. Hill.

7561. Then you know of no reason why you did not get the contract?—No.

7562. Were the prices which you asked in American money or Canadian money?—I think it was stated in the offer to be American money.

7563. Did your offer of the price between Winnipeg and Selkirk depend upon any improvement in the channel of the Red River?—No.

7564. It was an unconditional offer?—Yes; it was unconditional.

7565. I notice that contract 18 is for transportation of rails from Duluth to Winnipeg, or any point on the Red River between Pembina and Winnipeg, at the rate of \$15 per ton, United States currency, and in the event of the channel of the Red River being improved, the same rate, namely, \$15 per ton, from Duluth to the point of crossing of the Canadian Pacific Railway north of the Stone Fort; is that more or less in favour of the Government than your offer?—I should say my offer was more favourable. It would a good deal depend on how much money they would have to spend on the Red River of course.

Witness thinks
his offer more
favourable than
the prices of Red
River Transport-
ation Co.

7566. But I understood you to say that this of yours was unconditional?—Yes.

7567. If so, would not your offer in any event be the better one for the Government?—It must have been.

Offer absolutely
better than that
accepted.

7568. Do you know of any reason why your offer was not accepted?—No.

7569. Do you know whether your offer reached the Government or the Department?—There is not the slightest doubt about it.

7570. Why do you say that?—Because I have seen the public returns to Parliament in which that was included, and there was only my tender and that of the Red River Transportation Co.

7571. There were only two tenders shown by that return?—Yes.

**Transportation
of Rails—
Tendering.**

Contract No. 18.

7572. Were there any remarks made upon the subject in the return?
—No; simply the offers.

Date of tender.

7573. About what time was your tender dated?—About the 23rd of April, 1875. The return was made to the Senate.

Charges for wharriage, unloading, &c., included.

7574. Do you remember whether the advertisement inviting tenders required you to state whether all charges for wharfages, unloading, &c., were to be included?—I think it did.

7575. Your tender covered these charges?—Yes; it included all charges except any entries to our Custom-house at Pembina, and these were excepted—any fees for entry coming in here.

7576. Is there any other matter connected with the Canadian Pacific Railway upon which you wish to give evidence?—No.

**Telegraph—
Construction.
Contract No. 2.**

Explanation respecting line running through lakes.

7577. Is there any further explanation which you wish to add to what you have already stated?—No; there is only one explanation, and that is about my line running through lakes. I have disputed that point. I have run around some of them instead of through. The straight railroad line runs through a large number of lakes, and the engineer wanted me to build floating platforms and put the polls on them instead of letting me run around.

7578. What would be the whole length of the crossings of those lakes?—They vary.

7579. But adding them together, the total length?—I have no accurate return, but it would be some miles altogether.

7580. Instead of crossing the lakes you have built the line around?—Yes; where it was impossible to get at them and maintain the line.

7581. Have you returned as quickly as possible to the general direction of the line?—Invariably.

For purposes of maintenance, lines better than if they crossed lakes.

7582. So that for the purpose of maintenance and operation they are just as effective as if they crossed the lakes?—They are more so. It would have been impossible to maintain them if they were done in the way Mr. Lucas wanted me to do them.

Claim against Contractor.

Claim by Government against contractor for not crossing lakes from \$5,000 to \$6,000.

7583. Has it been proposed to deduct from moneys coming to you any amount for thus omitting to cross the lakes?—Yes.

7584. What amount is in dispute on that account?—Between \$5,000 and \$6,000.

7585. Has that been still withheld?—Yes; and I hold very unjustly, because the line is a great deal better as it is than the other way.

7586. Have you had any discussion upon that subject with any officer of the Department?—Yes, with Mr. Fleming; and some officer reported that my line was built within the contract some two years before. That was when we finished up for the construction. Two years afterwards Mr. Lucas wanted to go back to the construction, for some reason or other, and reported me as being off the line; but in this place, on the South Branch, it was Mr. Fleming's instructions that I should keep off the line.

7587. Were these instructions verbal?—They were sent through by telegraph from Mr. McLeod, and I understood it from my foreman.

7583. You understood from your foreman that Mr. McLeod had issued those instructions?—Yes; he left word with my man for it—still I came back to the surveyed line. **Telegraph—Construction. Contract No. 2. Claim against Contractor.**
7589. Was the objection to going around the lakes made by Mr. Fleming himself or by Mr. Lucas?—By Mr. Lucas. **Objection to going round lakes made by Lucas and sustained by Fleming.**
7590. Did Mr. Fleming uphold his objection?—Yes; he never took that question up with me afterwards.
7591. What is the general character of the country through which your line is built?—There is a great deal of fair country and a great deal of poor country. There is a great part of the country, through which the line runs, lakes and muskegs. **Character of the country.**
7592. Is it a good country for settlement or is it poor soil?—Some portions of it. **Some portions good for agricultural purposes.**
7593. About what proportion?—Probably half of it; half of it might be very good for settlement; or say 40 per cent.; and then there is another percentage which would not be very good; and then there is another percentage of poor soil.
7594. Would the best portion of it be as good for agricultural purposes as, for instance, the land in the neighbourhood of Winnipeg?—Winnipeg cannot be exceeded anywhere, provided it was dry.
7595. Is the portion you speak of as good?—No; I should like to live in it better; but I do not think in any portion of it that the soil is as deep as it is at Winnipeg.
7596. Why would you like to live in it better?—The country is dry and rolling, and pleasanter to live in. **Country dry and rolling.**
7597. Do you know much of the country in either direction, north or south of the line?—I have been north of the line from Humbolt, and it is a very good country between there and the Saskatchewan. Humbolt is up west of the Touchwood Hills.
7598. Do you mean that portion between Humbolt and the Saskatchewan to the north is very good?—A few miles away from the telegraph country, you get into a country that is very good—that is, to the South Branch of the Saskatchewan. **Country to the south very good.**
7599. That is north of the line?—Yes.
7600. Do you know the country south?—Yes; I have travelled from Pelly to the Touchwood Hills, and that is a nice country about thirty miles away from Pelly—a very fine country. **Railway Location—Line west of Red River.**
7601. Is there a better tract of country for agricultural purposes which would be served by the railway at any point down the line now adopted?—I should think not. My opinion is I think the line is now going the right way for settlement. **Railway going the right way.**
7602. Do you think that the railway over this line would serve the agricultural portion of the country as well as any other?—Yes; from here to Shell River, as far as I understand, it goes through a good country, and from there to the Touchwood Hills it goes through a good country.
7603. You are assuming the telegraph line to be the projected line of the railway?—I think my line, say from west of Pelly—some seventy or eighty miles—would serve the country as well as any I

**Railway Location—
Line west of
Red River.**

know of personally, as far as anything I know of my own knowledge.

7604. Then beyond that eighty miles: the rest of the way?—That is the rest of the way. I mean that supposing the present road struck my line that distance west of Pelly, it would serve the country as well as any I know of.

7605. Did it happen that you went over the portions of the country north of Lake Manitoba before you tendered for the building of the work?—No; I only knew it from reputation.

7606. And what was the reputation?—Pretty bad.

7607. Bad in what respect?—Bad for a telegraph line.

7608. Why?—On account of its water and muskegs.

Country north of
Lake Manitoba
not much use for
settlement.

7609. Would it be bad for settlement on that account, in your opinion?—I do not think that it would be much use for settlement on that line.

7610. Between Fort Garry and Pelly?—Yes; it would be a better line for settlement.

The line on the
first and second
100 miles west
of Red River
better for settle-
ment than road
previously
projected.

7611. Do you think the line now in course of construction—the first and second 100 miles—is a better line for settlement?—Undoubtedly; the other line may become useful by-and-bye when they want a shorter line or when they want two lines. Undoubtedly the present route, if they want to follow the good land, can reach the mountains through pretty good land all the way. I think the evil was in trying to keep an air line in a new country. I think the best plan would have been to follow the country as it answered for settlement and straightening out the lines afterwards.

JOHN RYAN. JOHN RYAN, sworn and examined:

**Tendering—
Contract No. 48.**

**First 100 miles
west of Red
River.**

By the Chairman:—

7612. Where do you live?—In Brockville.

7613. Have you had any business transactions on account of the Canadian Pacific Railway?—I have just now.

7614. What is it?—I have contract 48.

7615. What length of line are you contractor for?—100 miles.

7616. Was that work let by public competition?—Yes.

7617. Were tenders invited?—Yes.

7618. Were you one of the tenderers?—Yes.

7619. Did you get it upon the price named in your tender?—Yes.

7620. Were you the lowest tenderer?—No, I think not; I think there was one lower.

Hall from Three
Rivers a lower
tenderer.

7621. Who was that?—I believe it was Mr. Hall, from Three Rivers.

7622. Were tenders asked for upon more than one occasion for this contract, that you know of?—No; I think not. I only heard of one.

7623. Had you any negotiations with the person who tendered lower than yourself, or with any one on his behalf?—No, I never saw him; or if I did I did not know him.

**Tendering—
Contract No. 18.**
First 100 miles
west of Red
River.

7624. Nor any one on his behalf?—No.

7625. Were you aware before the contract was let of the standing of the different persons who tendered—I mean the rank which was awarded them on their tenders?—No; I was not.

Did not know
before contract
was let the rank
of the various
tenderers.

7626. I mean who was first, second, or third?—No; I do not. I never asked; I never tried to find out. I heard of some remarks that some persons were higher than I was. You always hear contractors talking—"My figures are so much," and so on.

7627. Was it from contractors that you heard that?—Yes; in the hotel.

7628. Did you hear from any person connected with the Department?—No; not one.

7629. How were you notified that your tender would be accepted?—In the usual way. I got notice from the Department by one of their messengers to go up and see them.

Notified of the
acceptance of his
tender in the
usual way.

7630. Were you in Ottawa?—Yes.

7631. Had you been in Ottawa from the time the tenders were put in?—Yes; until they were declared.

7632. You remained there from the time the tenders were received until the time the contract was awarded to you?—Yes; it was only two or three days, I believe.

7633. Was there any time named in your contract for the completion of the work?—Yes.

**Railway Con-
struction.**

7634. What time?—I forget now; it was mentioned in the contract though. I think the time is expired now.

Time for comple-
tion expired and
work not done.

7635. Has all the work been completed?—No.

7636. Why not?—I really do not know why. The work has not been all located until about five or six weeks ago—less than that.

The work not all
located until six
weeks since.

7637. You mean that you were prevented from beginning the work in some portions of the line in consequence of it not being located until recently?—That is one of the reasons.

7638. What other reason is there?—I do not know of any other, except that the material could not be got here for it until the winter time. We could not get the ties across until the winter. The contract was let last August, and fifty miles were to be finished in eight months after the contract was let, and the whole on or before the 19th day of August of this year.

Contract let
August, 1879, and
half was to have
been finished in
eight months and
half in four.

7639. That is, you had eight months to finish half of it, and four months to finish the balance?—Yes; that is the way it is worded, I think.

7640. Has the delay in locating the line hindered you from commencing to work after you were ready to proceed with it?—Yes; I could have started some works last fall at the Portage, and other places, if the line had been located. I might have done so, and the probability is that I would have done so. It was only last May that they started the location from fifteen miles out here.

Only fifteen miles
located up to
May, 1880.

**Railway Con-
struction—
Contract No. 48.**

**First 100 miles
west of Red
River.**

7641. Do you mean that no more than fifteen miles had been located up to last May?—Yes; I do. There were two lines projected from the main line, on the line of Selkirk—one is called the 4th Base Line, and the other is four and a-half miles north of that, and it was only decided in May this year to adopt the north line. I do not know when it was decided, but that was the time it was located. I believe they decided in March last to adopt the line, but they had not located it until May. At least, Mr. Rowan told me that he had got a despatch from the Department in March, that they had adopted the north line.

7642. Has there been any delay in working on the road after the line had been sufficiently located to enable you to proceed?—No; I think I have done it as fast as possible. A reasonable amount of progress has been made.

**Bulk sum to have
been paid con-
tractor \$600,000,
and no fencing.**

7643. Do you remember the price that was to be given to you for the work, either the whole or per mile?—I think the bulk sum altogether was about \$600,000—and then the fencing was thrown out; it was dispensed with. I have no fencing on my contract.

7644. Was your tender made on the condition that the fencing might be taken off?—It was understood after the tenders were received that they would not a lopt those poplar pole fences.

**Part of the ballast
taken off.**

7645. Was there anything else to be deducted?—Yes; there was a part of the ballast to be taken off.

**125,000 yards
instead of 250,000
yards of ballast-
ing.**

7646. Then, as finally agreed upon, how much ballasting had you to do?—125,000 yards.

7647. Was it to be on the basis of what they call half ballast?—I don't know whether they call it half, I am sure. The first quantity that you see in the tender is, I think, 250,000 yards; but the Minister told me that they would only do half of it, and throw half the ballast out.

7648. That had the effect of lowering the prices which you mention in your tender?—Yes; it would take so much of it off.

7649. Was the price of the ballasting per yard?—Yes.

7650. So that the price paid to you would depend upon the quantity actually put upon the line?—Yes.

7651. Is any portion of the line which you have finished, made with more than half ballast?—Yes; there are probably, in some places, four to five times the quantity mentioned. In some places there are 4,000 to 5,000 yards to the mile

**No more ballast
to be put on.**

7652. Is that portion of the line finished with that amount of ballast in the state in which it is intended it shall finally remain?—Yes.

7653. Was that intended by your contract, that you should put as much ballast on as would be finally required, or that there should be an amount equal to half ballast left undone, to be finished at some future time?—I do not think they had thought of it in fact.

7654. Did you not understand that half of the ballasting might be done at some future time?—No; they did not say anything about any future time.

7655. At all events that it should not be done by you?—They did not put it in that way. In the first place, the specification called for so much ballast per mile; but the Minister said they would dispense with half of that—that it was not required.

**Railway Construction—
Contract No. 48.
First 100 miles
west of Med
River.**

7656. Have you had any directions to change the quantity of ballast from the amount that you understood to be in your agreement originally?—We are using ballast now in place of grading; we are making ballast take the place of grade in the formation. When the Chief Engineer came up here last winter, I showed him the profile and the kind of country that we were going through, and I suggested that he had better put ties down on the grass, and make a road bed with ballast, on account of it being so wet; in fact the water was over the prairie, and they had not made any preparation to take it off, so that the only thing that I saw to be done, was to put the track on the surface of the ground.

Suggests to engineer to put track on the prairie and make a road-bed with ballast.

7657. The specification required you to take out the material from the ditches and put it into the road-bed, did it not?—It does not exactly say that it requires you to do it; the specification shows you a grade above this level of the ground, but it does not specify that it should be made from the side ditches, although that is the way it is usually done.

7658. Do you wish it to be understood that instead of putting the earth from the side ditches into the road-bed you have to haul the ballast for the road-bed and put it into the ties?—Yes.

Plan adopted to haul the ballast for the road-bed, and put it under the ties.

7659. Not only for use as ballast, but as a support from the level of the prairie?—Exactly. I think it makes the best road.

7660. What was the price per cubic yard for earth excavation?—I think 16 cts.

Price per cubic yard for earth excavation, 16 cts.

7661. And are you putting in this ballast at the same rate?—No; the ballast is 22 cts.

The ballast is 22 cts.

7662. Then, instead of building the road according to the intention at the time of the contract, and supporting the ties by earth, you are putting in ballast at a higher price from the bottom?—Yes; it is a higher price—a little.

7663. You are not putting in the ballast, then, in place of the earth, but you expect to be paid for it at ballast rates?—I did not put the ballast there from choice. It was a matter of necessity for me to put it there, as they had not the line located for the ditches, and I was obliged to put the track down on the ground, and I had not time to make those ditches.

Making the road of ballast a necessity as line was not located, and there was no time to make ditches.

7664. Do you mean that you had not time to make the ditches before you put down the ties?—I had not any reasonable time. The track was located only sometimes twenty miles ahead of my track-layers; sometimes, probably, thirty or forty miles.

7665. Has this been done because you considered it necessary to be done, or because you were directed so to do it?—I was directed.

7666. Who directed you?—The Chief Engineer.

7667. Mr. Fleming, you mean?—No, Mr. Schreiber.

Schreiber directed him to make the road in this way.

7668. When was that direction given?—In the month of May.

7669. Where was he at that time?—He was here.

7670. Then the quantity of ballasting which you are doing, and propose to do under this contract, will exceed one-half the quantity originally contemplated to be done?—Yes; more than double.

Ballasting now will be more than double what was contemplated.

**Railway Construction—
Contract No. 48.**

**First 100 miles
west of Red
River.**

Schreiber saw that ballast was better than Manitoba mud for making a track.

Fifteen feet width of road-bed according to specification.

Actually made ten and a-half feet wide.

The road will not cost more and will be better.

Witness's proposal to supply a gravel road bed of ten feet at the same price as an earth bed of fifteen feet, still under consideration of Department.

About twenty-five miles of road finished.

7671. That will have the effect of increasing the total cost considerably?—I don't know that it will. I do not think it takes as much ballast to make the road as this Blackberry mud. I think a yard of ballast is better than a yard of mud; it will make more road. I think one of the reasons that the Chief Engineer advised me to do it that way for, was, he saw the state the road was in here last spring on the Pembina Branch. The ties went down through the mud, and it was almost impassable, and he saw that it was a mistake to make the bank of a foot and a-half, or two feet high, on this prairie mud, as it would not hold the track up. He thought it was the better plan.

7672. What was the width of the road-bed at the formation level originally intended by the specification?—I think fifteen feet, if I am not mistaken.

7673. How wide are you making it with ballast?—We are making it to be only half a yard, outside of the tie; that would be probably ten and a-half feet.

7674. So that your ballasted road-bed is narrower than the intended road-bed?—Yes; it always is.

7675. Do you think that the effect of this change from earth road-bed to ballast road-bed will not increase materially the whole cost of the road?—I do not think it will.

7676. And do you think it will be a better and more lasting work?—I do, decidedly.

7677. Has there been any discussion or dispute between the Department and you on this subject?—Yes; we have had some discussion about it. I told the Department that I could not afford to haul gravel twenty or thirty miles for the same price that I could put on earth from the side ditches; but if they would give me what the grading would actually cost, at my figure, I would make the whole line with gravel.

7678. But you mean, I suppose, gravel at a narrower width? Do you mean a gravel bed of fifteen feet at the formation level?—No; it would be probably about ten feet.

7679. You mean, then, that you proposed to supply a gravel road-bed of a narrower width, at the same price as the whole earth bed would have cost at a greater width?—Yes.

7680. You mean the base of that earth road-bed to be calculated upon the quantities originally intended in the specifications?—Yes.

7681. Has your proposition been accepted or refused?—I do not know.

7682. Is it still under consideration of the Government, as far as you know?—Yes; it is still.

7683. Was there any other material change in the character of the work from what was intended by the contract?—No.

7684. How far have you finished the line?—I have the track laid about forty-three miles; it is not finished that far.

7685. How far is it finished?—There is probably half of it finished, and twenty or twenty-five miles ballasted.

7686. Is that all the way from Winnipeg?—No.

7687. You have not ballasted one continuous portion of the road?—
No.

**Railway Construction—
Contract No. 48,
First 100 miles,
west of Red
River.**

7688. Have you understood that the line has been finally located for the whole distance?—Yes; so I am told.

Line finally located for the whole 100 miles.

7689. Have you been notified to that effect?—Yes; I saw the profile.

7690. At what rate are you now progressing towards the finishing of the road?—We are laying about five miles of track a week.

Rate of progress: five miles of track a week.

7691. Have you formed any opinion about how far you will be able to finish this fall?—I hope to get it through altogether before I stop. I hope to keep on track-laying until I finish.

7692. Does the winter season make any difference in the rate of progress?—Of course, it is slower and more expensive.

7693. For what reason?—The cold weather.

7694. How does that affect it?—The men cannot work the same then, as they have to wear buffalo coats at work, and the days are shorter. The weather is very severe in winter; in fact some days we cannot work at all.

By Mr. Keefer :—

7695. You propose to continue on until the work is done, without stopping in the winter?—If possible. I mean until the track is all laid at all events. Of course, we cannot do any ballasting in winter time.

By the Chairman :—

7696. Have you built any of the station-buildings?—I have just started yesterday, or the day before, to build them. We expect to build four of them this year.

7697. How many will be on your line, as far as you know?—Seven; there were, at first, twelve or fourteen, but I think they have dispensed with half of them.

Seven stations on line.

7698. Is there any other matter connected with this contract which you wish to explain?—No.

7699. Have you been interested in any other work of the Pacific Railway?—I made a temporary bridge across the river here—myself and some other parties.

**Contract No. 64.
Temporary
Bridge across
Red River.**

7700. When was that?—This year; we finished in July.

7701. That is no part of this contract?—No.

7702. Was that work let by public competition?—Yes.

7703. Invited by advertisement?—Yes; I think so. Yes; I am quite sure it was.

7704. When did you make that contract?—I think it was in March or April, or some time in the end of the winter.

Contracted to build temporary bridge in March or April.

7705. What was the total amount of the sum involved?—\$7,350. I was not alone in it. Mr. Whitehead and Mr. Ruttan were in it.

Sum involved \$7,350.
Contractors: Ryan, Whitehead & Ruttan.

7706. Was yours the lowest tender?—Yes; I think so.

7707. Has the work been finished?—Yes.

Work finished.

**Railway Construction—
Contract No. 64.
Temporary
Bridge across
Red River.**

7708. And taken off your hands?—Yes; I think so. I have not heard anything to the contrary. They are running trains over it.

7709. Was there any difficulty with the Government about the charges you made?—No.

**Railway Ties—
Contract No. 59.
Contractors:
Whitehead,
Ruttan & Ryan.**

7710. Is there any other matter in which you are interested connected with the Pacific Railway?—Yes; I got out some ties for the second 100 miles west of here. Mr. Whitehead, Mr. Ruttan, and myself were interested in it.

7711. Has the work been completed and taken off your hands?—Yes.

Work completed
but money not
yet received.

7712. And closed up?—Yes; as far as I know. I know I signed the final estimates the other day, but I have not got the money yet. I suppose it is all right, and I signed the receipt.

7713. Is there any other matter in which you have been interested on account of the Pacific Railway?—No.

7714. Is there any matter which you wish to explain in connection with the railway?—No.

Never negotiated
on behalf of any
other contractor
with any of the
officers of the
Government.

7715. Have you at any time had any negotiations on the part of any other contractor, with any of the officers of the Government?—On this road: the Pacific Railway?

7716. Yes?—No.

7717. Have you taken part in any of the bargains made in the purchase of any other person's tenders, or contracts, either for yourself or any person else?—No.

DRUMMOND. HENRY M. DRUMMOND, sworn and examined:

**Nixon's Pay-
master-and-
Purveyorship
Accounts.**

By the Chairman:—

7718. Where do you live?—In Winnipeg.

7719. How long have you lived here?—Since 1872.

7720. Have you been connected with any of the business of the Canadian Pacific Railway?—No; merely as auditor of things passing through my hands.

7721. Have you had to fulfil that duty in connection with Pacific Railway matters?—Yes; part of it.

Has taken part
in auditing Cana-
dian Pacific Rail-
way accounts
since 1873.

7722. When did you commence those duties connected with the Pacific Railway?—I suppose it must have been—speaking from memory—since the office was open here. I think it commenced about 1873.

7723. Do I understand that you have taken part in auditing accounts since about that time?—Yes.

7724. That is Pacific Railway accounts?—Yes.

Duty to see that
cheque and
account corres-
ponded.

7725. Can you describe to me what duty you had in reference to the accounts?—Merely as to the issuing of cheques. They brought the cheque with the account along with it, and it was my duty to see that they corresponded.

7726. Do you mean to see that the amount of the account and the amount of the cheque corresponded?—Yes; and of course that it was a proper voucher.

**Nixon's Pay-
master and-
Purveyorship
Accounts.**

7727. You mean that the account was accompanied by a proper voucher?—That the account was in the proper form, that it could be sent to Ottawa; and, as far as I could see, that there was nothing wrong with the account.

7728. Would it be necessary for the person signing the cheque to explain to you the reason for running the account and incurring the debt? System on which accounts are kept.
—No. The way the accounts are worked here is: there is a certain credit given to a party, whoever it may be, and our duty is to see, as far as we can, that no improper cheque is made against that credit.

7729. When you say an improper cheque, do you mean so as to exceed the credit, or do you mean that in itself it should be a proper transaction?—Well, both.

7730. Was Mr. Nixon connected with the works or business in any way since you have had that duty?—Yes.

7731. All the time?—Before Mr. Nixon it was Mr. Jones.

7732. Was it when Mr. Nixon commenced that you were in the office?—Yes.

7733. Then you would have knowledge of matters passing through his hands from the time he began?—Yes; to a certain extent. Has knowledge of matters passing through Nixon's hands.

7734. Do you know what his office was?—Purveyor, we called him. Nixon purveyor and paymaster.

7735. Did he perform the duties of paymaster as well?—Yes.

7736. Then, as you understand, did he fulfil the duties of purveyor and paymaster?—Yes.

7737. Did he sign cheques in connection with that office?—Yes; and gave credit. Nixon signed cheques which were countersigned by witness.

7738. Do I understand that those cheques were also signed by you?—Yes; they were countersigned by me.

7739. The matters would first pass through his hands, subject to his judgment, before they came to you for countersigning?—Yes, he did everything; and then he gave the cheques, and the party to whom they were payable brought the cheque with the account to me for countersigning, and then I retained a copy of the account that was brought to me.

7740. Is that your recollection of the practice that prevailed at that time during the Nixon paymastership?—I think that was the system from about the beginning.

7741. Do you know whether the practice was that those accounts would be made out in more than a single copy?—They were supposed to be all made out in triplicate. Accounts supposed to be made out in triplicate.

7742. And the one copy would be left with you?—Yes; one copy was left with me.

7743. So that the person to whom the account was payable would first of all settle with Mr. Nixon as to the amount to be paid to him?—Certainly.

7744. And that same person would go to you and get you to countersign the cheque which Mr. Nixon had previously made?—Yes; producing the voucher at the same time.

**Nixon's Pay-
master-and-
Parveyorship
Accounts**

Witness saw nothing of accounts until presented to him, and had no supervision over the details of accounts.

7745. Do you remember whether it was the practice for you and Mr. Nixon to discuss the propriety of the accounts being paid before he gave his cheque, or was it the practice that he alone would decide upon them and sign the cheque ready for your countersigning?—Yes, ready for my counter-signature; I did not see anything of the accounts until they were presented to me.

7746. You and he did not exercise a joint supervision, or was there a supervision over the accounts?—No, I had no supervision over the details of accounts or prices; I only saw that the account was in proper shape, as far as I could judge.

7747. Would you be able to judge whether the items which were in that account would really be due to the party?—No.

7748. Was that a matter upon which Mr. Nixon alone exercised his judgment?—As far as I knew.

7749. At all events you exercised no judgment?—No.

7750. Then your jurisdiction seemed to be more of ascertaining whether it was in the proper form?—Yes; you see our business was more in the shape of getting these accounts in and charging them up to the different appropriations.

Principal duty of witness book-keeping.

7751. Your principal duty was for the purpose of book-keeping?—Yes.

7752. Not investigating the merits of transactions?—No.

7753. Do you know whether there was any person, except Mr. Nixon, whose duty it was to investigate the merits of the different transactions for which he gave cheques?—Not that I know of. He was certainly the only one accountable to us for the accounts.

May have countersigned cheques when no voucher accompanied them.

7754. Did it sometimes happen that you countersigned his cheques without having certificates from him at all—that the mere production of the cheque would be sufficient evidence to you that it was proper to countersign it?—When we started there may have been that.

7755. Did you ever find it necessary to object to countersigning any of the cheques first signed by Mr. Nixon?—I could not say—not that I remember just now. We might have made some slight objection, but I do not remember; it might have happened.

Up to two years ago gave accounts back to Nixon at end of each month.

7756. Are the accounts presented to you, in the way you describe, from Mr. Nixon's office still in your charge?—No; I sent them all down to Ottawa. Each return that I make to Ottawa I send the accounts with the cheques. By the way, I might say at that time I gave them back to Mr. Nixon at the end of each month.

7757. Do you know how long that continued, that you gave them back without sending them to Ottawa?—I do not know how long that was. I think it was almost up to within a couple of years ago; I really forget now.

7758. Are you able to say now where those cheques could be found?—In the Finance Department at Ottawa.

7759. Is there anything within your control which would throw any light upon the transactions of Mr. Nixon in this office as paymaster to the railway?—In so far as the transactions go, I have the books over in the office yet.

**Nixon's Pay-
master-and-
Purveyorship
Accounts.**

7760. That would show simply the entries after each of these transactions was consummated?—Yes.

7761. So as to show the particular account to which each expenditure was charged?—I could give you the party to whom each cheque was payable.

7762. I mean to see earlier in the transaction than that?—No.

7763. It would only be the amount paid to each party, and the account to which that payment was charged?—Yes; and what it was for.

Books only showed the amount paid to each party and the account to which each payment was charged.

7764. I suppose you mean the nature of the articles which were furnished, such as provisions, wages, &c.?—Yes; in general terms.

7765. Look at this account of May 6th, 1875, and say whether the cheque to pay that account would be certified differently from what this copy is (handing an account to witness)?—No; I think if I remember rightly I remarked it at the time, and I think it was just exactly the same as this.

Account of May 6th, 1875.

7766. Then there was no certificate or voucher of any kind, except Alloway's receipt?—No; I remember I remarked that account at the time.

No voucher except Alloway's receipt.

7767. Did you observe several accounts in that shape from Alloway?—I think there was only one other—for horses—in the same way or very much the same.

7768. Can you say now, upon refreshing your memory, whether the principle was when the dealings with Alloway commenced that Alloway's accounts were paid without any certificate from Mr. Nixon?—I think so; I think this was the shape in which they were put through.

In the beginning Alloway's accounts paid without certificate.

7769. Without any certificate?—Yes.

7770. The only evidence to you at that time of the correctness of the transaction was Alloway's bare receipt?—No; I think not. I think that Mr. Nixon certified to it, or put his name in some way on it. I think it was certified "correct" on the copy that came to us.

7771. Do you mean, besides the name of Mr. Nixon on the cheque, that there was some other certificate on the account presented in those instances where they attracted your attention as being different from others?—No; I do not think so. I do not think there was anything different from the accounts of Alloway's and any others. I think that Mr. Nixon certified to them as a rule.

Thinks Nixon as a rule certified to Alloway's accounts.

7772. Here are several other accounts paid to Alloway; please look at them and say if it was the usual practice with all persons at that time, or whether the absence of certificates was peculiar to these accounts?—At this late date I really could not answer that question.

7773. Was it the practice to produce to you certificates from the engineers, or other persons who would certify to accounts, in addition to Mr. Nixon's signature to the cheque?—Yes, if I remember rightly it was; certainly it is now; but I think at that time anything that the engineers got they approved for payment.

7774. Do you say now, looking at these accounts which contain several large items furnished to engineers, that they were accompanied by certificates from those engineers; or, at that time, was it sufficient to

At that time cheque sufficient with the voucher.

**Nixon's Pay-
master-and-
Purveyorship
Accounts**

get Mr. Nixon's signature in your estimation?—At that time with Mr. Nixon the cheque was sufficient for us, with the voucher.

**Nixon's dealings
in no way revised
by witness.**

7775. Would it be the voucher or the person who made the claim—for instance, would Alloway's receipt be a sufficient voucher, in your estimation, to justify Mr. Nixon's cheque going through? In other words, did you revise Mr. Nixon's dealings with the subject in any way? If it satisfied him did you accept that as sufficient?—Yes.

**Practice at present
to have the
certificate of en-
gineers' to whom
goods have been
furnished attach-
ed to the voucher
accompanying
cheque.**

7776. Then it would not be necessary to show you the engineer's certificate, if those certificates had been first shown to Mr. Nixon?—Of course now, at this late date, I almost forget; but certainly now the engineer's certificate is attached to the same voucher that goes along with the issue of the cheque. For instance, the engineer has written across "approved for payment" or "certified as correct," as the case may be.

7777. Do you remember how far back the present system has been established; has it been since Mr. Nixon has given up connection with the office, or was it established before that?—I think before that.

7778. Could you say how long before?—No.

**Thinks present
system was
established spon-
taneously.**

7779. Do you remember whether the system which you say is now more certain, was established in consequence of direction from the Finance Department, or was it your own management which led to it?—I think it was our own management; we wanted to get into as perfect a check as possible on all parties.

7780. You mean the officers in the office at Winnipeg?—Yes.

7781. Who were the officers?—Mr. McMicken was auditor at that time, and I was chief clerk in the office.

7782. How long have you been auditor?—The last two years, or a little more than two years.

WINNIPEG, Saturday, 25th September, 1880.

MCTAVISH. GEORGE L. MCTAVISH, sworn and examined:

**Railway Con-
struction—
Contract No. 666**

By the Chairman:—

7783. Where do you live?—At Winnipeg for the last two or three years.

**One of the firm
building second
100 miles west of
Red River.**

7784. Have you been interested in any of the works of the Canadian Pacific Railway?—Yes; I am one of the contractors for the second 100 miles west.

7785. When did you become interested?—In May last, when the contract was signed.

7786. Was the work let by public competition?—Yes.

7787. Did you tender for the work?—Yes; I and some others tendered.

7788. Were you interested in the tender?—Yes.

7789. Your name did not appear?—No.

Railway Construction—
Contract no. 466

7790. But the tender was made on your behalf as well as the others?
—Yes.

7791. Who were the others?—Captain Bowie, Malcolm McNaughton, and George Bowie.

Partners:
Captain Bowie,
Malcolm Mc-
Naughton and
George Bowie.

7792. Do you know whether their tender was the lowest?—We were told so. I was absent at the time when this was going on, at Lake Huron, and had nothing to do with it. The whole thing was signed, sealed and delivered before I got back, and a certain amount of security put up to make the 5 per cent. I knew nothing about it until I came back from Lake Huron and found the contract signed. I have always understood it was the lowest tender. They could not reach me by mail, or telegram, or anything else.

Contract signed
in absence of
witness.

7793. Did you take part in any other negotiations with parties tendering on the contract than appear on the paper?—Nothing whatever.

7794. Do you know whether any of your partners negotiated with any other persons in order to procure this contract?—No; I am not aware of it.

7795. Was there any time named in your contract for finishing the work?—Yes; the 31st December, 1881, I think it is, we are to finish the track-laying.

Time to finish
31st December,
1881.

7796. Do you remember the date of the contract?—The 3rd of May, 1880.

7797. Have you commenced the work yet?—We have.

7798. Have you done much?—We have cleared about three miles and a-half of timber, and when I was up the other day I suppose there was half a-mile graded. They commenced to grade ten miles from the western boundary of the Province, and the work is progressing easterly at present—that is as far as the line is located. Two projected lines start from where we have commenced. The location of the line has not been completed beyond where we have commenced working, ten miles from the boundary.

Progress of work

7799. How long has that portion of the line been located?—They were just commencing to work when we got there on the 17th of August.

The locating just
commenced as
contractors got
on work.

7800. Do you mean that that was the first time the line was located, so far as you know, so that you could commence work?—Yes. It may have been a few days before that. We told the resident engineer that we were going to work at a certain time, and he said that would suit him. We have commenced at what they call Big Plain, to work east. That is as far as it is located—the commencement of Big Plain.

7801. How many men have you at work at the present time?—Twenty. We brought more from Montreal, but they deserted on the way up. Although they were under contract, we could not keep them. We paid their passages up, too. I got a telegram from the Honourable Mr. Langevin the other day, to say that sixty Swedes were coming out, but we cannot employ them in winter.

Number of men
employed on
work.

7802. If the line had been located earlier in the season would you have made any further progress?—No; we would not have made any further progress this fall.

**Railway Con-
struction—
Contract No. 466**

7803. So that the delay in locating the line is not, so far, a delay to you?—No.

Non-receipt of rails, and non-completion of first 100 miles causing inconvenience.

7804. Is there any other matter connected with this transaction which you would like to explain?—I would like to record that the non-receipt of the rails and ties, according to contract, is causing us a great deal of inconvenience; and I have notified Sir Charles Tupper to-day regarding the fact: that is, that the non-completion of the first 100 miles is a serious inconvenience to us on account of the state of the roads west, which makes it almost impossible to get supplies in.

7805. If the line had been completed by the 19th of August, what difference would have been made in the progress of your work?—We could have put on a hundred men this fall.

7806. Up to what time is it likely that you could have worked?—This year, I fancy, we cannot work beyond the 1st of November. As soon as frost sets in we shall have to give up work, as it will be hard to remove the sod, and we could not work to advantage.

First 100 miles was to have been completed on 19th August.

7807. Do you know if there is any time named in your contract at which the Government were to have the rails at the east end of your section?—The 19th of August. They do not bind themselves, but Ryan's contract was to have been completed on the 19th of August.

Government has not broken any part of contract.

7808. But your contract does not contain any clause with reference to that subject?—It refers to that at page 13 of the contract, section 12. It says: "The Manitoba section of the railway from Winnipeg, one hundred miles west to the point where this section begins, is under contract for construction to be completed on the 19th of August, 1880; but some delay may probably arise, and the Government will not be bound to give access over that portion of the line by the date fixed."

7809. Then your expectations have been disappointed?—Certainly.

7810. But you do not consider that the Government have broken any portion of the contract?—No, decidedly not; this has been an unusually wet season; the roads have been worse than they have been known for years, and I have had to pay double what is usual to get supplies for this autumn up to the contract.

7811. Is there any other matter which you wish to state?—No; not that I know of.

JAS. RYAN.

JAMES RYAN, sworn and examined :

**Exploratory
Surveys—
Party K.**

By the Chairman :—

7812. Where do you live?—At Winnipeg.

7813. How long have you lived at Winnipeg?—I am here since 1872.

Chain man to first exploration to the height of land between Thunder Bay and Red River.

7814. Have you had any business connections with the Canadian Pacific Railway?—I was chain man on the first party that came to explore from Ottawa to the height of land, and after that was finished I came to Winnipeg.

7815. What was the length of that first survey?—I could not tell you the number of miles. It was from Red Rock to the height of land.

**Exploratory
Surveys—
Party A**

7816. The height of land where?—Between Canada and Manitoba.
7817. There are several places where there is a height of land?—That is the dividing line between the two Provinces.
7818. Do you mean the height of land between Thunder Bay and Red River?—Yes; this side of Thunder Bay.
7819. Where did that exploration start from?—It started from Red Rock, on Lake Superior.
7820. Who was the engineer in charge of that party?—Henry Carre, engineer in charge.
7821. Do you remember from what point you got your supplies?—We got them from Fort William. Supplies.
7822. Who was the officer in charge there answerable for giving you the supplies?—He was a Hudson Bay Co.'s servant named McIntyre.
7823. Was Mr. Rowan there at that time?—No; he did not get there at that time, he had gone back to Ottawa.
7824. Who was the proper officer on behalf of the Government?—The proper officer was Alph. Jones. Alph. Jones the commissariat officer on behalf of the Government.
7825. What was his duty?—He was bringing the supplies from Collingwood and Toronto and leaving them at Prince Arthur's Landing, and they were sent from that out to the working parties on the survey, and he had charge of the steamboat down there on the lake.
7826. Do you remember about the size of the party upon that occasion?—I would not be sure about the size of the party there. They were picked up now and then, and the numbers would change from time to time. At one time there were forty in the party. Size of party.
7827. How long were the party out upon that work?—I think they were out two years, in and out; we went in to Prince Arthur's Landing sometimes and went back again.
7828. Did they include some of the explorations near Lake Nipigon?—No; we did not go to that lake at all. It was all from one point to the other on the straight line.
7829. Do you think you were two seasons on that exploration?—Yes; I know we were two winters. Out two winters.
7830. Did you remain out in the woods during the winter?—Yes; both winters.
7831. How did the supplies hold out?—The supplies held out pretty good, because they had some twenty or forty dogs on the road from Prince Arthur's Landing out to the line carrying supplies.
7832. Was Mr. Carre with the party most of the time?—He was, until he got sick; then he went up to Prince Arthur's Landing and remained there. Carre with party until he got sick, when he went away for a couple of months.
7833. How long was he away from the party at that time?—He was not away more than a couple of months. The party were nearly finished when he got sick, and they followed him.
7834. Was there any suffering from want of proper supplies, or did the work progress as it ought to have done?—No; there was no want of supplies. No suffering from want of supplies.

**Nixon's Purveyors-
Carrying Mails.
Tendering.**

7835. Have you had any other connection with the railway?—No; that is all up to 1873. I had no more connection with it until I got here.

Tendered for contract to carry mail from Winnipeg to Cross Lake.

7836. After you got here had you any?—After I got here I saw a notice in the *Free Press* calling for tenders to carry the mail from here to Cross Lake and Rat Portage.

7837. Did you answer the advertisement by making a tender?—I tendered for it and drew up the tender, and went to friends of mine and spoke to them about it, and they said: "All right, you are just the person for it."

Put tender into letter box in Nixon's office.

7838. What did you do after that?—I put the tender into a letter box in this man's office that called for the tenders, and I waited for some time.

7839. What office was that?—The Canadian Pacific Railway Paymaster's office.

7840. Who was he?—Thomas Nixon.

7841. Where was the letter box?—The letter box was in his office door; it is there yet.

Advertisement for tender.

7842. Can you produce a copy of the advertisement which you saw?—Yes; this is it. (Exhibit No. 103.)

7843. Did you put it into that box before the time named in the advertisement?—I put it in the box before the time named in the advertisement.

Contract given at \$500 a month; witness tendered at 45 cts. a mile, which would have amounted to only \$240 a trip.

7844. Did you hear anything more of the tender?—I heard in a few days afterwards. The time was so short my friends said to me: "There is no use in you expecting to get it; he has made the time so short that there is no use in tendering; he will have it arranged for some friends." I arranged with a friend of mine for the horses, and by-and-bye I found out that the thing was given out for \$500 a month. I tendered for 45 cts. a mile in and out.

7845. How much would that have amounted to for each trip?—It would amount to \$240 a month, I think.

7846. Do you know at what rate the contract was actually let?—I do not know, only I heard it was given for \$500 a month.

Nixon said he had not received witness's tender as did Capt. Howard.

7847. Did you ever hear any reason why your tender was not accepted?—He told me he never received it. I went there and asked him; there was a friend of mine in the office at the time, Capt. Howard, and he said he never saw it. I told him that I had put it in the letter-box, and at the same time, for fear of it going astray, I put a stamp on it. Then I asked him how he gave it to a man without a tender, and he said it was none of my business.

7848. Who said that?—Mr. Nixon.

7849. I mean who was it spoke to him in that way?—I went to Mr. Nixon to enquire what became of the tender, and told him that I had heard that a man had got \$500 a month for carrying the mail in and out. He said that he had not seen my tender; and then I told Capt. Howard about it. Capt. Howard was Mr. Nixon's book-keeper.

7850. You were talking to Mr. Nixon in the presence of Capt. Howard?—Yes; both of them were together.

7851. Do you know whether there were any tenders besides yours?
—I could not say.

7852. Did you ever hear there were?—I did hear there were two tenders there.

7853. Whose tenders?—I think one was from a man named Spence, and the other was from a man named Burke. I only heard so.

7854. Was this letter-box an open letter-box? I mean had it an opening on the outside of the door?—The box was on the inside, but the opening was on the outside—just the same as in the post-office here.

7855. Did you consider that it was made for the purpose of receiving letters for that office?—Yes; I put several letters in that box before that and since.

7856. Were they received?—There was only a tax-notice that I put there for Mr. Rowan, and he says he never saw it. I put that in as I was sworn to deliver every one of them, but he told me afterwards that he never got that assessment paper. I told Mr. Rowan that the box was a very awkward arrangement. I told him that I had put the tender there and they never got it, and I put his assessment there and he never got it. He said the box was all right. I said: "If it is all right you ought to get your papers all right."

7857. Do you remember whether there was any person else in the office doing work there, except Capt. Howard, at that time?—Yes; John Parr did work there.

**Nixon's Purveyors-
hip—
Carrying Mails.
Tendering.**

Heard there were other tenders besides his.

The box in which he put his tender, a letter box in which he had put several letters.

John Parr in office as store-keeper.

Witness has no means of knowing whether tender was received or not.

Offered to take a sub-contract from Alloway who told him he had given it to a half-breed.

7858. In what capacity?—Store-keeper, I think.

7859. Was he in the employ of the Government?—He was.

7860. Was there any one else besides Howard and Parr?—That is all, I think; but there used to be a lot of people in and out there. I could not say if they were working there—only Howard and Parr.

7861. Then you have no means of knowing whether your tender was actually received or not?—No; I have not.

7862. You have Mr. Nixon's word that it was not received?—Yes; and Capt. Howard told me he had not seen it.

7863. Have you any doubt that you delivered it in that box?—I am sure I put it in the box, because I had made arrangements for the horses, as I thought I would have got the contract; and the parties who got it told me afterwards: "You could not furnish horses to take that mail there." I said "What is to hinder me? I have got as many horses as you have got."

7864. Who told you that?—Mr. Alloway; he is a gentleman in town. I asked him how much he got for it? and I said: "I will take a sub-contract from you." He said: "I have already given it to a half-breed."

7865. Is there anything further about this matter which you wish to explain?—No; nothing more.

7866. Have you had any other business transaction on account of the Canadian Pacific Railway?—No; none.

7867. Had you any other tenders?—No, I had not; only the one.

Nixon's Purveyance—Supplies.

ANDREW STRANG, sworn and examined :

By the Chairman :—

7868. Where do you live?—In Winnipeg.

7869. How long have you lived here?—Twelve years.

7870. Have you had any business transactions on account of the Canadian Pacific Railway?—Yes; several.

7871. Of what nature?—Selling goods.

Engaged in selling goods but not on his own account.

7872. Have you been engaged in the business of selling goods?—Yes.

7873. On your own account?—Not on my own account altogether.

7874. Have you been interested in the results of these sales of which you speak?—Not here.

7875. Did you get part of the profit?—I do not know whether I can answer that question or not.

7876. Do you know any person who can answer it better than you can?—I do not. I do not think so.

7877. Those transactions were on account of the Pacific Railway?—Yes.

Bannatyne's book-keeper.

7878. Then I wish to know whether you were dealing as an agent or for any other person?—I was Mr. Bannatyne's book-keeper.

7879. Were those transactions on his account?—Some of them were.

Some transactions in name of witness but not on his account.

7880. And were the others on his account?—No; some of them were not on my own account, but they were in my name.

7881. Were those which were in your name on account of some one else?—How do you mean?

7882. Did some one else bear the profit or loss?—Yes.

7883. Through whom did you transact those matters?—Do you mean through what Government agent?

Sold goods to Nixon, Sutherland and other Government employes.

7884. Yes?—There have been several engineers and Mr. Nixon and different other Government employes—some of them through Mr. Sutherland.

7885. What kind of goods did you dispose of?—General groceries, provisions and stuff of that kind. I think that was principally the whole thing.

Generally tenders were asked for.

7886. Were these sales made by public competition or by private arrangement?—In nearly every case they were by public competition: at least we were asked for tenders, not always by advertisement; but we were asked to give prices on a certain line of goods, and I understood whoever was the lowest got it.

7887. In transactions of that kind would there be a fixed time at which every person must have made their offer before a decision was made?—Yes, generally at a certain time; noon, or a certain time of the day, was named.

7888. Do you mean named verbally?—When it was by advertisement of course it was mentioned in the advertisement; and we were told to have this list in by a certain time. If we were handed a list and asked to tender on it we were told to have it by a certain time next day, or something of that sort.

**Nixon's Par-
veyorship—
Supplies.**

7889. Were these printed lists of articles to which you were asked to attach prices?—I do not know that they were printed. Some engineers would come in with a large list of supplies written out—several copies of them—which would be supplied to the principal dealers, and they would be asked to tender on them.

7890. And Mr. Bannatyne being one of the principal dealers, your establishment would be asked to make an offer as well as the others?—Yes.

7891. Do you know, of your own knowledge, the practice which was adopted towards other establishments?—I think it was similar.

7892. Do you know?—No further than I surmise that it was the same.

7893. You assume it was the same?—Yes; that everybody was on the same level.

7894. But you have no means of judging, of your own knowledge, how it was really managed?—No; except from hearsay.

7895. Besides these transactions in which you took part in your own name, were you familiar with other transactions in Mr. Bannatyne's name?—Yes; it is some length of time since. Latterly there were a lot of transactions in Mr. Bannatyne's name. It amounted to the same thing, whether it was in his name or in my name.

Business transac-
tions with Govern-
ment latterly
in Bannatyne's
own name.

7896. Were the goods from his establishment and the transaction for his benefit or loss, as the case might be?—Yes.

7897. Were those transactions which took place in Mr. Bannatyne's own name conducted in the same manner you have described as those conducted in your own name?—Yes.

7898. What other establishments were considered to be leading establishments at that time?—Lyon, Higgins & Young, Sutherland, the Hudson Bay Co., and Snyder & Anderson, were the principal ones.

7899. Besides the transactions between Mr. Nixon and Mr. Bannatyne, on the Government account, are you aware of any transactions upon private account?—Between Mr. Nixon and Mr. Bannatyne?

Transactions on
private account
between Nixon &
Bannatyne.

7900. Yes?—They have had transactions on private account.

7901. Are you aware of any advantage which Mr. Nixon obtained in consequence of his dealing with Government matters?—No; I am not.

7902. Not any advantage?—Not more than any other business men would have got in the same transaction. That is to say, any purchases that Mr. Nixon made from Mr. Bannatyne he would pay for as any other person would pay for them.

Nixon paid for
purchases on his
private account
from Bannatyne
at the usual rates.

7903. Do you mean to say that he always paid the value or price of the goods which he got in full?—Yes.

7904. Was there never any reduction made because he was a Government officer?—I do not know that he was specially a Government officer. He used to run a private account, and get 10 per cent. discount as we have allowed to other private persons. We have allowed boarding-houses the same rate. They were charged at full prices, and he was allowed 10 per cent. discount—that is, on purchases on his own private account.

Allowed Nixon 10
per cent. discount.

**Nixon's Pur-
veyorship—
Supplies.**

7905. Do you say that the discounts made on his private transactions were no greater than the discount on other person's private transactions to similar amounts?—Yes; I say that.

Nixon allowed 10 per cent. on private account.

7906. Do you remember to what extent these discounts were made?—About 10 per cent., and nothing more than that. I have not looked up anything lately; but that is my recollection of it.

7907. And do you say that at the time it was the practice of leading establishments to make discounts on private transactions to that extent?—I say that we were in the habit of supplying other people who bought largely during the month, and giving at the end of the month 10 per cent. on the settlement.

7908. Do you mean such as Mr. Nixon bought on his private account, or such as he purchased on the Government account?—No; on his private account.

7909. Are you aware whether at that time he was in any business on his own account?—I do not think so.

7910. Then his expenses or purchases would be those of a private individual of his standing as far as you know?—Yes, for his house: his butter and groceries, and all that sort of thing.

7911. Have you any idea what would be the ordinary purchases of a man in his situation, for a year, of that kind of goods?—I do not know. What I could judge from would be from my own expenses, I suppose.

7912. You could judge from the actual fact of his expenses?—I do not remember now exactly what they were. I could not tell you from recollection whether they were \$20 a month, or only \$10, or \$50. We have not had any dealings for seven or eight months, I suppose, or a year.

House Rented.

Rented Govern-
ment a store-
house.

7913. Did you ever have any other transaction with the Government, either on your own account or in your own name?—I rented them a store-house.

7914. Rented to the Government?—Yes.

7915. Where was that store-house?—Just back of here.

7916. On which street?—On Annie street.

\$36 a month.

7917. At what rate did you rent that?—\$36 a month.

7918. Was it a written lease between you and the Government?—I think I did give them a written lease. It is several years ago now, and I forget.

7919. Do you remember who signed it on the part of the Government?—I would not be sure whether Mr. Nixon signed it on their part or not.

Made arrange-
ments with
Nixon.

7920. With whom did you negotiate the terms upon which it was to be rented?—With Mr. Nixon.

7921. He decided, on the part of the Government, what rent would be given?—He accepted the rent which was charged.

7922. Did you propose the amount of the rent?—I do not remember now, I am sure, but I suppose so.

**Nixon's Fur-
veyorship—
House Rented.**

7923. How long did it remain rented in that way?—It must have been a couple of years, or nearly that, or perhaps more; I would not be sure.

7924. Was the rate of the rent changed during that period?—No.

7925. After that arrangement ended did you rent it to any person else?—No.

7926. Has it been rented since?—Stobart & Eden own the property now. They paid, I think it was, \$4,000 for it.

Stobart & Eden paid Nixon \$1,000 for store.

7927. While you had the power of renting it, did you rent it to any one else after the Government ceased to be your tenant?—Not while I had the power of renting it.

7928. Do you remember how long you had the power of renting after they ceased to be your tenant?—No.

7929. Do you remember how long after that Stobart & Eden became interested?—No; I could not remember just now.

7930. While this arrangement between you and the Government lasted, who was the person interested in the amount of rent paid?—The building belonged to Mr. Nixon.

While arrangement between witness and Government as to this store-house lasted, the building belonged to Nixon.

7931. Then knowing that, whom do you suppose was interested in the amount of rent paid?—I suppose he was.

7932. Do you know any person else who was interested in the amount of rent paid?—No.

7933. Then have you any doubt about the person who was interested?—No; I have not.

7934-5. Was it Mr. Nixon?—Yes.

7936. Did any person else, on the part of the Government, take part in the arrangement that you made as to the amount of the rent to be paid?—I do not think so. I understood Mr. Nixon to say that he had reported to Ottawa the amount of it: that he had been paying more for some other building on Post-Office street than that, previous to the time it was rented to the Government.

7937. How did it happen that you had the power of renting it when Mr. Nixon was the person interested?—He leased it to me, and I leased it to the Government.

Nixon leased the property to witness, and witness leased it to the Government.

7938. By a written lease?—Yes.

7939. Was that before you made the arrangement to lease it to the Government?—Yes.

7940. About how long before?—Not very long before.

7941. Was it understood between you and Mr. Nixon at the time that you took that lease from him that you were to lease it back to the Government?—Yes.

At time of taking lease from Nixon it was understood that witness was to lease it to Government.

7942. That was part of the arrangement?—Yes.

7943. Do you know how long he had owned the lot before that?—No; I really do not. It may have been six months or more before that. I do not know exactly.

7944. Do you know from whom he had bought it?—He bought it from Mr. Bannatyne.

Nixon had bought lot from Bannatyne soon after arriving in Winnipeg.

**Nixon's Proprietorship—
House Rented.**

7945. Was that after he had been managing the affairs of the Government that he had bought it from Mr. Bannatyne?—It was shortly after he came here he bought it.

Price paid by Nixon for lot with frame building, \$1,500.

7946. Are you aware of the price that he paid?—\$1,500.

7947. Was it a bare lot, or had it any buildings on it when he bought it?—It had a sort of a frame or shell, and he afterwards fixed it up and improved it, and fenced the lot.

7948. Have you any knowledge of the amount that would be required to be laid out to put it into the shape in which it was when it was rented to the Government after he bought it?—Perhaps \$400 or \$500 would be the amount.

7949. Do you think there would be as much as that required?—The building had just the roof on it, and the posts to the walls. There was no weather board, and it was not painted, or fenced.

\$400 would have fixed up the building as it was when rented to Government.

7950. Knowing the circumstances as well as you do, what do you say would be the expense probably required to fix it up?—I suppose \$400 at the lowest.

7951. It would require as much as that?—I think so.

7952. Do you say that Mr. Nixon told you that he had reported to the Government that he was the owner of this property?—I did not say that. I said that he had reported the price that it was rented for.

7953. The price he was paying to you?—Yes; and it was a better building than the one that had been used before, and for which they were paying, I think, \$40 a month, if I recollect rightly. It was used for the Mounted Police, Pacific Railway, and all the general Government stores.

7954. Pacific Railway supplies among other things?—Yes, a lot of the goods were delivered there; and they had generally a lot of Mounted Police accoutrements and other things on hand, and the store was generally pretty well filled. The Indian Department, I think, for a while used it.

7955. Is there any other matter connected with the Pacific Railway which you would like to explain?—I have nothing to explain.

MANNING. ALEXANDER MANNING, sworn and examined :

**Tendering—
Contract No. 42.**

By the Chairman:—

7956. Where do you live?—In Toronto.

7957. Have you been interested in any transactions connected with the Canadian Pacific Railway?—I am interested in section B, contract 42.

7958. Was that work let by public competition?—Yes.

Became interested with Fraser, Grant & Pitblado.

7959. Were you interested in any of the tenders made for it?—I was; I subsequently became interested in a tender of Fraser, Grant & Pitblado.

7960. Were you not also one of the original tenderers?—Yes; our tender was higher than theirs.

Tendering—
Contract No. 42.

7961. Then your own tender did not become the successful one?—
No.

7962. A lower one, which you say was made by Fraser, Grant & Pitblado, was successful?—Yes; they got the contract.

7963. Did you become interested in their contract before it was awarded to them?—No; I had very little to do with them. When it was known that there were two or three tenders below my tender, I did not interest myself much. In fact, I never took a great deal of interest in getting the contract; I merely entered into it to help other people—old Mr. McDonnell. I would never have tendered on any portion of the Pacific Railway at all, had it not been for those parties soliciting me to join them.

Did not become interested with Fraser & Co. until after they had got the contract.

Motive which led him to seek to get the contract: benevolence towards other persons.

7964. Which parties do you mean?—Alexander McDonnell and his nephew, and Mr. Isbester. I had intended to retire from that kind of business altogether; I had not been feeling very well.

7965. As to this tender which was successful; did you not become interested in it before it was actually known to be successful?—No.

7966. I understood one of the gentlemen who is present—one of your partners—to say that an arrangement was made with them—that is Fraser and Pitblado—that if they became the successful tenderers that you and your partners were to share in it, and that an arrangement was made before it was known whether it was successful or not?—That I do not know. Of course I was very little in Ottawa; I do not like going there much, and unless the matter came right up to me direct I did not meddle with it at all.

If any arrangement was made on the speculation that the contract would fall to one of the two firms witness knew nothing of it.

7967. Then if there were such negotiations, they were carried on by other persons?—Yes.

7968. And you took no part in it yourself?—No further than this: I was introduced to Mr. Fraser and Mr. Pitblado in Ottawa, and we talked then; the others had brought about this meeting. When I was down there at one time they showed what their tender was, and I thought their prices were pretty fair; and it was suggested then would it not be possible to form a partnership in the event of the work coming to them, and they seemed as being favourable to it.

Met Fraser & Pitblado who showed what their tender was. He thought their prices pretty fair. Suggested that a partnership might be formed.

7969. That is the Nova Scotia men seemed to speak favourably of it?—Yes; they thought it would be all right.

7970. Did that result in any positive arrangement on the subject?—Of course the other parties were very much interested in getting this work, I was not.

7971. You mean your other partners?—Yes, Shields and McDonald; they were interesting themselves a great deal to get the work. It was a matter of indifference to me whether I got it or not—in fact, I would just as soon not have got it.

A matter of indifference to witness whether he got contract or not.

7972. Did you understand that any negotiations had ended in a bargain before you left Ottawa?—No; there was none at all then. The first I knew of it was, I think, Mr. Shields either telegraphed, or wrote me, that he thought those parties were wanting to back out of it; that they were not disposed to enter into any agreement or writing on it; that they were wishing to leave it an open question. I had heard that they were negotiating with other parties.

Received telegram from Shields that Fraser & Co. were trying to back out.

**Tendering—
Contract No. 42.**

Did not understand that his partners had become interested until they put up the money.

7973. Who were negotiating with other parties?—Fraser and Pitblado; I had not seen Grant at all.

7974. At what stage of the affair did you understand that your partners became absolutely interested?—Never, until we put up the money.

7975. Before that it was only an open proposition which might be accepted or not?—Yes; that might be broken off or not. Of course when they sent for me to come down, that the arrangement was going to be carried out, I went down, and brought down my share of the security then. At that time Fraser was the only man who was there.

7976. He was the representative of the Nova Scotia firm?—Yes; and his firm had not come, and he was in a great state of excitement for fear that they would not get here, because that was the day it had to be on or off. I got down in the morning, and he said the thing had to be completed at once or he would get other parties.

Securities put up.

7977. That was the last day given for putting up the securities?—That was the last day; and I sent to Mr. Fraser that I was prepared. McDonald was not quite prepared with his part of the security, but Shields had his security all but a small sum, and I made up the difference for Shields to put up his share. During the interval Fraser did not know that the money had been put up, and he said at twelve o'clock the matter would be off. That was what I understood.

Fraser stood aloof. Witness informed that he wanted to get rid of arrangement, and had gone to Goodwin to get security.

7978. You heard it from Fraser?—No, he stood aloof rather; I thought he wanted to get rid of the arrangement; and I was informed that he went off to get Goodwin, of Montreal, to put up the security, and that Goodwin had put up a hundred and some odd thousand dollars.

7979. Probably it is Goodwin, of Ottawa, you mean?—Yes; Goodwin, of Ottawa, the contractor. I had very little to do with it, as I very seldom go to Ottawa. I only go as seldom as I can possibly help.

7980. Then you were absent from Ottawa during these preliminary negotiations, which ended in no bargain, until the day the securities were put up?—Yes; that was the time there was anything definite.

7981. Do you remember now that you were given to understand, before you went to Ottawa that day, that there had been a positive, binding bargain between Shields, J. J. McDonald, or either of them, on the one part, and Fraser, Grant & Pitblado, or any one of them, on the other part, as to a partnership being arranged between you?—The only thing that I understood—I do not know that I am right in saying what I understood—

7982. Were you informed by any of those people—Pitblado or any of them?—No; I did not see Pitblado but once.

7983. But your partners might have written to you about it?—No; the only thing I understood was from Shields, in Toronto. He mentioned to me that if the contract was awarded to them the Government would not object to our being associated if the parties were willing themselves.

Never understood Fraser, Grant & Co. were willing to join witness's firm until the transaction was closed.

7984. Then you had not been led to believe the parties themselves were willing and had agreed to it?—I never understood it until we closed the transaction; in fact I thought it was the opposite way.

Tendering—
Contract No. 42.

7985. I do not know whether you are aware of it, but it appears in one of the Blue Books that a letter was written to the Minister, stating that he had made an absolute agreement?—I do not know anything of that.

7986. If so, you have never been informed of it?—I have no recollection of it at present.

7987. The letter reads :

“ OTTAWA, 29th February, 1879.

“ SIR,—We beg leave to inform you that should the contract for section B of the Canadian Pacific Railway be allotted to us, on our tender, we are prepared to associate with us Messrs. Manning, Shields & McDonald.

“ Yours respectfully,

“ FRASER, GRANT & PIELADO.

Knew nothing of the letter from Fraser, Grant & Co. to Minister proposing to associate with them. Messrs. Manning, Shields & McDonald.

“ Hon. C. TUPPER, C.B.,

“ Minister of Public Works.”

What date was the contract?—On the 5th March, 1879, the money to be put up on Saturday, the 8th March. I was not down in Ottawa then, and, of course, I could not have known of this letter at that time.

7988. Unless by some communication?—I do not think there would be any communication sent to me. I have no knowledge of any, only that there was that understanding that I tell you—that it might happen that the Government would be favourable to it, if such a thing took place; but these men expressed great doubt about Fraser carrying out any arrangement.

7989. It was possible that, having that doubt in their mind, this letter was written so as to remove it?—Very possibly; I dare say these men wanted that done to bind them to it.

7990. I understand you left it in the hands of Shields and McDonald, to look after the interests of the whole firm at Ottawa?—No; I cannot say that; in fact I did not meddle with it. I knew that these men were very much interested in getting it, and I knew that they would leave no stone unturned if it was possible to effect it.

7991. Had you any negotiation or conversation with any Member of Parliament, or any one connected with that Department, before you went down on that Saturday to put up the security?—No.

Influencing
Clerks, &c.

Had no negotiation with an M.P. or any Departmental officer before going to Ottawa to put up security.

7992. No negotiation on the subject?—No; I never approached a member of the Government on the subject at all. I never did; or in any contract that I ever had with the Government.

7993. Had you any communication, directly or indirectly, with any person connected with any of the Departments?—No. I may have talked to persons that I was tendering for the work. I know a great many officers in the Department, and I am on intimate terms with them for the last thirty years. Of course if I met them I would shake hands with them and talk with them, but not on this work, unless I was tendering, or something of that kind.

If tendering he might have talked with them.

7994. Did you take part in any negotiation by which this contract, or the awarding of it to Fraser & Grant or any member of your firm, was made more likely than it would have been but for such negotiation?—No.

7995. Did you leave it to be awarded in the regular course?—Yes.

**Tendering—
Contract No. 42.**

7996. I think you said that you left Ottawa when you ascertained that there were several lower tenders than yours?—Yes.

7997. Do you remember who was considered to be the lowest at that time?—I really do not know.

7998. By the Public Accounts Morse & Co. appear to be the lowest; does that refresh your memory on the subject?—There were several lower tenders. Marks & Conmee had a lower one than mine, and Morse & Co. were the lowest of all, as far as I can remember.

Did not know before the contract was awarded that Close was to have been one of the sureties for Morse & Co.

7999. Do you remember whether it was understood, before the contract was awarded, that a gentleman in Toronto, Mr. Close, was to be one of the sureties for Morse & Co.?—I did not know it at the time.

8000. Did you not know it before the awarding of the contract?—No; I knew it afterwards by the printed report that was submitted to Parliament. I saw his name down as surety.

Shields mentioned to Manning that he wanted Close to have an interest.

8001. Were you aware of any arrangement by which his putting up this security for Morse & Co. was prevented or delayed?—No; what I do recollect was (I believe that Shields alluded to it here in his evidence who the party was, whether it was Andrews, Jones & Co.) that Morse & Co., I understood, were ruled out, and that the contract went to Andrews, Jones & Co.; but it appears to me that the day Mr. Shields spoke to me I was in at his place of business, at five o'clock in the evening, and he mentioned to me that he wanted Mr. Close—in case we got this work—to get an interest. He said that Mr. Close was to have been a surety for some of the parties, but that the time had expired that day. That day was the last for putting up the security, and Mr. Close came into the office, into this room—while he was there and he mentioned this. He said he was not going to be security for them, but if we would give him, if we got the contract, an interest with us, that he would like to join in with us. Mr. Shields had mentioned this before Mr. Close came in, and, of course, Mr. Close mentioned this matter himself. I told Mr. Shields before “what difference does it make about bringing Close in.” I did not know whether the other parties would assent to it. At any rate Shields was very pressing to get Close in, and from our intimate acquaintance we agreed to give Close a twenty-fourth interest.

Close came into office and mentioned matter.

Agreed to give Close one twenty-fourth interest.

8002. Upon that occasion that agreement was made?—Yes.

8003. You say that was the last day for putting up the security for the firm for which he was to be a security?—Yes; I think the time had expired.

8004. That day?—Yes; that day. I am certain what I understood Close to mention was that they were making him offers that he would have all the supplies and some other things if he would go security for them.

Thinks the time to put up security by Close for Morse & Co. had expired at the time witness and his partners made agreement to give him one twenty-fourth.

8005. Do you think the time for putting up the security for the firm for which he had arranged to be security had expired that day?—Yes; it had expired that day. I think, according to the reports published, the security was to have been up that day at three o'clock.

8006. And was this after three o'clock?—It was after five o'clock.

8007. Then at the time of that conversation you understood that his principals had no longer any chance of becoming contractors?—Yes; I felt convinced of it.

8008. Had there been any negotiations from the beginning that your firm was to give a share to Close?—Never, until then.

**Tendering—
Contract No. 42.**
Until then no negotiations to give Close a share.

8009. Had it not been understood, as far as you know, between some of your firm, either Shields, McDonald and yourself on the one part, and Close on the other part, that if he should perform certain conditions that he would always be entitled to come in and take a share?—No; not up to that time.

8010. Do you know anything about the negotiations by which a Mr. Smith, or some person of that name in New York, was induced to withdraw from his proposal to put up security for Andrews, Jones & Co.?—I do not.

Knows nothing of negotiations by which Smith of New York was induced not to put up security for Andrews, Jones & Co.

8011. It has been said by some of the witnesses here that there were some negotiations of that kind at Ottawa; do you know whether you were there at the time of these negotiations?—No; I have already stated that I was not down at Ottawa at that time.

8012. Were you made aware of that transaction and that the firm were to bear a portion of the expenses?—Of what transaction?

8013. The transaction by which Mr. Smith was silenced or induced not to put up the security for Jones & Co.?—I did not know anything of it. I have heard since.

8014. At what time do you think you first heard it?—Some time after the contract was allotted—some considerable time afterwards, I think. I was very much surprised to hear it.

Some time after contract was allotted heard of this matter.

8015. Have you taken any active part in the management of the affairs of the contract yourself?—Not on the works. I look after the getting of supplies forwarded, and all the monetary transactions.

Looks after the supplies and finance.

8016. Others of the firm are upon the work looking after the active management of it?—Yes.

8017. Is there any other transaction on account of the Canadian Pacific Railway in which you have been interested?—No; unless that with Mr. Close. The condition on which Mr. Close entered into that was that he was to put up his share of the money—that is, provided Fraser & Grant and those would approve of it. I did not like it myself, but it was so pressed; but I have had my idea since that because of the relations—business relations—between Close and Shields. His business conditions had changed very much from what I supposed they were at the time the contract was entered into. I found out shortly after the contract was entered into that he had failed, and I suppose his business relations with Close got me to get Close to join the partnership and put up his share of the money and do his share of the work.

Condition on which agreement made with Close.

8018. Is there any other matter connected with the Pacific Railway, except this contract 42, in which you are interested?—No.

8019. Have you any other matter concerning the Pacific Railway which you wish to explain to the Commission?—No; nothing that I know of. In fact I never charged my mind. If I had supposed that an examination of this kind was to take place, I should have taken care to have noted it down. I have a large business of my own, and sometimes my memory, like others getting up in years, is not so good, and I do not keep these things in my mind unless I note them down. I have

**Tendering—
Contract No. 42.**

generally a pretty good memory, but matters that do not particularly interest me I do not quite follow. If I had considered for a moment I never would have entered into that contract with Close. I may say myself that I never had a contract with the Government of any kind that I did not get because I was the lowest tenderer. I have never approached any person to give me any favour or assistance out of their Departments, and I am only sorry to say that I read in the paper that there is a charge made against an officer of the Government. I can only tell you, gentlemen, if I had been examined here upon it, if I had got information of that kind, I would never have told it. I would have taken the consequences of it first.

**Influencing
Clerks, &c.**

If witness had obtained knowledge through an officer in the Department he would never have revealed it.

8020. Then are we sure that your answer is correct when you have given an answer to a similar question?—I am now on my oath.

8021. And the gentleman who gave that answer was on his oath also?—I think if I got private information from an officer of the Government he was doing me a kindness.

**Obligation of an
oath.**

8022. You think that a witness under oath is not bound to tell the truth upon such matters?—It just depends how far it is relevant to the matter under examination.

8023. But if it has relevancy he is bound to answer?—Yes.

8024. Are you giving your opinion as to the relevancy of that answer?—I am, and I am very much annoyed.

8025. I was not asking you for your opinion under oath on that matter. I have no objection to record what you have said, and you must take the responsibility of recording your measure of the value of the oath?—I appreciate the value of the oath, and if on any matter I am called upon fairly to give my evidence under oath—— I am very much annoyed at what has taken place.

8026. As you have stated that while giving evidence, of course it is the duty of the reporter to record it. Is there any other matter which you wish to explain?—No.

**Railway Con-
struction.
Progress of work.**

8027. You do not know about the progress of the work?—Yes; I know pretty generally about the progress of the work.

By Mr. Keefer :—

**Difficulties en-
countered.**

8028. Are you getting on with reasonable dispatch, and what time do you expect to get it done?—So far as we have been enabled; we have been under immense difficulties. When we tendered for the work we were given to understand that in November of last year the track would be laid to Rat Portage. When we commenced in May last, a year ago, and first started up there to work, before we could get an opportunity to get into that country, we had to make portages and take a round of ninety miles through the Lake of the Woods; we had to build boats, to get them on the different points on the water stretches, and we had to take in what we supposed would feed the men, while building houses through these portages, at an enormous cost. Last winter we found, as the road had not been done, or any likelihood of its being done this summer, that if we were to do any work at all during this year we must adopt some other plan to get in our supplies, or we could not do the work at all. So that we were compelled to make a new road of forty-six miles in length on the north side of section 15, from Cross Lake to Rat Portage, and we had to team in all our stuff

Railway Construction—
Contract No. 42.

at an enormous cost—enough supplies to last all this summer. A great deal of our stores cost us \$4 per hundred weight. The rails alone to lay down a track to work the steam shovels cost us \$8,000 to team them in.

8029. How many men have you got employed out there now?—All told, the last return I got over for August, 1,500 men.

1,500 men employed, two steam shovels, one locomotive.

8030. How many steam shovels?—Two steam shovels and one locomotive.

8031. With this force, how long before you expect to finish?—It is pretty hard to tell; it is a dreadful work. The line has been changed and there are several lakes to fill; there is one, I understand, of about 200 feet in depth, and some of them are 100 feet, seventy feet, and so on. It will take an immense quantity of filling. We calculate it will take between six or seven millions; in fact, to get in, it was by sheer brute force.

8032. At what places are those fills so deep?—I think it was called Narrow Lake. It was very fully reported in the *Globe*. A short time ago a reporter went over it. In changing the work from rock filling, which they are doing to some extent, we were to have a large amount of rock-borrowing, and in trying to do that it involves a large increase of earth filling, which can only be done from May to December, after which we are to shut up unless we have some work to do in the winter. It only gives us these months to work in. One of the steam shovels cost us \$800 to team it from Cross Lake to our work, and there will be several of them employed.

By the Chairman:—

8033. You cannot say, then, what time you expect to get it done?—No; it will depend a great deal upon what course is pursued with regard to these fills.

Cannot say when work will be finished.

8034. Have you not received a definite order with regard to those fills?—No.

8035. You do not know whether it is to be bridge work, or all solid embankments?—It is not to be bridged; you could not bridge it. In some of those big fills you could not put piling down; there would be no hold for them in places. There may be parts in which there may be a temporary trestle work to get out to deeper water, but where there is a shrinkage with sand filling, which, as you are aware, will shrink from 20 to 30 per cent. when placed in water, and then with an enormous pressure of a great body placed on top, it will keep pressing it out, as it did at Cross Lake. There is no saying what quantity it will take to fill those places, and there are eight or nine of them to be filled, besides fillings across muskegs, which are very deep.

Large fills.

The witness was then asked whether he had derived his knowledge upon these matters on the ground, or by hearsay from others, and he answered that it was from others, as he had not been on the ground.

WINNIPEG, Monday, 27th September, 1880.

HUGH O'DONNELL, sworn and examined :

By the Chairman :—

8036. Where do you live?—Pembina, Dakota Territory.

Never engaged in connection with Canadian Pacific Railway.

8037. Have you been at any time engaged in any matter connected with the Canadian Pacific Railway?—No; I have not.

8038. Are you aware of any of the transactions of persons who were engaged, so far as they related to the Pacific Railway?—No.

NIXON.

THOMAS NIXON, sworn and examined :

Paymaster and Purveyorship.

By the Chairman :—

8039. Where do you live?—At St. Boniface West, near Winnipeg.

Paymaster and purveyor for Canadian Pacific Railway from spring of 1875.

8040. Had you at any time any connection with the Government interests, so far as they related to the Canadian Pacific Railway?—I had; I was paymaster and purveyor for the Canadian Pacific Railway.

8041. From what time?—From the spring of 1875, I presume; I did not come here in the interest of the Canadian Pacific Railway.

8042. You were here before that?—I was here before that in the Mounted Police. I forget what month it was. It was in 1875, I think, that I was appointed. I came here, I think, in 1874—one sometimes forgets dates.

8043. Until what time were you holding that office?—Until a year ago last January.

8044. The beginning of the year 1879?—Yes; the beginning of the year 1879.

Duties: purchases for engineers out on surveys; payments; transporting.

8045. Can you describe generally what your duties were in connection with the Pacific Railway?—I had to make all purchases for the engineers who were out on the survey, and make all payments to the men, and for those purchases, and do the transporting.

8046. Were special instructions given to you with regard to the Pacific Railway as distinguished from your duties towards the other Departments?—Yes.

Received written instructions.

8047. Were they in writing?—They were in writing.

8048. Have you any copies of them?—No; they are in the office, or they should be; I left all the documents in the office.

Book-keeping.
Set of books kept for Canadian Pacific Railway transactions.

8049. Do you remember whether a separate set of books were kept for the purpose of Pacific Railway matters?—Yes; a separate set was kept.

8050. In that set no transactions ought to find place which were connected with any other Department?—No; nor do I think they did.

8051. Did you keep books yourself?—No; I had an accountant.

Conklin, and D. S. Currie, book-keepers.

8052. Who was he?—E. G. Conklin, of this city, and D. S. Currie, of this city, also an accountant. Only those two.

8053. Which was the first?—Mr. Conklin.

**Paymaster-
and-Pur-
veyorship-
Book-keeping.**

8054. Had you been accustomed to keep books yourself?—None; except for my own private business.

8055. Had you been engaged in any business?—Yes.

8056. What kind of business?—I was a general merchant in Newmarket—groceries and dry goods. I was also engaged in business in Toronto, in wool and hides.

8057. Had it been necessary for you to keep books in those different branches of business for yourself?—Yes, certainly; I had book-keepers.

8058. Did you exercise any supervision over the books yourself?—I did from time to time.

8059. Are you acquainted with the general requirements of book-keeping: I do not mean any particular system, but with the substantial matter which ought to be shown by a set of books?—I should say so. Acquainted with general principles of book-keeping.

8060. Had you any particular system which you thought desirable to adopt, so far as the Canadian Pacific Railway was concerned?—No, I think not; no particular system.

8061. Do you know what system of book-keeping was adopted?—Yes, Mr. Conklin did not keep the books by double entry, but rather by single entry; and I pointed out to Mr. Currie that I did not like the way in which they were kept, when I employed him, and I wanted him to be more particular than Mr. Conklin appeared to have been, and we opened a new set of books under Mr. Currie.

8062. Before the employment of Mr. Currie had you been satisfied with the manner in which Mr. Conklin had kept the books?—I was not. Conklin's manner of keeping books unsatisfactory to Nixon.

8063. In what respect did they not satisfy you?—I did not like the way in which he kept them all through. I saw no errors; but I did not like the manner in which the books were kept—persons accounts sometimes not being closed as I thought they ought to have been.

8064. Did they fail to show matters which you thought the books ought to show?—Rather; still I had supervision myself because I signed every cheque. In that way I had a double check; first nothing was ever purchased by him under any circumstance except for the stables, and for the horses, without requisitions from the engineers; under no circumstances either for freighting or any supplies which they required. I had that then as a check myself personally, because those came to me and not to my accountant. But Nixon exercised supervision.

8065. Do I understand that you were satisfied with his showing the substance of transactions as he did show them in his books?—No; I was not satisfied.

8066. Did his books fail to show the substance of any transactions?—He never gave me a balance sheet at all. I received no balance sheet from him; still I always knew the balance which I would have, when I was out of money, or how near I would be out of it. That was always under my own cognizance, but all our accounts went to Ottawa. No balance sheet but always knew balance.

8067. But besides showing the receipts and expenditure of money, the books ought to show the details of different accounts?—Certainly.

8068. I am asking whether you believed or understood that his books contained the accounts in such a shape as to show the substance

**Paymaster-
and-Pur-
veyorship-
Book-keeping.**

of all the transactions on the part of the Government?—I think in general they might.

8069. You said you were not satisfied with the way in which he kept the books?—No; I was not.

8070. Did that dissatisfaction begin as soon as he was employed, or did you arrive at it later?—Later on.

8071. Could you tell when?—Scarcely; I do not remember now how long he was in our employment.

8072. I think that Mr. Currie's books commenced on the 1st of January, 1877?—Mr. Conklin must have been out of the office a couple of months previous to that, whilst I was away for Mr. Currie to come on off the line. He was one of my sub-agents.

**Capt. Howard
book-keeper
between Conklin
and Currie.**

8073. Who kept the books between the time Mr. Conklin was dismissed and Mr. Currie began?—Capt. Howard, of the Indian Department.

8074. It may be that Mr. Currie did not come so soon as that. If he came later would that make any difference in your idea of the time Capt. Howard had charge of them?—No; I had not long to wait for Mr. Currie, I think, because Mr. Conklin remained a month after his dismissal. In fact that was one of the things he was doing after he was dismissed; he was trying to close up his books for a month.

8075. Do you remember who dismissed him; did you, or was it done by the Department?—I dismissed him.

8076. Do you think that Capt. Howard commenced to keep the books in January, 1877?—Yes; if you had not showed me the book I would not have given that as the date, as I did not know it was the end of the year.

**Administra-
tion.
Staff in office.**

8077. What staff had you in the office?—Only the book-keeper and the store man, and there was a messenger for the general offices.

8078. Do you mean that you had a store man for the Pacific Railway stores alone?—No; for the three departments.

8079. What officers had charge of the Pacific Railway matters alone?—This store man and the accountant. I had no other, but he had the other two as I have stated.

**Agents in charge
of Canadian
Pacific Railway
interest.**

8080. Who had charge of the Government interests connected with the Pacific Railway away from the office?—My sub-agents; that is the name which they received from the Government.

8081. Do you remember who they were?—Mr. Currie was one.

8082. In what locality?—He was to the east of Rat Portage; John A. Rowand was one at Rat Portage also, and there was one Arthur Stewart, who was my sub-agent also. There was also John Brown for the west, J. J. Bell for the west, and Valentine Christian for the west.

8083. Were Mr. Currie and Mr. Rowand located at the same time, or did one succeed the other?—I forget now whether one succeeded the other, but I think not. I think they were employed at the same time, but they were connected with different staffs of engineers.

**Generally each
party in the field
had with it an
agent subor-
dinate to Nixon.**

8084. Had each party in the field, either surveying or exploring, a sub-agent connected with it?—Yes, if the party was numerous; some-times there would only be the engineer and two or three men, and they

**Paymaster-
and-Pur-
veyorship-
Administra-
tion.**

would have no sub agent. The cook would be held accountable because there was so little goods with them.

8085. The distribution of the supplies would be confided to the cook in small parties?—Yes; but it would only be where there would be two or three men. For instance, I had a Mr. Hamilton to provide for at Bird's Hill and sometimes on the way to Emerson. He had no sub-agents. There were two or three instances where there were only an axe man and cook and the engineer himself.

8086. Besides the general office, in which the interests of these different Departments were managed, I understand that there was a store which contained the property of the Government which might be required for the Mounted Police, the Pacific Railway, and the Indian Department?—Yes.

8087. Who had charge of that store?—My store man, John Parr,—
under me—and myself. Store in charge of
John Parr.

8088. Who had the active management of it?—I and John Parr. Managed by
Nixon and Parr.

8089. Do you mean that you were generally present when anything was taken in or given out?—Yes; pretty nearly always. We did not keep, as a general thing, goods. I did not buy any in advance of my requirements; except in one instance I never bought any in advance of my requirements.

8090. Then what would be in the store?—Goods that would be returned when those engineers would come back, and Mounted Police stores which would be returned; the goods sent in by the Mounted Police, damaged goods, sometimes; sometimes goods that they were through with, and supplies for the Indian Department which would be sent under contract at a certain date preparatory to their being distributed to the points which I had to send them. Only returned
goods kept in
store.

8091. As far as those goods which you have last mentioned, the building would be used merely for temporary storage?—That is all.

8092. Not for keeping stores as occasion might afterwards require?—We received from Mr. Provencher, the previous Indian Commissioner, a lot of axes and some pork, and I think some tobacco, which I had to store. Stores received
from Provencher
the previous
Indian Commis-
sioner. 217.

8093. The only occasion which you speak of as being the exception to the general practice, was it about flour?—Yes.

8094. And you considered the price was likely to rise, and that it was desirable to store the same?—Yes. I went and bought some fifty bags of it, if I remember right. Exception to rule
not to order more
goods than was
needed; fifty
bags of flour.

8095. The goods that you took over from Mr. Provencher were those debited to any account?—I think not. **Book-keeping.**

8096. Did you keep any record of them?—Yes; we did.

8097. In what way?—We distributed them on requisitions from Mr. Graham, who was Mr. Provencher's successor. He knew what we had.

8098. I am not speaking of the distribution, I am confining myself to the receipt of them, and the entering of them. I understand that when you were at the office, you took over from some one, who had been previously connected with the Government, a lot of supplies

**Paymaster-
and-Pur-
veyorship-
Book-keeping.**

which were then on hand—was a list of these supplies furnished?—Yes ; and a receipt given.

8099. Was it recorded?—Yes.

8100. Where was it recorded?—By my store man, in the store-book.

8101. Then was there a book separate from the book in the general office which you would call a store-book?—Yes.

8102. Was that handed over by you at the time you gave up?—It was. Mr. Parr, I have no doubt, will be able to lay his hands on it.

**In store-book—
only numbers,
not values
entered.**

8103. Do you remember whether in that store-book the values only of the stores were entered, or only the numbers?—Only the numbers ; never the values. We could not arrive at that if we were inclined to do it, because the goods were not always new.

**No valuation of
goods taken over
from Provencher
made or recorded.**

8104. Was there any value attached to these goods at the time you took them over?—No ; reports of the goods remaining on hand were furnished the Government from time to time, persistently, throughout my course.

8105. How would these statements be made up : would it be by deducting the quantities on hand from the quantities which had been previously in store, or was it based on the values of them?—No, not at all ; on the values.

8106. Then was a record kept of the quantities or amounts of each kind of article?—Yes.

8107. Look at your letter-book, page 95, and say if that is a statement, as far as you remember, of the goods which you took over from the gentleman you named in the beginning?—Yes.

8108. That was the basis then of the store-book from the time you commenced to hold office?—Yes, but that is not the store-book ; that is my report to Ottawa.

8109. But what would be the first transaction recorded in your store-book?—April.

**First transaction:
a lot of dogs taken
from Jarvis.**

8110. I think you said the first was taking over these stores during the month of April 1875?—No ; the first thing I took in was a lot of dogs from Mr. Jarvis, that were returned from British Columbia. They may be properly regarded as almost the first record of stores, but I do not know what engineer they came from.

G. BROWN.

GEORGE BROWN, sworn and examined :

**Fort Frances
Lock-
Bank Account.**

By the Chairman :—

8111. Where do you live?—In Winnipeg.

**Manager of
Ontario Bank.**

8112. What is your occupation?—Banker ; bank manager.

8113. Of what bank?—Ontario Bank.

**Had Government
account under
late Government.**

8114. Have you had the accounts of any of the officers connected with the Government since you have been manager?—We had the Government account here under the Reform Government.

8115. Have you any book showing the account of Mr. Hugh Sutherland from the time of its commencement in connection with the Locks at Fort Frances?—We have an account of the Fort Frances Canal, not with Hugh Sutherland. I produced the ledger, and the first entry bears date May 1877.

Fort Frances Lock—Bank Account.
Account of Fort Frances Canal. First entry May, 1877.

8116. The first entry appears to be a credit of \$8,000 to the account headed "Fort Frances Canal Works?"—Yes.

\$8,000 to the credit of Fort Frances Canal Works.

8117. Do you remember whether the practice was that money should be drawn from the account and passed to Mr. Sutherland's private account, or whether the general practice was that it should be paid out in small sums to other parties?—Of course the cheques were signed by him and countersigned by Mr. Logan the paymaster. I could not say what became of the money; I never saw anything of that kind.

8118. Unless it was passed to his private account?—Then it would go through the hands of the teller, and I would not see what the details were.

8119. You would not know by what process it would go to his private account?—No; I would never know what that credit of \$3,000 was if it went to his private account.

Nixon's Paymaster and Purveyorship—Bank Account.
Kept account for Nixon as paymaster.

8120. Did you keep the account of any other of the Government officers; had you an account with Mr. Nixon as paymaster of the Pacific Railway?—Yes; but not in this ledger. It was in the Government ledger.

8121. Had you different ledgers?—Yes, very much the same; only a smaller ledger containing the amounts: the debits and credits.

8122. Did you keep an account of any other officer of the Government, besides Mr. Nixon, in connection with the Pacific Railway. For instance, had you an account for any of his sub agents?—No; only a private account; that is all.

Kept no account in connection with Canadian Pacific Railway or with anybody but Nixon.

8123. Not any official account?—I do not think so.

8124. Suppose he gave a cheque to Mr. Christian, who was one of his sub agents, in order that Christian might disburse it for Government purposes; do you remember whether Mr. Christian would keep that as an official account or private account?—I do not know that anything of that kind ever came up.

8125. Is it your recollection that Mr. Nixon's is the only account which you had as an official account connected with the paymaster's office of the Pacific Railway?—I think so. I do not remember any just now. It was some time ago, and a great many accounts have gone through

Fort Frances Lock—Bank Account.
Fort Frances Locks considered a Government account.

8126. Was not this account of the Fort Frances Locks considered to be a Government account?—Certainly. Usually all Government accounts were placed in the Government ledgers altogether.

8127. This account was not put in the Government ledgers?—No; it was sent in a different form. If a letter of credit was given it would be put in the Government ledger. If a cheque was sent it would be sent probably to them.

Reason why Fort Frances Canal account not in Government ledger.

8128. Do you know why this account was not kept in the Government ledgers, if it was entirely for Government purposes, and only

**Fort Frances
Lock—
Bank Account.**

checked by cheques countersigned by Government officials? Is there any reason why it was not kept in the Government ledgers?—A Government account would be credit advices. We would get advice to put so much to their credit from the Finance Department.

8129. Were these credits advised in this way?—No; they were sent by cheques.

Thinks credits were sent by cheque payable to bank for Sutherland and Logan.

8130. Payable to whom?—I imagine payable to the bank for them. It might either be sent to the bank, or sent to Mr. Sutherland to go to his account. The majority of them were telegraphed.

8131. Do you mean that the credits for the canal works were advised in a different way from the Pacific Railway accounts?—For Mr. Nixon's account they were.

8132. What would be the difference in the method of advices?—It is so long ago that I do not remember. It is so complicated. It was such a small distinction: one was a letter of credit. There was this difference: one was charged direct to advances and the other was charged to Dominion expenditure.

In effect the way in which money came from Government into the hands of the bank made no difference in the way the accounts were managed.

8133. In effect, I suppose, it made no difference in the accounts?—No; it made no difference.

8134. No difference in the way in which you managed the accounts and disbursed the money?—No; when it went through the Government ledgers all the cheques went back to the auditor here.

8135. In this matter did the cheques go back down to Mr. Sutherland and Mr. Logan?—Yes, of course; they had them for vouchers.

8136. I suppose the difference is really this: that the other Government accounts were subject to cheques payable by the official here, countersigned by the particular auditor on the spot?—Sometimes they were audited and sometimes they were not. I think the first ones of Mr. Nixon were not audited—then afterwards they were audited by the Departments.

8137. I think that Mr. Drummond's recollection is that they were always audited for the Canadian Pacific Railway?—Then the Mounted Police cheques were not.

Cheques connected with Fort Frances countersigned by Logan.

8138. However, this particular account was subject to cheques countersigned by a different individual?—Yes; by Mr. Logan, the paymaster, and the superintendent.

8139. That may be the reason you put it into a different ledger?—Yes; and it might not have been considered a Government account. I did not know what the reason was.

NIXON.

THOMAS NIXON's examination continued:

**Paymaster—
and—Pur-
veyorship—
Book-keeping.**

By the Chairman :—

8140. When supplies were bought by you for the purpose of distribution very soon afterwards, would they appear in your store-book?—The supplies themselves, those that I sent out?

8141. Yes; that is what I mean?—No.

**Paymaster-
and-Pur-
veyorship-
Book-keeping.**

8142. I understood you to say that sometimes the store would contain goods which had been obtained by you for the purpose of immediate distribution?—No; that would relate to the Indian Department and not to the Canadian Pacific Railway Department. We had to keep stock for the Indian Department, because Indians would be coming in here constantly, and we had to supply them, or I supposed we had to supply. My business was only to supply what was requisitioned for.

8143. The Indians took the goods from the store themselves?—Yes; it was not sent to a distant point to be distributed. As a rule they were purchased for distribution abroad; but the requisition came to me, say for fifty barrels of pork more than they would require. They might require one thousand or two thousand to send abroad, but they would requisition for fifty more perhaps, and the overplus would go into store.

8144. Would that overplus be charged at once to your store account and be entered either in the store-book or on some other record?—Yes; Commissioner Graham would know what overplus I always had.

8145. Who was Commissioner Graham?—The Indian Agent here. He succeeded Mr. Provencher; he was in the office with Mr. Provencher when Mr. Provencher was Commissioner.

8146. But no stores were at any time put there from your purchases for the Pacific Railway?—Other than the fifty bags of flour I have mentioned—that is of purchases. When the party returned, the cook's and sub-agent's business was to return me any of the stores which they brought back.

No stores purchased for Canadian Pacific Railway other than fifty bags of flour ever put in store. When surveying parties returned, the duty of cooks and sub-agents to return witness whatever stores were left.

8147. Do you think that your Pacific Railway books ought to show the store charged with those fifty bags of flour?—Yes; they would be purchased from a merchant in the city.

8148. The merchant would be credited with the whole amount that he had sold, and charged with a cheque or whatever other way the payment was made?—Yes.

How the fifty bags of flour would appear in Canadian Pacific Railway books.

8149. And the different surveys charged with the portion they took out?—Yes.

8150. And the balance you say would be charged to the store?—Yes.

8151. Do you think, that your books contain an account for your store so as to show a debit of the fifty bags of flour?—I do not know that the general books did other than in the way we say.

8152. Did the Pacific Railway books?—I mean that we kept a separate store-book.

8153. But the merchant who supplied the goods would be credited with not only the portions that were sent out to the surveys but with this portion that was sent into the store?—Certainly.

8154. Do you understand then how the books would be right without charging the portion that went into the store to some account, whatever account you might call it?—If purchased from Bannatyne, for instance, it would be credited to Bannatyne's account.

8155. That would be right as far as Bannatyne is concerned; but besides that you want to debit some person with the whole amount of those goods?—The store would be debited with them, and credited when we issued them.

**Paymaster-
and-Pur-
veyorship-
Book-keeping.**

8156. Do you think the store is debited with these goods?—Yes.

8157. In the Pacific Railway books?—I do not know which of the books, but we kept a special store-book.

8158. But do you not understand that the Pacific Railway books could not be correct unless you debited some account with the total amount?—Yes.

**System of book-
keeping, hypothet-
ical case**

8159. I am asking by way of illustration: assuming that a merchant sold you \$500 worth of goods; section 14 required \$100 of them; you would charge section 14 in your books with that \$100?—Yes.

8160. Section 15 required \$100 more, and you would charge section 15 with that \$100?—Yes.

8161. McLeod's survey would require \$100 more, you would charge him with that \$100?—Yes.

8162. That would make \$300; Mr. Lucas' party would require \$100 more; you would charge Mr. Lucas with that \$100: now, if the other \$100 went into store, would you charge the store with that \$100?—There was no such thing. Nothing of it went into the store, beyond my necessities, than the fifty bags of flour.

8163. Did you charge the fifty bags of flour to any account in your books?—I do not know that it was charged to any account.

Store-book.

8164. If you did not charge it would the books show all that they ought to have shown?—Certainly, because there was a store-book.

8165. But that was not part of the Pacific Railway books?—No; I did not say so.

8166. But you said it belonged to the Mounted Police and Indian Department and Pacific Railway?—No; we kept a separate book for each. The store man was a general store man for all parties, but not that store-book.

8167. But that book in effect forms, I suppose, part of your ledger?—Yes; in effect I so understood it, because it came under my own direct cognizance.

8168. Then the ledger does not show all the transactions without the presence of the store-book?—No; it would go to make up.

8169. Supposing horses were returned to you from some survey which had been previously charged to that survey, would any entry be made in your store-book as to these horses?—Certainly; and a receipt given to the person who handed the horses to the store man.

8170. So that everything which came into your possession on account of the Pacific Railway, and remained in your custody for any length of time—even for a short time—would appear in your store book?—Yes.

**Everything that
came into his
possession and
remained there
for any length of
time would ap-
pear in store-book**

**Administra-
tion.**

**Shipments of
goods consigned
to sub-agent or
engineer.**

8171. When shipments were made to parties at a distance, to whom would they be consigned?—To my sub-agent out in the North-West, on the Rat Portage, on the eastern line, generally speaking to the engineer in charge. Sometimes, however, it would be to the engineer who required the goods; but he would only get them by requisition from his chief, the man in charge.

**Paymaster-
and-Pur-
veyorship-
Administration**

8172. Had you adopted a system by which those sub-agents kept store-books upon the same principle upon which your Pacific Railway store-book was kept here?—Yes.

8173. Have you yourself examined those store-books from time to time?—I have, very carefully.

8174. Were they returned to you before you left the office?—They were.

8175. And they were handed over by you to your successor?—There were no sub-agencies for a considerable time before I left office; a new system was adopted.

Sub agency system abolished some time before Nixon left office.

8176. What was the new system?—The engineers got board-wages, and therefore sub-agency was done away with.

New system: engineers got a specific sum per month and boarded themselves.

8177. What does it mean?—They were paid so much a month and boarded themselves. I had to do the freighting to them; that was all.

8178. Did that apply to the men also?—Yes.

8179. And those employed by the Government?—Yes; but we had no exploratory party in the field.

8180. They got a money compensation instead of being supplied with board?—Yes.

8181. And they got the supplies the best way they could without coming to you or any other purveyor?—It was supposed that I should purvey to them, but they asked the liberty of purveying for themselves, and I was only too glad. I had to freight the goods, however.

Wherever they bought, Nixon had to freight goods.

8182. When you sent out any portion of supplies to a sub-agent, would his account, either as a store-keeper or as a sub-agent, be charged with those supplies?—I think so. Mr. Conklin would be a much better witness on that than myself.

Book-keeping.

8183. Do you remember how long after Mr. Conklin took charge of the books it was when you became dissatisfied with his system?—No; I do not remember.

Does not remember when he became dissatisfied with the way Conklin kept books.

8184. Do you remember that you recommended him for an increase of salary, because he was a very efficient book-keeper?—Yes; I do. Mr. Conklin came to me as a person who had conducted a commercial college at Hamilton, and was recommended very highly; therefore I took it for granted that he was pretty good.

Remembers recommending Conklin for an increase of salary.

8185. Was it because he was so recommended that you asked for this increase?—No; I employed him myself at the salary. The salary was not stated by the Department, and I thought I did not give him enough. I did not give him as much as book-keepers in this city were getting. I only gave him \$1,000 a year.

8186. But after he had experience for some time as book-keeper you wrote to the Department, did you not, stating that he was a very efficient man?—Yes; but the books were not closed up for a considerable time after he came into my employment. I do not remember the time, but I think I did ask that; I think I do remember.

8187. Do you think you made that recommendation without having looked into the manner in which he kept the books?—At that time the books appeared all right. It was in the closing up of those

**Paymaster-
and-Pur-
veyorship-
Book-keeping.**

accounts—for instance, at the year 1876—when I came to look over the books I found that account after account had not been closed up as I thought they ought to have been.

8188. Do you remember, as a matter of practice, whether your sub-agents had separate accounts in any bank here?—I think not.

How money paid to and by sub-agents.

8189. Did they give cheques?—No; I think they paid the money. I will explain: on going out on the survey, say Mr. Lucas would requisition for \$2,000 for the sub-agent that would go with him, and Mr. Ruttan for \$1,000 or \$2,000, according as he thought other things would be required for the agent that would go with him. That money would be drawn out by cheque and given to the sub-agent, and they took it with them. I do not think they ever issued any cheques, nor was there anything placed to their credit by me.

No subordinate officer entrusted with a credit at the bank.

8190. Was there any other subordinate officer entrusted with a credit at the bank and given power to draw cheques?—No.

8191. Had you not an assistant purveyor?—I had for a short time, but he had no such authority—Mr. J. J. Bell. He was sent up by the Department.

In one case a subordinate had a bank account, but in the form of a private account.

8192. Do you remember whether he had power to draw by cheque? Do you remember sending out a cheque-book to one of those subordinates, directing him that the Government had changed his accounts from the Merchants Bank to the Ontario Bank, and that he was to use his new cheque-book instead of the old one?—That is right, I do now; but that was not by an official Government cheque-book.

8193. Then if it was a private cheque book, what difference did it make to him whether the Government had changed their account to the Ontario Bank or any other bank?—Because the engineer, when out on the line, would ask me to place a certain amount—say to the credit of Valentine Christian—in the bank, and I would send him a cheque-book on that particular bank to draw moneys as he might require to pay off the hands which were dismissed at times.

8194. Still you say that that account of Valentine Christian, for instance, would be his private account?—Certainly it would.

Reason why, nevertheless, he changed subordinate's account from one bank to another.

8195. Then why not let him keep it in the same bank in which it was before? Why ask him to change it to the Ontario Bank, because the Government had changed their account?—Because I only did business in the bank in which the Government did their business. I will explain: when it was changed to the Ontario Bank, why would I take the money from the Ontario Bank and walk to the Merchants Bank, to put it to the credit of Valentine Christian in the Merchants Bank?

8196. But if Valentine Christian already had his account in the Merchants Bank, why ask him to change it?—I do not know that he had.

8197. Do you remember who it was?—I think it was Valentine Christian, because I remember seeing his name on the blank cheque-book returned to me, but it might be one of the others—John Brown. But any moneys they had of that nature would be entirely under their control.

8198. Their single cheque, without any previous supervision or counter-signature, would be cashed?—Certainly.

**Paymaster-
and-Pur-
veyorship-
Book-keeping.**

8199. It would be just as much in their control as if it were in their pocket?—Yes.

8200. Do you remember whether it happened that Valentine Christian, for instance, squared up his account with you by giving his cheque?—I do not remember; it is probable he did. That is, that he had not expended all the money which was asked for him by the engineer.

Probable that Valentine Christian squared up his account by giving his cheque.

8201. To whom would that money go?—To the Receiver-General, at Ottawa, not to the Assistant Receiver-General here.

8202. Would he make a cheque payable to the Receiver-General's credit?—No, to me; and I would make the cheque payable to the Receiver-General. The cheque would be made payable to my order.

8203. It would go into your individual custody?—Certainly.

8204. Do you remember whether, with any of those subordinates, there was any necessity of settling their account by their giving you cheques for considerable amounts?—Certainly there was; how could they close their accounts if they did not?

8205. I am asking you whether you remember that it did happen that they closed their accounts by giving you cheques, payable to your order, for considerable amounts?—No; I do not think it. I do not think that there were ever considerable amounts in their hands lying over.

8206. Do you think any of them ever had as much as \$2,000 or \$3,000 lying over?—I do not think there was ever so much money lying over, except in one instance, and it might not have been \$2,000. I think that was Mr. Lucas's sub-agent.

Lucas's sub agent a considerable balance on hand.

8207. Who was he?—I am not sure whether Christian was his agent or not. I think Christian was Ruttan's sub-agent.

8208. Look at John Brown's account on page 107 of ledger A, and say how you settled the last balance? Read out the last entry.—“Bank account, \$2,861.28,”—that is an entirely different affair.

John Brown's account.

8209. What is that affair?—That is goods he sold in the North-West, that was not money sent to him and brought back to me; those were goods that he sold—horses, carts, waggons, and provisions—rather than bring them back to Winnipeg.

8210. How would that be, would that be by a cheque? You have marked it, or Mr. Conklin has marked it by a cheque; do you remember the transaction?—I do not remember, but I presume it would be by a cheque. He would, perhaps, place it to my credit. I rather think he gave a cheque to Mr. Conklin, or to me, the proceeds of which would be deposited with the Receiver-General.

Probably Brown gave cheque for \$2,861.28 to Nixon who would deposit it with the Receiver-General

8211. Do you remember, at the time of Mr. Conklin giving up these books, of ascertaining that there was a considerable amount wrong in the balance in some way?—No; I do not particularly remember.

Does not remember that when Conklin made up books \$4,000 could not be accounted for.

8212. Do you not remember that something over \$4,000 could not be accounted for, as far as the books were concerned?—No; I do not.

8213. I think it is so recorded in your book. It may have been—I do not mean that it was—misappropriated; but I mean that the books do not show what has become of it?—You will find receipts from the Department for all these moneys. The receipts are at the Canadian Pacific Railway Office.

**Paymaster-
and-Pur-
veyorship-
Book-keeping.**

8214. At present I am trying to ascertain whether the system was a sufficient one to show the real state of affairs?—There was a check at Ottawa, because I went down there once and found a man's account that ought to have been in mine, and it was not in mine.

8215. Do you mean John Brown's?—No, the account of John Scott & Co.; so that they kept a perfect check on me at Ottawa, so there could not be anything astray in the money line.

Statement in ledger that books would not balance —\$4,465.83 being short.

8216. Look at page 42 of journal B, and read the foot note?—"Balance account, Dr. \$4,465.83; Note—This is an account opened with the above ~~man~~ ^{amount} in order to close the books and credits in the ledger, on 1st of May, 1877."

8217. Do I understand that you have seen this note before?—I take it for granted I have.

8218. Do you understand, therefore, that at the winding up of keeping of accounts by Conklin, the books did not balance within this amount?—I suppose so, according to that.

8219. Have you ever endeavoured yourself to ascertain why it is that the books showed that discrepancy?—No; I have not. Mr. Currie may, though. You see there is a voucher for every dollar I have expended. We had no contingent account. I took out no moneys for a contingent account. I kept none, and never had any.

8220. But you had an account for general expenses?—No; I had not.

8221. Had you not a general account?—No; I had no contingent account.

8222. But you had what is called a general account?—Yes.

Witness thinks his accounts at Ottawa would be right even though his books might show \$4,000 short.

8223. In which you put all entries that were not to be charged to particular accounts?—Certainly; but they were paid by official cheque. The money did not come into my hands to be paid out from my cash-books; therefore my accounts at Ottawa would be right, even though my books might show \$4,000 short, because my vouchers would go down as against the moneys which they had placed to my credit.

8224. Would it happen that you would sometimes pay expenses and draw sums against those expenses?—I do not remember that I did.

Item \$250 for Nixon's expenses explained.

8225. I think in one instance I see a cheque of \$250 charged to you, and against that a credit of expenses to yourself?—Yes, that is right; that was for going to Ottawa; that was when I was summoned to Ottawa before the Public Accounts Committee; of course there was no other way to get money but that, and I placed to credit of the Receiver-General, when I returned, the amount that was allowed me, because the Public Accounts Committee paid me, and the amount I took was more than was allowed me, and I placed the balance in the hands of Receiver-General. That is how that is explained.

Item of horse sold to Alloway for \$25

8226. On the 19th of June, 1875, I notice an entry in journal A, that you received from W. A. Alloway: "cash, \$25," for a horse that was sold to him; do you remember the transaction?—No.

8227. There is a memorandum that the horse was severely kicked?—No, I do not remember it; but I suppose the horse was returned by a surveyor, perhaps between this and Portage la Prairie, and sent back.

8228. I do not find any credit in the account that you kept with the bank of that \$25. I mention it now in order that you may have an

Paymaster-
and-Fur-
veyorship-
Book-keeping.

opportunity of looking into it?—I cannot look into it for I have not the documents.

8229. But I will give you the books, and you can see whether it is credited?—You will see that there is a statement made to the Department of that horse. It is credited to Receiver-General when he sent him.

8230. Then, on the 23rd of June, 1875, I find a memorandum in your journal: "deposited to credit of paymaster, in the Merchants' Bank, \$92.50;" would that be to your official account?—No; I do not think it would. Item of \$92.50 deposited to private account of Nixon.

8231. Would it be to your private account?—I suppose it would. That would probably be for some goods sold, and the moneys would not be deposited to credit of Receiver-General until we got the whole together and sent it at the end of the month, or the beginning of the succeeding month; that is, when we got the \$25 we would not send it then. We made our returns monthly to the Receiver-General, of all moneys received during the month. I apprehend that that would be the way that was done; I do not know what it was for.

8232. Then this last entry of the deposit, would that be a private transaction of your own?—I do not know that it would.

8233. Do you think it would be to your official account then?—I had no official account. Had no official account.

8234. Can you explain this entry: "deposited to credit of Paymaster in the Merchants Bank, \$92.50?"—It was probably moneys which came into my hands belonging to the Canadian Pacific Railway, and it was placed to my credit to be afterwards sent to Receiver-General.

8235. Do you know whether that would appear charged to you in the Pacific Railway books?—It should. I should be credited and charged there—at least I ought to be credited and charged: "by amount to Receiver-General."

8236. The books at Ottawa, as far as we have been enabled to understand them, do not show it; but perhaps there is some error?—No; the Receiver-General's books would only show, I suppose, the cheque which I signed;—it might be \$400 or more. That would be embodied in that. I would send a detailed statement to the Department, and not to the Receiver-General.

8237. It is possible, that if you did not send the amount which you received from different sources until after June, in 1875, it will appear in the following year?—I can get it for you if the papers are placed in my possession. I remember sending it, and I will guarantee I will find it for you.

8238. If you look at page 118 of ledger A, you will see that Valentine Christian's account was settled by some entry referring to the bank transaction; can you explain it?—No; bank cheques. I presume those were cheques which he issued to the men when probably they were being discharged. Surmise as to the way Valentine Christian's account was squared up.

8239. You mean payments by him to some one else?—Payments by him on the pay-list to men in the field. I apprehend that would be the way that was. It would be very expensive sometimes to bring men

**Paymaster-
and-Pur-
veyors-
Administration**

Engineer made requisitions for moneys for parties on surveys.

Engineer always certified claim of sub-agent.

Exception to this rule.

Brown appointed sub-agent by Nixon.

in, if they desired to stay in the North-West, and that would be taken from the pay-lists.

8240. Who would make requisition for moneys which you advanced—for instance, to Valentine Christian?—The engineer only.

8241. It would not be a matter of discretion to yourself to advance the money or otherwise?—No; I would not know what the requirements would be.

8242. Those moneys were supposed to be necessary for using in that particular way?—Yes; they would have to buy provisions at times—sometimes a very large amount—sometimes moccasins for the men—the men were clothed by us more or less.

8243. What sort of expenses would be credited to Valentine Christian under the word "Expenses"?—Freighting, moving supplies from point to point as the engineer would direct him; and that would be done under requisition from the engineer.

8244. Well, when he came into your office to settle for the advance which had been made to him, and would bring in accounts of those expenses, would you always require his claim to be certified by the engineer before you gave him credit for it?—Yes; the engineer certified to the claim.

8245. So that for all those items of credits in the case of a person in Valentine Christian's position, you would have a certificate from the engineer, or some one on the spot?—Yes; the engineer was instructed, by his printed or written instructions, to do that. Of course, in John Brown's instance, he would not be able to tell the goods Brown sold, because Brown was in the North-West for a year, or a year and a-half, under instructions from me to dispose of property there; for instance he had a lot of mules which we got over from British Columbia, and horses and other material.

8246. Did he get any from Moberly's party?—No; I think not. I think it was some old stores of Henry McLeod's, some of which were cached in the North-West before I came here at all, and some were at Henry House or Jasper House, I do not remember which. I think he sold to Barnard, of British Columbia, for \$1,000, a large quantity of supplies that had been there I do not know how long.

8247. Did you appoint Brown a sub-agent, or was he appointed at Ottawa?—I appointed him.

8248. Were you satisfied with his conduct?—I was, always. He was Mr. Fleming's sub-agent before I had anything to do with the Government at all—his right-hand man; he was not a sub-agent, because that name was not known then in the service.

**Exploratory
Surveys—
Party G.**

WINNIPEG, Tuesday, 28th September, 1880.

WM. W. KIRKPATRICK, sworn and examined:

By the Chairman:—

8249. Where do you live?—At Ostersund, contract 15, Canadian Pacific Railway.
8250. Have you been engaged on any work connected with the Pacific Railway?—Yes.
8251. When were you first connected with it?—From the time the first parties were sent into the woods in 1871. Connected with Canadian Pacific Railway since 1871.
8252. By whom were you engaged?—By the Public Works Department—by the Engineer-in-Chief.
8253. Were you notified in writing?—Yes.
8254. What was your first duty?—Transit man. Transit man to Division G under Armstrong.
8255. To which party?—Division G, under Mr. H. N. Armstrong.
8256. In what locality?—On Lake Superior; to the north of Lake Superior on Pic River, running east and west.
8257. Can you describe the termini of that exploration?—At the Narrows of Long Lake on the west side, was the western terminus; and on the eastern it was either the White or Black River, I forget which, but I think it was Black River. Locality: Lake Superior; terminus of exploration: Long Lake and Small Black River.
8258. Was that a point further east than Pic River?—Yes.
8259. Then you crossed Pic River?—We crossed the Pic River.
8260. About what was the length of that exploration in miles?—About ninety or 100 miles, I should think.
8261. How long were you engaged on that work?—I think it was in June that we went up there; I left the party shortly before Christmas.
8262. What was the size of the party?—It must have numbered about forty men—perhaps forty-five. Size of party: about forty-five men.
8263. How were you provided with supplies?—By a commissariat.
8264. Had you a commissariat officer attached to your party?—There was one, not a regular commissariat officer. There was one at the mouth of the Pic River. Yes, I may say there was, because we were the only party up there, and he was attached to our party. Supplies.
8265. But he was not always with the party?—He was not always with the party.
8266. From what point on this exploration did you start?—About twenty-three miles up the Pic River. Started about twenty-three miles up the Pic River and worked west to Long Lake.
8267. But in which direction did you work at first?—West to Long Lake.
8268. Then was Pic the base of your supplies?—Yes; the Hudson Bay post at the mouth of the Pic was the base of our supplies.
8269. Were you supplied with enough provisions and other articles upon the starting of that exploration?—Yes.

**Exploratory
Surveys—
Party G.
Supplies.**

8270. There was no defect in your arrangements?—Not in the starting.

8271. Was there afterwards?—We were short of provisions very frequently.

8272. Why was that?—Owing to the difficulty of transporting it to the end of the line.

Short of supplies frequently; reason the commissariat officer did not understand his business.

8273. Do you mean that it took a longer time than was anticipated to get your supplies from the Pic to the point required?—No; I rather think that the commissariat officer did not understand the business in getting the supplies in, and in engaging Indians.

8274. Was there any complaint on that account to the commissariat officer?—Yes; we certainly complained.

8275. Would it be your duty to communicate the complaint?—I was not in charge of the party.

8276. Whose duty would it be?—H. N. Armstrong's.

Commissariat officer promised to supply them better in future.

8277. Do you know whether any explanations were received from the commissariat officer while these defective arrangements existed?—Yes; I think he wrote once and there was some complaint made. I forget who the commissariat officer was, but he sent a rather extraordinary letter, stating that if God spared his life and the mosquitoes were not too bad, he would supply us better in future.

8278. What was the result of the defective arrangements for supplies upon the work of the party? I mean, were they hindered in their work or did they progress with it?—No; we settled down to our work. I left the party myself and crossed over to Long Lake, when we were a little more than half-way, and brought in supplies from that direction.

8279. You were detailed for that special purpose?—I volunteered, as there was no person who knew the position in which we were, or knew the country as I did myself, having been up there previously.

8280. In what capacity had you been there previously?—On the geological survey.

Witness brought in supplies from a Hudson Bay post at the north end of Long Lake.

8281. Then, did I understand that you brought in supplies from a point different from the one intended to be your base of supplies?—Yes.

8282. Did you secure the supplies upon that occasion?—I did.

8283. From what point?—From the Hudson Bay post at the north end of Long Lake.

8284. How far was that from where the party then was at work?—It must have been 120 miles.

8285. Did you take men of the party with you?—I did.

8286. How many?—Three or four Indians.

Transported supplies with three Indians.

8287. And were the provisions transported by the party?—They were carried from the south end of Long Lake on our backs.

8288. If these men had not been detached from the party, what work would they have performed with the party?—They were the regular packers. They would have been sent back to Pic for supplies.

8289. So that they were performing the duty for which they were engaged, whether they were with you or whether they returned to the

**Exploratory
Surveys—
Party G.
Supplies.**

Pic?—Yes; we had a number of Indians in camp, for moving camp and packing supplies.

8290. Then the work proper suffered, if at all, only by your individual absence?—That was all.

8291. How long were you absent on that occasion?—Not more than a week. I do not know whether the party were at work during my absence or not. A week absent for supplies.

8292. Could you not tell when you returned whether they had been at work or not?—I think they had done a little, perhaps a mile or two miles.

8293. Do you think the work of the party suffered in consequence of your absence, more than with your individual presence, without supplies?—They had no provisions to live on. They lived on blueberries during my absence.

8294. Then am I to understand that the work was not proceeded with as effectively as it would have been if they had been properly supplied?—Decidedly not. Work and progress retarded by want of supplies.

8295. At the starting of the expedition, was it contemplated that you might have to go to this point for provisions as well as to Pic River?—If I remember correctly, Mr. Armstrong had instructed the commissariat officer to send supplies around by the travelled route to the Hudson Bay post, to the north end of Long Lake, then down to the south end of Long Lake and there to make a cache.

8296. Then was it a part of the arrangements at the beginning, that there was to be a cache at Long Lake, where you would find the supplies?—It was. Pre-arranged that there was to be a cache at Long Lake.

8297. Then your going there for supplies was not contrary to the original arrangement?—No, not to the south end of Long Lake; well, yes, it was, because we did not expect to require the provisions until we got our line through to that point.

8298. Supplies were then to be found there when you reached that point?—Yes.

8299. Were you longer in reaching it than was anticipated at the beginning of the work?—I think not much longer.

8300. I am endeavouring now, to ascertain by these questions, whether the difficulty arose because the party did not make the progress as rapidly as expected, or whether the supplies were not furnished as regularly as expected; to which of these reasons would you attribute the difficulty?—To the supplies not being furnished.

8301. Then, where ought they to have been furnished according to the original arrangement?—Brought after us on the line.

8302. Were they not brought as rapidly as was expected by the arrangement at the beginning?—No, they were not; as frequently we had to stop work and send back our own axe men for the supplies at the cache on the Pic River. The commissariat officer may have been unable to procure packers at the Pic. Of course I do not know how that was; he may have been unable to get them. Frequently work had to be stopped in order to send back for supplies.

8303. Would the absence of those axe men who would be sent back for supplies affect the progress of the work?—Yes. Work delayed in consequence.

**Exploratory
Surveys—
Party G.
Supplies.**

All the axe men
of the party
away.

8304. Delay it very much, or only very little?—It depended upon the number who would be sent off. I think we had six or eight axe men altogether.

8305. Altogether?—The regular axe men of the party whose duty it was to work on the line, and when they were away of course no work could be done.

8306. When they were all away, do you mean?—Yes.

8307. And were they all away at one time getting supplies?—I think so; I think they were away once or twice, if not more.

8308. Would they be accompanied by the packers or Indians?—By all the men that could be spared in the camp.

8309. Why send so large a party to get in more supplies?—The road was so very rough, a man could not carry more than fifty or sixty pounds on his back.

One cache lost
through woods
taking fire.

8310. Did that absence of proper supply happen only seldom or frequently during this particular work?—I think it was frequently on that line. I may here state that we had the misfortune to lose our cache at the mouth of the Pic—not at the mouth of the Pic, but at the crossing of the Pic, where we started our line. Everything was burnt by the woods getting on fire; and that delayed us some time.

8311. Was the loss of that supply by fire, the occasion, in your opinion, of the defect in the arrangement afterwards for supply made?—It might partially, for a short time, until other supplies came in.

8312. After that was made up, did the defective arrangements continue?—Yes.

8313. Where is Armstrong now?—I could not tell; I have never heard of him since the following year.

8314. That is not the Armstrong who was doing work on section 14 or 15?—No, he was an American, I think; or he may have been a Canadian; but he came from the United States.

8315. Do you remember who was commissariat officer at the mouth of the Pic?—I do not; there were two of them at first, but who they were I cannot remember. If I heard their names I would, perhaps, remember.

Left this work
in December.

8316. You say you left that work about December?—About November or December; the latter end of November, or the beginning of December. It was shortly before Christmas; it might have been two or three weeks.

Track Survey.

8317. Then where did you go?—I proceeded to make a track survey, according to instructions received from Mr. Rowan, around the north end of Long Lake.

Makes a track-
survey around
north end of Long
Lake.

8318. How was that survey made?—A rough survey, by taking bearings with the compass and by pacing—counting the paces—or otherwise, judging the distances as rapidly as possible—merely passing through the country and taking notice of the character of the country.

8319. How were the heights taken?—No levels were ascertained.

8320. Was a barometer carried?—I had a barometer, but I took no levels from it because I had nothing to check from, and it was not considered necessary.

8321. That would be called a bare exploration, I suppose?—Yes.
8322. How long were you engaged on that work?—I think I arrived at Red Rock at the mouth of the Nipigon River at the end of February or the beginning of March.
8323. What was the size of your party on that occasion?—About eight or ten men.
8324. You had charge of the party?—I had charge.
8325. Upon that occasion, did you say you started upon the height of land, or about the height of land?—Yes; about the height of land, near the north end of Long Lake.
8326. What was your arrangement about supplies on that occasion?—I took certain supplies with me; but forwarded, previous to starting, three Indians with toboggans, loaded with supplies to be cached at the Long Lake House—at the Hudson Bay post in Long Lake. I took supplies with me from the mouth of the Pic to do me until I got there.
8327. Was that arrangement sufficient to carry you through with supplies until you finished the work?—It was.
8328. What was your next work on the Pacific Railway?—I returned to Ottawa, and on the 1st July, returned to the Nipigon country again.
8329. That would be July of 1872?—Yes; July of 1872.
8330. In what capacity did you return?—In charge of a party.
8331. Do you remember the number or name of it?—I think it was L.
8332. What was the size of that party?—About thirty or thirty-five.
8333. From what point did you start work?—From thirty miles from the north-west corner of Lake Nipigon.
8334. Would that be towards the height of land?—Yes; towards the height of land.
8335. In what direction did you proceed?—To Big Sturgeon Lake.
8336. What was the length of that work?—It was somewhere near ninety miles in length—that line—as well as I can remember.
8337. What was your arrangement for supplies?—They were to be sent up to the mouth of the Wabanoosh, which empties into Nipigon Lake—on the north-west corner of Nipigon Lake.
8338. Then that was near the starting point of the work?—It was within thirty miles of the starting point, I think.
8339. With whom were the arrangements made?—With the commissariat officer, Capt. Robinson.
8340. Where was his station?—He was stationed at the mouth of Nipigon River, at Red Rock. He was the head of the commissariat.
8341. Were the supplies found at the point you expected them?—Yes.
8342. Was there any difficulty about supplies during that work?—Yes; I had a great deal of difficulty in getting them in, as my party was not quite large enough.

**Exploratory
Surveys—
Party G.**

A bare exploration.

Arrives at Red Rock, mouth of Nipigon River, end of February.

Size of party: ten.

Arrangements for supplies.

Party L.

Returned to Ottawa.

July, 1872, in Nipigon country again.

Size of party: thirty-five.

Worked from north-west of Lake Nipigon to Big Sturgeon Lake.

Ninety miles, length of work.

Supplies.

Capt. Robinson, commissariat officer.

**Exploratory
Survey—
Party L.
Supplies.**

8343. So arrangements had been made for transporting provisions, from the point which you have indicated, to the different points of your work?—The commissariat officer I had with me was supposed to have them packed in, or to get them in by some means. If we came across lakes they were supposed to bring them in by canoes.

8344. Then was there a commissariat officer attached to, or accompanying your party?—Yes, two of them; a man by the name of Cole, and McDonald—Duncan McDonald, I think.

8345. Was their business to procure means of transport from the starting point, or this place near the starting point, to different points on the line of work where supplies would be required?—Yes.

**Failure in bring-
ing in supplies
rapidly enough.**

8346. Did they fail to accomplish that?—No; I cannot say that they failed, but the supplies were not brought in as rapidly as they should have been. They did not altogether fail.

8347. Was the work performed satisfactorily by them?—I do not think it was. Not to my satisfaction.

8348. Did you make a complaint upon this subject?—I certainly reported it.

8349. To whom?—To the Assistant Engineer-in-Chief—at that time Mr. Rowan.

8350. Where was he stationed?—He was not stationed at any particular place as far as I can remember; he was supposed to be all over, I think.

8351. Had he no headquarters?—I think not; he had no headquarters that I am aware of.

8352. Do you know whether he received your complaint?—I cannot say.

8353. Did your complaint result in any improvement or in any change?—No; it did not, because he may not have received it for months afterwards. Communication was very hard to make.

**Work less effec-
tive in consequ-
ence of failure in
supplies.**

8354. Did the work of your party become less effective on account of the failure in your supplies that season?—Yes; I think it did. I did not get through that work until, I think, it was Christmas morning.

**Work finished on
Christmas
morning.**

8355. Was that work intended to reach the work going on by any one else?—No; Mr. Jarvis had terminated there some months previously. It was not intended to connect with his line.

**Character of
work: prelimi-
nary survey with
transit and level.**

8356. What sort of examination would you call the work of that season?—A preliminary survey.

8357. Instrumental?—Instrumental, with transit and level.

8358. Do you remember the letter or number of your party that season of 1872?—I think it was what I already stated: L.

**Letters of parties
sometimes wrong**

8359. In the same list I find C. James for 1872, and the letter N opposite your name. Do you know whether it is likely to be correct?—I do not think the letters are altogether followed out there. I know one year that there were two or three K's.

**Preliminary
Survey—
Lake Helen to
Long Lake.**

Returned to
Ottawa.
Spring of 1873 ran
line from north
of Lake Helen to
north of Long
Lake.

Work done sixty
miles in length.

Preliminary
survey.

Object: to con-
firm witness's
previous work.

Size of party:
thirty-five.
Supplies.

Goes to Ottawa.

WILSON.

**Fort Frances
Lock—
Supplies.**

Books showing
account with
Government.

First entry to
credit of Govern-
ment \$1,738.32.

8360. After this work what was your next step?—I returned to Ottawa that winter, and again returned to Nipigon the following spring and ran a line from the north end of Lake Helen, towards the north end of Long Lake.

8361. That would be in the general direction of your exploration in the winter of 1871-72?—Yes.

8362. About how long was that work—I mean in distance?—About sixty miles of the line I ran. I think it was something nearly 100 miles; but we never completed it.

8363. What kind of examination was that?—An instrumental survey—a preliminary survey.

8364. Had there been any exploration of that particular line before the instrumental survey, as far as you know?—None but mine, that I am aware of.

8365. What distance was that from your own?—I crossed it with my track survey various times; but it was along in the general direction. It may have been run very far, though.

8366. Then it was to some extent for the purpose of confirming your previous work?—Yes.

8367. Were you in charge of the party?—I was.

8368. What was the size of the party?—About thirty or thirty-five.

8369. What was your arrangement for supplies that season?—They were brought in by the commissariat from Red Rock.

8370. Was Red Rock the base?—It was the base of supplies.

8371. Had you a commissariat officer going with your party, or accompanying it?—Yes.

8372. Do you remember who it was?—I do not.

8373. Were the supplies brought in to your satisfaction during the progress of that work?—Yes.

8374. At what time did you end that work?—Late in the fall, in time to get out by the steamers.

8375. Did you go to Ottawa?—I did.

8376. Upon each of these occasions, upon your going to Ottawa, did you do the office work connected with the field work of the previous season?—Yes; I made up all the plans and profiles.

G. M. WILSON's examination continued :

By the Chairman :—

8377. Will you produce your book of accounts, showing the account with the Government?—Yes. (Book produced.)

8378. What is the amount of the first entry to credit of Government?—\$1,738.32.

8379. What was that for?—That was for the furnishings purchased from the Government, and then in stock.

**Fort Frances
Lock—
Supplies—
Accounts.**

8380. Were they actually delivered at that time?—They were delivered at that time.

8381. Was a schedule made out?—Yes; and regularly invoiced.

8382. Who certified to that on the part of the Government?—Logan and Thompson.

8383. Were prices attached to it?—Yes.

Next item to
credit of Govern-
ment \$2,288.49.

8384. What is the next item to credit of Government?—\$2,268.49.

8385. At what date?—That was August 31st.

8386. What was the date of the previous item?—In June 30th.

8387. Can you say about the time that the arrangement was made that you should purchase those supplies?—It would be along in June some time.

Arrangement to
purchase the sup-
plies made with
Sutherland.

8388. With whom was the arrangement made?—With Mr. Sutherland, the superintendent.

8389. How does it happen that so late as August you should be able to credit them with so large an amount as \$2,200?—For the simple reason that they had some goods purchased in Ontario before the sale was made, and those goods were on the way at the time; but I was to take possession of them when they came.

8390. It was part of the arrangement that those goods of the kind that you purchased were to be included in the sale made to you?—Yes.

Goods taken over
were scheduled
and priced.

8391. When they arrived, was there a schedule made of those which you took over?—Yes.

8392. With prices attached?—Yes.

8393. How were the prices ascertained?—From their invoices, I suppose.

8394. Did you take any part in the ascertaining of those prices?—I did not.

8395. Then you do not know whether the same prices were fixed as were shown by their invoices?—I suppose that they were; I have no reason to doubt that they were.

8396. You supposed that they were, but you did not know?—Yes.

8397. You were willing to take their statement without looking at the invoices to corroborate them?—I suppose I knew that they were right, because I had seen the invoices before.

8398. Did you verify the prices by looking at the invoices, as far as you remember?—As far as I remember I did; I cannot say that I did, but the chances are that I did.

\$131.36 to credit of
Government.

8399. What is the next item to the credit of the Government?—\$131.36.

Assumed
accounts.

8400. What was that for?—That is for assumed accounts.

8401. Do you mean that you assumed the payment of some account due to the Government?—Yes.

8402. Whose was that?—Edward McCroskie.

8403. What was the next item?—\$12.34.

**Fort Frances
Lock-
Supplies.
Accounts.**

8404. What was that for?—That was an error in making up the invoice, of £2,268.49.

8405. What was the next item?—The next item is an item that really should not appear here, because there is a cross-entry for it. It was an item of \$144 which was charged to the Department, but which should not be charged to Department, but should have been charged to the paymaster, and there is a cross-entry on the opposite side to correspond with it.

8406. That corrects the error?—Yes.

8407. The next item?—\$540.86.

Item \$540.86 for transporting supplies.

8408. What was that for?—Transporting supplies; transporting 72,115 lbs. of supplies.

8409. From what point?—From the North-West Angle to Fort Frances.

8410. By what means of transportation?—By tug-boat; what they call Hudson Bay boat.

8411. Did you know what was the fair freightage at that time for such transportation?—Yes; an arrangement was made with Capt. Wylie. He was the party who fixed the freight, and he was to carry for 75 cts. a hundred, for other persons, and for the Government.

8412. Thus the real understanding was that you paid the same rate as was charged to other persons?—Yes.

8413. Did you, at any time, have any goods transported, for which freight was not charged to you?—I had not.

Always paid freight on goods carried for him.

8414. Were all dealings with you about such matters upon the same basis as with strangers?—Yes.

8415. Had you no advantage from dealing with any of the officers of the Government?—No.

8416. Whose writing is this in the journal?—It is mine.

8417. What is your next item?—My next item is \$1,850.

\$1,850 for provisions lent witness.

8418. What is that for?—For provisions loaned to me by the Department.

8419. Was that a quantity loaned at that particular time, or was it the aggregate of many loans?—It was a regular invoice rendered to me by the Department of stores loaned to me up to that date at different times.

8420. It was not a loan on that particular occasion?—No.

8421. Do you know for what period this system of loans had been going on?—You might say it was during the whole time I was there—loans backwards and forwards.

During whole period a system of mutual loan existed.

8422. Then these were loans between the time you commenced to have a store of your own and the entry of that item?—Yes.

8423. What date is that entry?—May 31, 1878.

8424. So that that would be the amount of the loans during the period of about eleven months?—Yes.

8425. From time to time, as those loans occurred, was any record kept of them in your books?—Coming in?

**Fort Frances
Lock-
Supplies.
Accounts.**

8425. Yes?—I think there was; I kept a memorandum of them.

8427. Where would that be?—In an account of a petty-book; but I of course expected the Government store-clerk to keep a straight account of it.

8428. Did you compare the statement, furnished at the time that this aggregate was given, with the statement which appeared in your book about those loans?—I think I did.

8429. Do you remember?—I do not remember.

8430. You think so because it would be likely, but you do not remember the circumstance?—No.

8431. Who kept that statement on the part of the Government?—The Government clerk.

8432. Who was he?—Mr. L. R. Bentley would be the party at that time, and Mr Logan, I suppose. Mr. Logan was the store-keeper, and Bentley was his assistant.

8433. You are aware, I suppose, that there were rumours that you had some advantage in the obtaining of those loans?—Yes; I am aware of it.

8434. Have you that statement now of the item which you have credited?—I have not; it was furnished to me by the Department. I will just state that I came very near not having anything. When I left Fort Frances I had no way of getting out I had my own dunnage, and had to bring out my stuff in that way; and I had decided at one time to throw away all my books and papers, as I had no further use for them; but on second thought I picked up my books, and some of my accounts with my creditors, and brought them along, in order that if anything arose I might be in a position to look at all of them. I wished them at the bottom of the lake many a time.

8435. Then you have no record of that statement of loans?—No; I have not; I have looked for it. I thought I had them, but I find I have not.

Item of loans
appears as a lump
sum.

8436. The item is in a lump sum as it appears in your books?—Yes.

8437. Did I understand you correctly, on a previous occasion, to say that you had never disposed of any live cattle which had at any time been the property of the Government?—Yes. I will give you a statement of that after a time, if opportunity is allowed me.

8438. What is the next item?—The next item is \$5 which should not appear here. It is a mere cross-entry to correct a previous error in my business. I think it was some cotton that was got out of the store, and should have been charged to Thompson, the foreman, instead of to the Department.

\$162.42 credited to
Government for
transportation.

8439. What is the next item?—The next item is \$162.42.

8440. What is that for?—For transporting supplies from Barrie station, on the Dawson route, to Fort Frances.

8441. By what means of transportation?—By the Government tug.

8442. Is the price the regular price charged to strangers?—I do not think at that time there was any freighting done for strangers at all.

**Fort Frances
Lock—
Supplies.
Accounts.
Price, a fair price.**

8443. Is it a fair price?—It is a fair price. The way it was arrived at was by charging the time of the men and expense and making up the freight in that way. It was made by Thompson, the foreman of the works.

8444. Is that item the whole charge of the Government, or is it after making a deduction for something that you did for them?—It is after making a deduction of three loads of freight that I paid for to the Department from Thunder Bay to Shebandowan.

8445. So that your whole allowance for the work done for you is more than the amount of \$162?—Yes; \$207.42, I think it is.

8446. What is the next item?—The next item is \$341.56, an assumed account, assumed account, the same as the one before.

8447. What is your next item?—The next item is \$5.50—which is a similar transaction to the one mentioned before—some tobacco that was got by Mr. Oliver and charged to the Department, instead of being charged to him directly.

8448. So that this entry is to correct a previous error?—Yes.

8449. The next item?—It is for \$262.13.

\$262.13 for freight.

8450. What is that for?—That is for freight.

8451. Between what points?—Transportation of 7,000 lbs. of supplies from Savanne, a station on the Canadian Pacific, to Fort Frances Lock, and also the transportation of 23,492 lbs. of freight from the North-West Angle to Fort Frances, at 75 cts., making a total of \$298.69, less an account of Capt. Wylie's of \$36.53.

8452. Why did you deduct Capt. Wylie's account from the credit of the Government?—The Government owed Capt. Wylie at that time, and I was coming away from Fort Frances at the time and could not see Capt. Wylie, and I just turned the account over to the Department.

8453. Was that consented to by Mr. Sutherland, or any one on behalf of the Government?—Yes; by the foreman.

8454. Were these prices for transportation the usual prices allowed for the same work?—They were the same as other parties were getting it done for.

8455. What is your next item?—\$22.26.

\$22.26 for supplies lent.

8456. For what?—For supplies loaned me. It is a small account the Government had against me for supplies before I left there.

8457. The next item and the last is \$1,296.17; what is that for?—That is a cheque received by me from the Department at Ottawa to balance my account, and is the only sum I ever received from the Department.

\$1,296.17 cheque from Department to balance account.

8458. What items have you on the debit side of this account?—For supplies furnished the Department.

8459. What is the total amount of your charges against the Government during the period that you were interested in the store on your own account, at the Locks?—\$8,778.92.

\$8,778.92 total amount of charges against Government made by witness while keeping store at the Locks.

8460. For what is the bulk of these charges?—It is for, I suppose, supplies.

**Fort Frances
Lock—
Supplies.
Accounts.**

8461. What sort of supplies?—They would be blankets, sheeting, and provisions, and whatever they required that I had that they purchased from me—butter, sugar, and things of that kind.

8462. Were these articles furnished to the Government principally at one transaction, or, from time to time, in many transactions?—From time to time, as they required them.

8463. And at what time would you make the entries of these articles?—At the time that they took place.

8464. Did you keep a day-book or a blotter?—I kept a journal.

**Witness's system
of book-keeping.**

8465. Was that the first book in which entries were made?—I had a petty book, but as I had to attend to all the business myself, I could not enter it up in my regular books except at night.

8466. But from what would you get the items to make the entries at night?—From what they call the blotter.

8467. Did you find, either in your journal or your blotter, foundations for every entry which you have in your ledger?—I did.

8468. And the entries which now appear in the ledger, are all the results of these items, which are first of all charged by you either in your journal or in your blotter?—Yes.

8469. Would these goods for which you have charged the Government be furnished directly from you to the agent of the Government, or would they, sometimes, be furnished to other individuals?—They would be furnished by me directly. The only party that would get them would be the foreman or the store-keeper.

8470. These were not furnished to the labourers for the Government?—No; they would not accept a transaction of that kind at all.

**All goods passed
through some
agent of the
Government.**

8471. And all this merchandize, you say, passed through some agent of the Government—either the clerk, or the store keeper, or the foreman of the works?—It could not be done in any other way. It would not be allowed.

8472. Have you the blotter?—I have not. I thought I had, but I cannot find it. It was in the house last winter.

8473. Did you keep your books by single entry?—By double entry.

8474. Did you transfer the items from your blotter into your journal before they were posted?—Most of them I did, unless I was much hurried.

**Did not post
direct from blot-
ter to ledger.**

8475. Would you sometimes post direct from your blotter to your ledger?—No; never.

8476. Then all entries must first have gone into some intermediate book?—Yes; into the journal.

8477. Then are there entries in your journal for every item which appears in the ledger?—Yes; there are entries in the journal for every item that appears in the ledger.

8478. These items which are charged to the Government under the name of merchandize would probably have a corresponding entry to the credit of the merchandize account?—They would in lump sum for the whole number of the accounts at the end of the month. It would not be for that single entry.

Fort Frances
Lock—
Supplies.
Accounts.

8479. But would not that entry be divided up so as to show each account to which merchandize would be charged?—Merchandize would be entered with the whole month's transaction.

8480. Please look at page 34 of your journal, and say whether the particulars of this amount of \$351.60 are entered there?—They are. Item \$351.60.

8481. On the 30th of June, 1878, you appear to have charged an item of \$5,440.81 to the Government; are you able to show the details of that charge now?—I am not. \$3,440.81 no details

8482. Why not?—Because it is not entered in detail. The details were furnished to the Department.

8483. Your journal entry from which this was made shows three items, one of which is \$3,165.55: is that the transaction of which you are not able to give the details now?—Yes. Explanations re-
garding item
\$3,165.55.

8484. How do you say that amount was arrived at?—It was entered in my blotter and invoices furnished to the Department.

8485. Do you remember what it was composed of?—Supplies.

8486. Of what sorts?—Of all kinds.

8487. That would probably be the supplies for one month?—No; longer than that. I may state that at first I did not think it would be necessary to enter all this in the regular books, because it would be entered in the Departmental books—these loan transactions; but I was informed by Mr. Sutherland, or the book-keeper, that it would be necessary, therefore I had to make the entry in my books to correspond with theirs.

8488. Do you mean that they had entries of the same items, amounting to this \$3,165.55, in their books?—Yes.

8489. And you made yours to correspond with theirs?—With the account I had rendered them.

8490. Do you mean, that at first you did not keep this in your books at all?—I kept it always in my books; that is, I did not enter it up in my journals at regular times; that is, in this way, I did not enter the detailed items in the journal.

8491. Was this item principally for goods loaned to them, as you understand?—Yes; it would be principally for goods loaned to them—supplies. Principally for
goods lent.

8492. Are we to understand that this charge of \$3,165.55 is not for goods delivered after the time of your last previous entry against the Government?—I could not say just exactly during what time that was delivered.

8493. Are we to understand that at some time you made up an entry composed of goods that had been furnished for a long time previous?—It might have been furnished for a couple of months or so, or perhaps more. Further explana-
tion.

8494. And that during those two months you had made other entries against the Government, but had not carried up those entries?—Yes; for instance, I tried as far as possible to keep there, what we call dry goods and such things as that, a separate entry from the loan account. I did that for the purpose of being able to see what would have to pass

**Fort Frances
Lock-
Supplies.
Accounts.**

back and forward between us—what I would have to return to them, or they would have to return to me, as the case might be.

8495. Was this item based upon loan transactions principally?—I think it was, to the best of my recollection.

How charges were made when goods were loaned.

8496. When you charged the Government with these articles which you say were loaned and not sold out-and-out, at what prices would you charge them?—If I remember correctly, I think the first account was rendered against me by the Department for supplies loaned to me, and in return I would charge just the same price as they charged me, whatever it was, for any particular article. They charged me higher than I was in the habit of selling myself in several cases, and, of course, when I was returning I would charge them at the same prices; but there are things I would charge my regular retail prices for, and generally lower than were charged by the Department.

8497. Do you know what was the result of this interchange of goods: was the balance in your favour or against you?—No; I think that the sum paid me would be principally for other goods outside of the supplies altogether, such as furnishings.

On loan account balance of advantage between witness and Government even.

8498. Then do you say that on the loan account by itself the balance was not in your favour?—I think it was about even. It was intended that whatever was borrowed should be returned. Sometimes they could not return the same articles, and sometimes I could not return the same articles, but it was allowed on something else.

8499. In giving the Government credit I think you mentioned one item as a loan account?—Yes.

8500. Is that because the details of that item were obtained from the Government by way of loan?—Yes.

8501. Have you a similar entry on your side, that is, a loan account as distinguished from a sales account?—No; I looked upon the provisions as generally a loan account.

8502. Does your charge against them for goods which you at first intended to be loaned include anything more than provisions?—Only provisions.

This item of \$3,165.55 principally for provisions.

8503. Then do you think that this item of \$3,165.55 is principally for provisions?—Principally for provisions. I think it is all. I should say that it is all provisions.

8504. Did you keep in your ledger a separate account for merchandize account?—Yes.

8505. Did these transactions with the Government result in a large credit to that account in your opinion?—It would to the amount of the credit of whatever was given out to them—both debit and credit.

8506. But I mean balancing in the account between the prices you paid for goods and the prices at which the Government bought them; have you any means of ascertaining from your own book whether those transactions with the Government resulted in a large credit to your merchandize account?—It should not, because the prices were the same from both parties. The prices that they would charge me for loan account would be precisely the same as my charges against them.

8507. Do you say that this item of \$3,165.55 is for items which are not included in other charges made by you against the Government?

**Fort Frances
Lock—
Supplies.
Accounts.**

—It is not included in any other charges against the Government. It would not be there if so. I am positive it was not.

8508. Do you know what became of that invoice which was made up, showing the details of that entry?—I think the Department must have it.

Thinks Department must have invoice showing details of this entry.

8509. Did you wind up your business at the Locks before you removed?—Yes.

Wound up business at Locks before coming away.

8510. Disposing of all your goods?—Yes.

8511. Did you credit your merchandize account with the proceeds of the final sale of goods?—I did.

8512. Had the Government any part in that transaction?—The Government had no part in it.

8513. How long were you in business at the Locks?—It would be from about the 1st of July, when I got opened up in 1877, and I left there in the beginning of August, 1878.

8514. About thirteen months altogether?—Yes.

In business thirteen months.

8515. When you started, did you get much stock from other sources besides what you bought from the Government?—I did a large amount.

8515½. Have you any objection to say—I am not sure that we are altogether empowered to ask you this—about how much you had invested upon the whole there?—I do not know as I could without figuring up the amounts, but I have no objection to show you my creditors accounts, which will give you some idea.

8516. I do not want to ask you for all the particulars of your indebtedness, I only mean to ask, for instance, whether your merchandize account on the whole showed a considerable profit?—I do not think I am justified in answering it.

Refuses to say whether his merchandize account shows a considerable profit.

8517. You are justified, but you are not bound to state it?—I do not feel bound to let you know.

8518. Do you mean to say that you do not wish to let us know?—No; I do not wish to let you know.

8519. You understand that I am not pressing you about it?—Certainly.

8520. Do you think that you would be able to give us the particulars of this large item?—I think I can.

8521. Have you found the details of the entry of \$3,165.55 which we were discussing before recess?—I have.

Details of above item of \$3,165.55 produced.

8522. Can you produce it?—I can. (Statement produced.)

8523. This is in your letter-book, and appears to have been copied from another paper?—It is a copy from the statement furnished to the Government. I prefer to give you a copy rather than leave the letter-book, and you can compare it.

8524. According to these particulars all the items of this sum were given by you during the month of June, 1878?—Yes.

All the goods against this large sum lent in the month of June, 1878.

8525. What is your account of such a large transaction happening in one month?—The Government were short of supplies and wanted these supplies returned, and I had bought these supplies on purpose to return them.

**Fort Frances
Lock—
Supplies.
Accounts.**

8526. Do you mean that you had been getting new goods at that time?—Yes.

8527. And these items were selected from your new stock?—Yes.

8528. The quantities appear to be almost wholesale quantities; for instance, one barrel of currants and other items in large quantities?—Yes.

8529. At what price did you charge those large quantities? At retail price or something like wholesale prices?—Something like wholesale prices.

Currants charged
15 cts.

8530. "Currants, 15 cts.;" would that be near the wholesale price?—Yes; taking freight into consideration.

8531. Would the costs and charges amount to about that sum?—Yes; pretty near it.

Oatmeal 8 cts.

8532. "Oatmeal at 8 cts.;" what were you selling it for retail at that time?—10 cts or 12 cts. That had to be bought here, and bought pretty high, and freight paid on it.

8533. What was your retail price for axes?—There we used to get \$2 for them.

8534. Do you remember your retail price for nails?—It was according to where we purchased them, they ranged from 12 cts. to 25 cts.

8535. By the keg?—They ranged about 10 cts. to 12 cts. by the keg.

Nails 9 cts a lb.
by the keg.

8536. You charge 9 cts. here. Was that intended to be about the wholesale price?—Yes; 25 cts. was the common price at Fort Frances for nails, that is what the Hudson Bay Co. charged for them.

In fairness, prices
charged witness
by Government
should be com-
pared with his
prices.

8537. Would the Swan River prices be anything like the Fort Frances Lock prices?—I do not know where Swan River is. In comparing these prices it would be necessary to compare them with the prices that the Government charged me for those same goods. They must correspond, as it would not be fair if they charged me one price, and I should not be allowed to charge them the same.

8538. You will please furnish us with a copy of this statement at your convenience?—I will.

**Alleged mis-
conduct.**

**Explanatory
statement as to
certain rumours.**

8539. Is there any other matter connected with the Pacific Railway, or the Fort Frances Lock, on which you wish to give evidence?—I have a statement that I would like to make in reference to some rumours which are circulated, which the Commission have not touched upon at all, and I would like to state that before the furnishing department of the Government store was offered to me it was offered to two others, namely, S. H. Fowler, of Fort Frances, lumber merchant; also John Logan, store-keeper for the Department at Fort Frances; and it was only after their refusal that it was mentioned and offered to me. It was rumoured that the building occupied by me as a store at Fort Frances belonged to the Department, and that I paid no rent for the same. The buildings actually occupied by me: first during the month of July—my first month in business—I occupied a building belonging to D. Cameron, of Kincardine; from the 1st July until the day I left Fort Frances, I occupied a building belonging to S. H. Fowler, lumber merchant, Fort Frances. Do the Commissioners wish to see the entries in that?

**Fort Frances
Lock—
Supplies.**

**Alleged mis-
conduct.**

8540. No?—In reply to an extract from a letter from the Hon. John Schultz, Winnipeg, to the Hon. Dr. Tupper, Minister of Railways, dated Russell House, Ottawa, 17th December, 1878, as follows:—“Supplies for works were purchased largely from Wilson, said to be a partner of Sutherland’s. Wilson had all his supplies carried free by Alloway’s trains, to the North-West Angle, and thence to Fort Frances by the Government steamer:” I desire to state that this statement is false, and totally void of truth.

8541. Do I understand that you wish to show that you paid other persons, not employed by the Government, for carrying freight from Winnipeg to the North-West Angle?—I do.

8542. What evidence do you wish to produce?—I produce the receipts of W. F. Alloway, freighter, and also the entries in my books, made at the time the transaction occurred.

8543. About what amount do you find that you paid altogether for freighting between those two points, to persons not connected with the Government?—I paid about \$3,000.

**Paid \$3,000 for
freighting.**

8544. And no person connected with the Government transported any of those goods free of charge, either between these two points or any other points?—No. It was also stated that the cattle sold by me at Fort Frances belonged to the Government; I wish to show W. F. Alloway’s receipt for five head of cattle. I also state that I purchased two head of cattle from Capt. Wylie, of the North-West Angle, one from S. H. Fowler, of Fort Frances, and one from one Frank Thompson. There is also an extract from a letter from one W. S. Volume to the Hon. Mackenzie Bowell, dated Cross Lake, 14th December, 1878: “I also charge Mr. Sutherland with buying cattle in Winnipeg and sending them to Fort Frances. I can prove that these cattle were killed on their arrival there, and part of them sold by Wilson to residents in Fort Frances.” I desire to state that this is wholly false and devoid of truth in every part, as I am in a position to prove where my cattle were purchased, and to show that it will correspond with the beef sold by me while at Fort Frances to residents. In conclusion, I might also state that it was rumoured that the men employed by the Department were forced to purchase from me, and that I took advantage of their position and made them pay for it. I am satisfied that this rumour did not originate with the men who purchased from me, and I am quite prepared to have the prices charged at Fort Frances compared with the prices at Winnipeg at that time; and more, it was known and given out by Mr. Sutherland that should complaints of overcharges be made, he would be at liberty to re-open the Government store. I had also to agree that my books should, at all times, be open to the inspection of Mr. Logan, the paymaster, and also of Mr. Thompson, the foreman. No complaints were made and no fault was found with any of the accounts, and each and every account with the men was kept and rendered in detail to them. I may state, Mr. Commissioner, that I feel that this statement should be made in order to satisfy the Commission that I am quite prepared to give any information that I can.

**The cattle sold by
witness purchas-
ed on his own
account.**

**The charge that
advantage was
taken of the
workmen by wit-
ness unfounded.**

8545. You have read extracts from letters of which we had no knowledge, and we are glad to hear your explanation of these points. Upon the subject of some of them we touched generally in our questions, but we could not go into the details, because we were not aware of the

**Fort Frances
Lock—
Supplies.**

The investigation made by Messrs. Bown and McArthur necessarily not exhaustive.

details to the same extent that you were?—These were furnished by the Department to Mr. Sutherland just before the investigation which took place under the Hon. Walter R. Bown and Mr. Alexander McArthur, of Winnipeg.

8546. Do you know whether that investigation was based upon evidence under oath?—It was not. I could not say as far as every one is concerned.

8547. Was it obtaining information from those persons only who would voluntarily give it?—I could not tell.

8548. You understand that they had no power to make witnesses appear who did not wish to appear?—No.

8549. So that their sources of information were voluntary statements from persons who made them?—I think so, and from parties who knew nothing about it; and they did not try to get it from parties who were in the position to know.

8550. You have produced these receipts, showing that you have paid for cattle purchased on your own account, and that you have paid for freights to persons not connected with the Government; they establish your assertions on that subject, and you are at liberty to retain these receipts if you wish?—It is my wish. I would not care, only there may be another investigation; this is the second or third one.

Amount of purchases from quarters outside Government: \$25,000.

8551. Is there anything further that you wish to say?—I was asked to state, before recess, in round numbers, what was the amount of my purchase from other parties, independent of the Department?—I may state that it was about \$25,000.

8552. Do you remember whether, in making your entries connected with the business, you charged your merchandize account with the expenses of carrying on the business, or only with the costs and charges on the goods themselves?—The expenses of carrying on the business, certainly.

8553. Then any profit or balance to the credit of the merchandize account would be the profit of the business?—Of course; it would not show my own private personal expenses.

8554. Would your own time, in the shape of a salary, be charged in the business?—No; nothing connected with myself personally.

Merchandize accounts show profits of business leaving value of witness's time out of account.

8555. Then your merchandize account if any balance is to its credit, shows the profit of the business, except in so far as the value of your time is concerned?—Yes.

KIRKPATRICK

**Exploratory
Survey—
Lac des Mille
Lacs, Height
of Land, Fort
Frances.**

1874, survey of Fire Steel River from north-west of Lac des Mille Lacs to the height of land.

WM. W. KIRKPATRICK's examination continued:

By the Chairman:—

8556. What was your first work after the fall of 1873?—I was in the office during the winter, and then made a survey of the Fire Steel River from the north-west corner of Lac des Mille Lacs to the height of land for the purpose of seeing whether it could be utilized for bringing in plant and provisions for the furtherance of the Canadian Pacific Railway. After that was completed I proceeded to Fort Frances.

8557. First of all as to that, do you know how long you were engaged upon that survey?—About six weeks. It was in connection with the other work of that season. It was all under the same instructions. I proceeded to Fort Frances and made a survey of the Sand Island River north to where the present line now crosses at the Orangoutang Lake, I think, and then down the Wabigoon River to Wabigoon Lake, and down through Manitou, and back to Fort Frances.
8558. That work, as I understand it, would have no connection in any location of the line?—No; it was an exploratory survey made with Rochon's micrometer.
8559. Was it made principally for the purpose of finding lines of transport?—Yes; and also to see the character of the country, as no exploratory survey had been made before then through that country.
8560. What time was occupied in making these surveys?—The whole season.
8561. Until about what time in the fall?—About the middle of October.
8562. Were you in charge of the party?—I was.
8563. What size party?—I think I had thirteen men and one assistant.
8564. Was it necessary to have any commissariat officer with you upon your expedition?—No.
8565. Was there any trouble about supplies that season?—No; I furnished them myself.
8566. Do you mean that you bought what supplies you considered necessary and the Government paid for them?—Yes.
8567. Upon your own responsibility?—No; by instructions.
8568. But I mean as to the quantities of supplies and prices?—Yes.
8569. You provided what you considered necessary?—Yes.
8570. About how many miles did you survey that season?—It might have been 300 or 400 miles. It is pretty hard to answer without scaling it. I made all the calculations afterwards in the office, but I really forget. It might have been 300 or 400 miles.
8571. What were the modes of transport principally used that season?—Canoes altogether, and portages. I followed the water courses as much as possible, finding out the portages myself.
8572. Then, after October, 1874, did you go to Ottawa as usual?—Yes.
8573. Did you do the office work connected with this field-work?—Yes.
8574. What was the next work?—I ran a preliminary line the next season from Wabigoon, east and west.
8575. Were you in charge of the party?—I was.
8576. What was the size of the party?—Between thirty and forty.
8577. What was the nature of the survey?—During the summer a preliminary survey.

**Exploratory Survey—
Lac des Mille
Lacs, Height
of Land, Fort
Frances.**

Surveys the Sand Island River to present crossing, thence to Wabigoon River, through Manitou and back to Fort Frances.

Exploratory survey made with micrometer.

Size of party :
thirteen.

No trouble about supplies. These attended to by witness.

Extent of survey
from 300 to 400
miles.

Goes to Ottawa,
October, 1874.

**Preliminary
Survey—
East and west
from Wabi-
goon.**

1875, preliminary line from Wabigoon east and west.

Size of party :
from thirty to
forty.

**Preliminary
Survey—
East and west
from Wabi-
goon.**

Supplies.

8578. With a view to locating a line?—Yes.

8579. What was your arrangement that season for supplies?—The commissariat officer had charge of forwarding all supplies that season—Mr. Bethune.

8580. From what point?—Thunder Bay.

8581. Had you any commissariat officer attached to your party?—Yes.

8582. Was there any difficulty about supplies that season?—Not during the summer.

8583. Later?—During the winter there was, but that was another survey.

Finished survey
October, 1875.

8584. About what time did you finish this survey?—I think it was about the 1st of October.

8585. That would be October, 1875?—Yes.

8586. Up to October, 1875, had there been any trouble about supplies during that year?—Nothing of any consequence.

**Railway Loca-
tion—
Wabigoon
eastward.**

Runs line from
north of Manitou
Lake to Sturgeon
Falls.
Instructed to
locate line from
Wabigoon east-
ward to Wabi-
goon River.

8587. Then, after October, 1875, what was the next work, either in the office or in the field?—I received instructions to run a line from the north end of Manitou Lake to Sturgeon Falls, and during the time I was getting ready to make that survey at Fort Frances, I received other instructions to abandon that line and go on and locate the line from Wabigoon east, which was done during the winter, from Thunder Lake to the crossing of the Little Wabigoon River, near where the present line crosses.

8588. Was it to locate the line as now adopted, or the one that you had previously surveyed?—To locate my previous line as nearly as possible, or to make a trial location.

Engaged at this
until March, 1876.

8589. How long were you engaged on that?—Until about March—I think the following March.

8590. Were you in charge of the party?—I was.

Size of party: be-
tween thirty and
forty.

8591. What size party?—Between thirty and forty.

8592. Do you remember what your arrangement was for supplies during the winter?—The same as they had been during the summer. The commissariat officer was supposed to furnish me with all that was necessary.

8593. And was Thunder Bay the base of these supplies?—I suppose it was.

8594. With whom did you communicate if you wished to discuss the matter of supplies?—The commissariat officer.

8595. With you?—The commissariat officer immediately under me, and the commissariat officer at Fort Frances, who of course communicated with Mr. Bethune of Thunder Bay.

8596. Did you have any difficulty about supplies?—I had at the beginning of the winter.

Left without
snow shoes, to-
boggans and
winter clothing,
&c., for winter
survey.

8597. What was it?—It is impossible to make a winter survey without snow shoes, toboggans, winter clothing, tents and things of that kind. I was not furnished with any of these things.

8598. Was any arrangements made for protecting you?—I believe snow shoes were sent up, but they did not arrive in time. They were frozen in on the way up.

Railway Location.
Wabigoon eastward.

8599. And those other articles that you mention, how did you procure them?—I made them and bought them. I made over forty pairs of snow shoes and thirty toboggans. Canvass, I think, was sent up to make one tent, or it might have been two.

Snow shoes and toboggans made by party.

8600. How did you manage about protecting the rest of the party?—I had the old tents, and I had to send in here for a skin tent, and I think a stove or two.

8601. Was the work of the party delayed by the absence of these supplies?—I could have returned immediately to the ground when I came down if I had had the supplies on hand, whereas I did not start until the week before Christmas.

Considerable time lost in consequence.

8602. What difference did it make in the time of finishing your work?—I do not think it really made any difference because the work I would have done during that time would have been thrown away. As I informed you, the instructions I received afterwards were to abandon the line between the north end of Manitou and Sturgeon Falls and make a trial location of the line east from Wabigoon.

8603. Then the time that was lost was while you were preparing to do this work which was afterwards abandoned and not done at all?—Yes.

8604. After you commenced upon the work which was done, was there any trouble about supplies?—No; not that I remember.

8605. That brought you down to about March, 1876; where did you go then?—I went down to Ottawa *via* Winnipeg.

March, 1876, went to Ottawa.

8606. How long did you remain there?—It could not have been very long, as I think I was placed on construction in May or June, 1876.

Railway Location—
Contract No. 15.

8607. What construction was this?—The construction of contract 15.

8608. In what capacity?—I was assistant engineer.

Assistant engineer, contract 15, June, 1876. In charge of sub-section No. 2.

8609. Did you take charge of a sub-section?—Yes.

8610. What was the number of that?—No. 2, I suppose they call it.

8611. Numbering from the east?—Yes.

8612. Who had charge of No. 1?—Mr. Fellowes.

8613. What was the length of his section?—Nine miles.

8614. And of yours?—Nine miles.

Nine miles length of section.

8615. So that yours would be the second section from the end of 15?—Yes; from Rat Portage crossing.

8616. Was that before the contract was let?—I think so.

8617. At what time do you understand that the construction commences as distinguished from surveys or location?—I should say when the contractor went to work.

8618. Then did you go there as engineer upon the construction as early as you mention—June, 1876?—I went there as assistant engineer to assist in locating the final location.

**Railway Location—
Contract No. 15.**

8619. But it was before the contractor was there?—Yes. There is a difference made between preliminary surveys and actual construction surveys.

8620. Then you were at work before the contract was let?—Yes.

Located line from station 300 to station 730.

8621. What work did you do that season?—I located the line from about station 300 to station 730, under instructions from the Division Engineer.

Carre, Division Engineer.

8622. Who was the Division Engineer?—Mr. Carre.

Nature of witness's work.

8623. Will you describe the nature of the work which you did?—I took the instrument myself, the transit, and received instruction from the Division Engineer, Mr. Carre, as to what curves and what lines I was to run. After the lines were run I had to cross-section them.

By Mr. Keefer :—

8624. There are two lines marked on the location survey, which of these did you run first?—I could scarcely answer that question because the line has been changed in so many places.

By the Chairman :—

8625. Did you say that you cross-sectioned the line over the distance which you located it?—No; only from station 480, my own nine miles. It was afterwards divided up into nine-mile subdivisions—into four subdivisions of nine miles each—and I had one of them. I cross-sectioned that from station 480 to 950.

8626. That was during the season of 1876 before the contract was let?—I do not know. I do not know when the contract was let.

8627. The contract was let in January, 1877?—Well, that was before the contract was let.

Cross-sectioned the nine miles.

8628. Did you cross-section it thoroughly or only at some difficult points?—I cross-sectioned the whole of it.

8629. That is the whole nine miles?—Yes; I cross-sectioned the whole nine miles for preliminary cross-sections, that was before the contractor commenced.

8630. How do you record the cross-sectionings as it is done from day to day?—Either in the level book or it is reduced in the field and taken plus and minus from the centre line.

8631. If taken plus and minus from the centre line, would you record each day the result of the cross-sectioning merely? I mean would you record in some book the quantities which would be the result of the cross-sectioning?—We would not take out quantities of those cross-sections until afterwards.

8632. Then you would only record data from which at some future time quantities might be arrived at?—Yes.

Recorded figures from which quantities were taken.

8633. Then when you say that you cross-sectioned that nine miles that season, do you mean that you arrived at data from which a subsequent calculation would give quantities?—I recorded the figures from which the quantities were taken.

8634. Did you take any part in making the calculation and arriving at the quantities afterwards?—From those cross-sections I did.

**Railway Location—
Contract No. 15.**

8635. Would that be in the winter following or was it done during the season of the field work, or do you remember?—I cannot remember very well. It may have been in the office here. I remember forwarding my cross-sections after they were plotted.

Remembers forwarding to Carre his cross sections after they were plotted.

8636. That would be data for quantities?—Yes.

8637. Do you remember where you forwarded them?—To the Division Engineer, Mr. Carre.

8638. Where would he be at that time?—He might have been on the line or he might have been in Winnipeg. I rather think I sent them in with Mr. Fellowes, who was going in at the time.

8639. Do you remember what time of the year that would be?—I do not.

8640. What is your opinion upon these matters: whether those particular cross-sections of yours were used in arriving at the quantities which were offered to parties tendering for the work?—It could not have been. They had not time to make out the quantities, I think. I think the tenders must have been out long before that.

8641. Then, according to your opinion, tenders were asked for, and any quantities which were given to tenderers were so given before this data of yours could be made use of?—Before any data of mine could be made use of.

Tenders were asked for before any quantities based on data of witness could have been had.

8642. Do you know whether, before you procured this data for quantities by cross-sectioning, any one else had procured similar or any other data from cross-sectioning for that portion of the line?—No cross-sections had been taken previously that I am aware of. They may have been, but if so, I am not aware of it. I think not.

8643. About what time did the field work end that season?—The field work ended in November, I think.

Field work ended in November.

8644. Did you remain in that locality during that winter?—I did.

8645. Did you do any office work connected with this season's field work?—I did.

8646. Where?—In the house that we built that winter at Ostersund Station.

8647. What was the nature of your winter's work?—Reducing and plotting cross-sections, and making plans and profiles of the line.

Winter spent plotting cross-sections and making profiles.

8648. About what time would that work be finished so as to be made use of?—Use of in what way?

8649. I mean to furnish contractors with particulars, or anything of that kind?—Well, it was being carried on all the time. For instance, to make a profile of the line it only required a short time—a week.

8650. Did you furnish a profile to any person within that time?—Within a week after getting through?

8651. Yes?—No; I think not. I do not think I was called upon to furnish a profile until after the contractor went to work in February, 1877.

Not called on to make profile until after contractor had gone to work February, 1877.

8652. Would that profile be the first, in your opinion, which was made of that particular portion of the line?—No; it was the first of that line, but previous lines had been run—centre lines—perhaps

Railway Location—
Contract No. 15.

to within a foot or two in some instances and some ten feet, but not the final location. It was the first profile of the final location.

Quantities ascertained during spring of 1877.

8653. As to quantities, when were these ascertained so as to be made available after you had done the work in the field, and the office work necessary to follow it?—I think during the spring.

8654. That would be the spring of 1877?—I think so.

8655. Have you any reason to think that quantities ascertained from cross-sections had been ascertained before the spring of 1877 upon the portion of the line to which you allude?—No; I have not.

8656. Do these remarks apply merely to the nine mile sub-section or to a longer distance?—Only to my own work, the nine miles.

8657. Was there any particular portion of that nine miles which required more than usual attention, or which was more than usually difficult for construction?—No; I think not. It was all pretty difficult.

Railway Construction.

8658. What was the general character of the work?—It was a very rough, rocky region—shores of lakes along which a line passed at a certain elevation. I do not think there was any part of it that was more difficult than any other of the thirty-six miles.

One very heavy fill on witness's section at crossing of Lake Deception.

8659. Are there any very heavy fills on that nine miles?—Yes; there is one very heavy fill at the crossing of Lake Deception, about station 795.

8660. Is the line, as now constructed, upon the line which you located at that time over that spot?—Not altogether. Not more than half of it, I suppose.

Deviation of line diminished quantity of work.

8661. Has the deviation diminished the quantity of the work in your opinion?—Yes.

By Mr Keefer :—

8662. The grade is very high there; has that been reduced since?—No; it has not.

By the Chairman :—

8663. Was it part of your duty to ascertain the nature of the foundation for the work? I mean the kind of support which it would have, whether earth, or rock, or muskeg?—Yes; if the Division Engineer gave me instructions to do so.

8664. Did he give you such instructions?—In some cases he did.

8665. I am speaking of this particular place?—Not that I remember of.

8666. Do you remember whether you did test the bottom?—I remember applying at one time, or asking for boring tools or something to sound with.

8667. Did you get them?—No.

8668. Then did any soundings take place?—No.

Formed estimate of quantities without ascertaining character of foundation.

8669. Did you form your estimate of quantities without being able to ascertain the kind of foundation?—Yes; I took it from the depth of the water which is twenty feet.

8670. Can you say what the depth has turned out to be which was required to be filled?—No; no soundings were ever taken properly.

**Railway Construction—
Contract No 15.**

We tried afterwards to sound and could get no solid bottom at twenty feet below the water.

8671. So that that would be forty feet below the surface of the water?

—Yes.

8672. Are you able to say now at what depth there is a solid foundation?—No.

Cannot say at what depth below water there is a solid foundation.

By Mr. Keefer :—

8673. However, it is filled in?—Yes.

By the Chairman :—

8674. Has the filling given way?—Not now.

8675. Has it during the progress of the work given way?—Yes; it gave way very much.

Filling gave way very much.

8676. Can you say, by the quantities which have been put in, what the actual depth was which was required to be filled?—I do not think it was much over twenty feet.

8677. That is twenty feet beyond your first estimate?—Yes.

8678. Namely, forty feet in all?—Forty feet from the surface of the water.

8679. How was the foundation made at that spot? Was it by rock protection walls or solid rock bases?—Rock protection walls were put in.

8680. The whole way across?—No.

8681. Only at the deepest spot?—Only at the deepest spot.

Rock protection walls at deepest spot.

8682. Then the embankment is protected at the deepest spot by rock protection walls?—The protection walls had no effect upon the embankments. They were thrown out as if they had been straws.

But these were thrown out like straws.

8683. Have they been of any use in the work, do you think, in strengthening it?—They may form a rip-rap to protect the banks from the washing of the lake.

8684. Have you ever estimated the quantities required on this particular filling, so as to ascertain how much more they were than the quantities which were at first estimated to be required?—No; because I do not think with any calculation that any definite conclusion could be arrived at. When the top goes on that bank I think it will throw it out considerably more than it is at present.

8685. Have you made any such calculation, based upon the embankment as it now stands, without taking into account any future trouble?—I have not; but I have to make that calculation yet for the final estimate which is not yet completed.

8686. Have you prepared an estimate of the probable amount of work to be executed after the 1st of August last?—I am preparing one, but it is not complete. I am at it yet.

Preparing estimate of probable amount of work to be executed.

8687. Was it part of your duty to discuss matters with the contractor as his work went on, or with his engineer, or was that always done by Mr. Carre?—I did not consider it so. As assistant engineer I considered it my duty to take my instructions from the Division Engineer, and report to him.

Witness's conception of his duty.

**Railway Construction—
Contract No. 15.**

8688. Were the matters worked in a pleasant way between you and the contractor's engineer, or were there difficulties?—I never had any difficulties.

8689. Were there disputes or differences of opinion between you and the engineer of the contractor?—I never argued with him; I did not consider it my place.

8690. Who made the measurements from time to time for the progress estimates?—I did on my nine miles.

Judged quantities in solid rock and earth but not loose rock.

8691. Did you decide upon the classification of the quantities of the work?—In solid rock and earth I did, but not on the loose rock question.

Percentage of loose rock allowed by Division Engineer.

8692. How did you manage about the loose rock?—In the majority of cases I got the percentage to be allowed from the Division Engineer.

8693. And would the quantities returned by you be based upon that percentage so dictated by him?—It would.

8694. Was that satisfactory to the contractor or the engineer?—I think not.

8695. What was the difference of opinion between the engineer for the contractor and Mr. Carre?—It varied in various cuts.

8696. Did the contractor's engineer comply with your directions or did he refuse?—I think, as a rule, they generally did what they were instructed to do.

8697. Were any difficulties thrown in the way of the contractor in the carrying on of the work, according to your opinion?—Small difficulties may have been; I cannot say that I recollect them now though. For instance, they are now allowing the grades to dip to complete the work in as rapid a manner as possible. The contractor was obliged to make his grade complete at the time, and not allowed to make such narrow banks as they are now doing.

Work being finished by Government.

8698. The work is now being finished by the Government?—Yes.

8699. It is taken out of the contractor's hands?—Yes.

8700. Do you understand that the work as now being done by the Government is not so accurate?—It is as accurate, but—

Character of work as done by Government.

8701. Does it so perfectly comply with the specification?—No; because the work is not completed. The banks are narrower. In place of being seventeen feet wide in many cases they are not ten.

8702. So in places the line is left not up to the specification?—Incomplete.

8703. Do you understand with what object?—To hasten the communication between Rat Portage and Winnipeg, I suppose.

8704. Do we understand that the train is to pass over the road before it is as complete as the contractor was bound to make it?—Yes.

8705. It is for the purpose of making the road useful earlier than it could be if the contract was accurately fulfilled?—Yes.

8706. Are you aware whether the character of the work, as originally contemplated, has been materially changed since the contract was made?—That I cannot answer. I do not know.

Railway Construction—
Contract No. 15.

8707. Do you remember the question of trestle work being discussed at the time of the contract?—I do; but as assistant engineer it did not come within my province, I suppose, to discuss the matter.

8708. Did you happen to hear any of the superior officers speaking of the subject, or of the material to be used upon the line before the actual change took place?—I may have done so.

8709. If my memory is correct, some one says that you were present when Mr. Rowan directed some of the engineers to borrow all the earth possible so as to use as much as possible on the line?—I may have been, but I do not recollect the circumstance.

8710. Do you know the prices that were to be paid to the contractor for different kinds of work: for instance, solid rock?—I have seen it in Mr. Fleming's report as a schedule of prices.

8711. What do you think of the solid rock price, \$2.75?—I think it was a very good price for the contractor. \$2.75 for solid rock a good price.

8712. Do you mean a high price or only a fairly good price?—It was a fairly good price when the contract was taken, the cost of supplies and material being so much heavier then than it is now.

8713. What would you think of the price now?—Over the same work and with the same facilities?

8714. With the present facilities?—It would certainly be high.

With present facilities a high price.

8715. Do you remember the price of tunnelling?—I remember the general prices of the different kinds of work.

8716. What do you think would be a fair price for tunnelling at the time the work was commenced?—What kind of tunnels?

8717. Line tunnels such as we require for that work?—I may say I had no line tunnels on my sub-division, and of course I did not go into the calculation of cost.

8718. Do you remember whether it was generally understood among the engineers at that time whether the price was considered a high or a low one?—It was considered a very low one—Mr. Whitehead's price for tunnelling—as far as I heard.

Price for tunnelling low.

8719. Do you know whether any of your superior officers had the inclination to make him do more or less tunnelling than was estimated?—I am not aware of the amount of tunnelling that was estimated for.

8720. Without knowing that, did you know their inclination, or did you ever hear them express an opinion on the subject?—Yes; I think I did.

8721. Who was it?—I think I heard Mr. Rowan.

8722. What did he express?—His taking delight in ordering the tunnels to be made.

Heard Rowan express delight in ordering tunnels to be made.

8723. Do you remember upon what occasion that took place, or who were present?—I cannot say I do. I cannot remember who was present. It was during one of his visits to the line.

8724. Can you remember what was said on the subject?—It was some place where a stream tunnel was necessary, and the District Engineer, Mr. Rowan, ordered one to be put in.

**Railway Con-
struction—
Contract No. 15.**

8725. Was that all that was said?—Yes; I think he made the remark
A fiendish delight that he took a fiendish delight in ordering those tunnels in.

8726. Have you any doubt that the tunnel was necessary, at that time?—I have no doubt in the world but that it was necessary; but the particular point I cannot now call to mind. I dare say in a very short time I should be able to think of the point where it was.

8727. Are we to understand that he exhibited a desire to put the expense upon Mr. Whitehead when there was no occasion, or only when there was occasion he was glad to do it?—I did not look at it in that light.

Rowan did not exceed his duty on witness's sub-division.

8728. Do you consider that in respect to that matter he did more than was his duty to do towards directing the tunnels to be made?—Certainly not on my sub-division.

8729. Do you remember about what time the contractor first began to make solid embankments instead of trestle work on your sub-division?—That I cannot answer without having my record book. That would show at what time borrowing commenced.

8730. Can you tell about what time the solid earth embankments were made instead of trestle on any other part of the line, contract 15?—I do not know.

8731. Have you continued to be connected with that sub-section since you first went up there?—Altogether until now.

8732. In speaking of tunnels, did you understand me to ask only of line tunnels on your sub-section?—Yes.

8733. Are there tunnels other than line tunnels?—There are stream tunnels.

8734. Have you any knowledge of the country south of the line which has been located on section 15?—I have not, never having been over it.

8735. Have you had an opportunity of examining Red River between Winnipeg and Selkirk?—I have not.

8736. You have not any data upon which to form an opinion as to the proper locality for crossing?—I have not.

Line lowered and put up with result not materially different from idea when contract let.

8737. Has the grade been lowered materially since the contract was let on your sub-section?—It has been changed in many places; but it was lowered, and it has been put up since that again, so I do not think that it would be materially changed since the contract was let.

8738. Are you aware that the cost of the work on section 15, as executed, is very much more than the cost as estimated at the time that the tenders were asked for?—I have heard them talking about it.

8739. Have you any opinion as to the reason of that excess?—I suppose the quantities could not have been taken out accurately.

8740. In your opinion, is that the proper cause of the difference?—I could not answer that, because I do not know from what data they worked to take out those first quantities.

8741. Have you ever considered the question of the change from trestle to earth embankments so as to ascertain how it affected the general cost?—Yes; I suppose it was very much dearer.

8742. Did you go into any calculation on the subject, or was it formed by a rough mental estimate?—It was a mental estimate. I have never been asked to make any calculation by my superiors.

8743. Have you any figures that would show the mode of reasoning by which you arrived at that conclusion?—I have not.

8744. Have you ever formed any opinion upon the question as to the height of earth embankments which would be equivalent to trestle work in any filling—equivalent in cost?—I have made no calculations.

8745. Do you remember about the time when Mr. Smith first went over the line of your sub-section?—I remember when he passed over the line, but whether it was the first or second time I cannot say from memory.

8746. Did you take part in any conversation with Mr. Smith at that time?—I may have done so; but I cannot say that I remember any particular conversation occurring.

8747. Do you remember whether he made any remark about the embankments being placed on the line instead of trestle work?—I do not.

8748. Is there anything further in connection with the Pacific Railway which you would like to explain in your evidence, or add to your evidence?—No; but I should like it to be recorded that I have answered altogether from memory, without any journal or diaries to look to.

8749. Have you any reason to think that your answers are incorrect on that account?—No; I have not.

P. SUTHERLAND.

WINNIPEG, Thursday, 30th September, 1880.

The Chairman :—Mr. Peter Sutherland now makes an application to the Commission, through his counsel, to be allowed to add to or correct his previous evidence in the matter of date. It is objected by Mr. Nixon, in person, that Mr. Sutherland should not to be allowed to make this correction or addition, because since he gave his evidence on the former occasion, Mr. Nixon has made a charge against him of perjury, based on his evidence, and that he ought not therefore to be allowed now to alter it in any shape, because this would prejudice the position of the prosecutor who intimates that upon some future occasion he proposes to take further proceedings before the Grand Jury. Assuming for the moment—which, however, we cannot admit—that a criminal charge before a different tribunal concerning evidence previously given by Mr. Sutherland, could govern our decision, the Commissioners do not see how any conduct or statement on the part of Mr. Sutherland to-day, could affect the criminality or innocence of statements made under oath upon a previous occasion; they may, however, affect the history of the facts which are before this Commission for investigation; they could not lessen any misconduct of his—supposing there was misconduct—at an earlier period. Mr. Nixon is evidently wrong in his contention on this head. Therefore, as far as our duty is concerned—which is to elicit all the facts—we are now of opinion that we ought to listen to any correction which Mr. Sutherland wishes to make.

Application to
correct previous
evidence.

Nixon's Purveyorship—Supplies.

PETER SUTHERLAND's examination continued:

By the Chairman :—

8750. You have been already sworn?—Yes.

Before rendering Nixon's account witness aware that he was to be summoned to give evidence.

8751. What is the alteration or correction that you wish to make in your evidence?—At the time Mr. Kirkpatrick and other members of Parliament came through to this country, I was sent for. That was before I rendered Mr. Nixon's account. I was sent for to Dr. Schultz's house where they were, and I was questioned on matters relating to my connection with the supply of goods to the Government. The information that they asked for I refused to give, and they advised me then that I was to be summoned before some tribunal to give evidence. That was previous to my rendering Mr. Nixon's account. That is all I have to say: that I was aware of their intention of summoning me before some Commission or Court to give evidence.

8752. Have you anything further to add?—Nothing.

The Chairman (to Mr. Nixon):—

8753. Is there any question, Mr. Nixon, which you would wish us to ask Mr. Sutherland?

*Mr. Nixon :—*No; nothing.

NIXON.

THOMAS NIXON's examination continued:

Paymaster-and-Purveyorship—Book-keeping.

\$505 to credit of Nixon's private account—explanation of this.

By the Chairman :—

8754. In your journal A on page 20, an entry appears: "Deposit to the credit of the Paymaster of the Canadian Pacific Railway, in Merchants Bank, \$505:" can you say whether that was placed to your individual account or to official account?—It must have been placed to my individual credit, because I had no official account—that is in my own name; it was all credited to the Canadian Pacific Railway Account as coming from Ottawa.

8755. You are speaking now of your official account?—Yes.

8756. But these entries, you think, would be in your private account?—I presume so. Let me explain that no moneys could be placed to my official account other than by the Government.

8757. Assuming that to be right then, do you say that these moneys were placed to your private credit?—Yes.

Moneys of Canadian Pacific Railway placed to Nixon's private account would be mixed up with his own money in the same account.

8758. Would they be mixed up with other private moneys of your own in the same account?—It is probable they would. Yes; I suppose they would.

8759. Have you any means of showing now what moneys did come in that way into your private account in the bank out of funds which belonged to the Government?—I have not. These would be moneys which came into my hands as paymaster, the money which you referred to there. For instance, a person was fined \$500 by the Commissioner of Mounted Police; he was instructed to pay that money to me.

8760. Are you mentioning that by way of illustration?—Yes; by way of illustration.

**Paymaster-
and-Pur-
veyorship-
Book-keeping.**

8761. This particular item was a matter pertaining to the Pacific Railway?—Yes; the other was for Mounted Police.

Does not remember the facts connected with item.

8762. Do you remember about this particular item?—I do not.

8763. And do you say that you have no means now of showing how the moneys were passed to your credit, or what amount of money was passed to your credit?—No; the books will show that I do not say that.

8764. I asked you if you could show whether your private moneys were mixed with those Pacific Railway moneys in your private account at the bank, and you said yes?—Yes.

8765. I ask you if you have any means of showing now how much of the Pacific Railway money was so mixed with your own in the way you described in your private bank account?—Only by the Government books before you. The moneys are there charged to me.

8766. Here are the books from the beginning of your office until the end of 1876; will you please show any account which exhibits that?—You had better get the accountant to do that; I have not time to go over those books now.

Declines to show from books that Government moneys paid into his private account were charged to him.

8767. Is there any one account which will show it without going over all the books?—I do not know that there is; I was not the accountant.

8768. You mean the Pacific Railway accountant?—Yes; I had an accountant.

8769. I am speaking of the moneys which are mixed up with your private moneys; I suppose that was not done without your consent?—Certainly not. How could it be?

8770. I am not asking how it could be: I am asking, as a matter of fact, did you consent to the Pacific Railway moneys being mixed up with the private account of your own at the bank?—I presume that is the way it was done.

8771. I am asking you to show to the Commissioners to what extent the Pacific Railway moneys were mixed with your own in your private account?—I cannot; but the accountant can, I presume.

Cannot show to what extent the mixture of C.P.R. moneys and his own took place.

8772. Will you name one of them?—E. G. Conklin and D. S. Currie. I think there is an exhibit placed before you, in my own hand-writing, of the moneys which I placed to the credit of the Receiver-General from month to month. The exhibit now before you is in my own hand-writing as from time to time moneys were sent.

8773. Do you understand that I am not speaking of the moneys which passed into the bank to any official account; I am speaking at present of moneys that were passed into the bank to your individual private account?—I so understand.

8774. Then why tell me that you have a statement that shows the moneys that go into the Receiver-General's account?—Why did you not ask me that?

8775. Because I am trying to elicit the truth in my own way. Please understand that for the present I am trying to ascertain the moneys which you controlled belonging to the Pacific Railway after they were put to your private credit in the bank. I am not asking what ultimately became of them, but I am asking how you controlled them, and

**Paymaster-
and-Pur-
veyorship-
Book-keeping.**

if you can show in what way they were controlled and to what extent they were controlled by your private account?—I can explain to you frankly and freely that they went to my private credit, and that I sent to the Receiver-General, from month to month, those moneys which came into my hands.

8776. I quite understand what you say, and I have no idea that it is not correct, but in the meantime I am trying to ascertain whether—besides your memory, which is as liable to error as that of any other man—there is any written record of these transactions?—In the books there is.

Cannot point out how the Canadian Pacific Railway moneys mixed with his private account were controlled.

8777. Then I propose to you to find it in the books?—I have not time to find it in the books without the aid of the accountants; the accountants kept the books and knew the moneys.

8778. Were you aware that the accountant kept one account in your own name in the Pacific Railway books?—I think so.

8779. Should \$505 appear as charged against your private account in that book?—I suppose it should.

8780. Will you look and see if it does (handing the ledger to witness)?—This is a different account which you hand me.

8781. I am handing you no one account, but I am handing you the whole ledger?—(Looking at the book): This is the account of my salary.

8782. It might have been any other account?—No.

8783. Do you say your ledger A does not show any other account in which your private account appears?—It so appears. Mr. Conklin can explain that. I suppose you will permit me to show that that money went to the Receiver-General before this Court closes?

Refers to his book-keeper.

8784. I will let you now?—I could not show it now. That account is kept by myself.

8785. I am not at present enquiring whether any money finally remained in your hands which belonged to the Government; but, amongst other things, I am enquiring into the system of book-keeping which was adopted at the time, so as to know whether it was sufficient to show the real state of affairs, or whether it was defective?—I suppose you are trying to do me the credit of finding out whether I kept any Government money or not.

8786. You will be afforded every opportunity to make any explanation you please about this matter. The questions which I have put to you are questions which are suggested to find out, in my own way, any points which I think necessary to be elicited. Do you remember whether in the books, as they were kept by your book-keeper during the first eighteen months or thereabouts, there was an account which was intended to show the moneys which you obtained private control of?—There must have been.

Explains.

8787. Then do you think that account would appear in the ledger?—It ought to. I say there must have been from this fact: that when the first of the month, or the time I would send moneys to the Receiver-General, would arrive, I would ask the book-keeper how much money in my possession belonged to the Government. He was supposed to be able to tell me, from time to time, what moneys came in, if any. Some-

**Paymaster-
and-Surveyorship-
Book-keeping.**

times none came in. For example, take that horse which you brought to my notice the other day, \$25.

8788. Do you remember whether you exercised such a supervision over his book-keeping as to know whether such an account did exist?—I think not; I was very busy and had a great deal to do. My duties were exceedingly arduous and numerous.

Does not know whether book-keeper kept in his books an account of these moneys.

8789. Without suggesting for a moment that any moneys remained in your hands finally which ought not to have remained, I might say that I have not discovered any system by which these moneys were exhibited in any particular account?—Well, they ought to have been; there is no doubt about that.

8790. As far as it has struck us from looking at the books, it appears that it will be necessary to go through every item to find out what sums were so controlled by you?—That is so. I suppose even that can be done, though it may take a long time.

8791. We are willing to give the time, so far as the Commissioners are concerned. Do I understand you correctly to say that your sub-agents would never be credited with items of expense unless these items were certified or corroborated by some officer of the railway on the spot?—That was generally speaking the case. However, take the instance of John Brown and another sub-agent, whose name I did not mention the other day—Mr. McGinn. These persons were alone in the North-West for part of the time—for part of the time alone—watching stores, for example; and then there was another sub-agent I forgot also, Mr. Cameron, a grocer of this city, who you can get. Mr. Currie was a sub-agent.

General rule not to credit sub-agents with expenses unless claim certified.

Exceptions to this rule.

8792. The other sub-agents, were they in such localities that they could not get their expenses certified by some engineer or person on the spot, or would you expect that from them?—We expected it more particularly from those in the field with large parties in the North-West—Valentine Christian, J. J. Bell, and John Brown, when he was with any party.

8793. Take the first one you name: do you say that the credits which you have placed to his account would be based on a certificate from some engineer or person who would know the correctness of them?—The moneys would be by requisition from the engineer.

Valentine Christian's account.

8794. But the credits which you placed to his account against these moneys?—That we would know from the return sheets which would come of the number of persons employed—the pay-lists.

8795. Whatever the character of the certificate or the shape of it might have been, do you mean that he would always have certificates of some kind before you to place items to his credit against the moneys which you had charged him with?—I do not understand the question properly.

8796. Well, I will repeat it in another shape. You advanced moneys to him upon a requisition of some engineer or person in charge of the surveyor's work?—Yes.

8797. He would not return that money to you, but he would send in statements for which he asked credit. Is that right?—No; if you use the expression "for which he asked credit." He would send in statements using up the credits which were given to him.

Christian would send in statements using up credit, given to him.

**Paymaster-
and-Pur-
veyorship-
Book-keeping.**

8798. Would he not ask credit against these amounts which you had charged against his account? Do you know, for instance, if there was a separate account kept with Valentine Christian, in your books, in which you charged him with the moneys you advanced to him?—There should have been.

8799. Look at your ledger A, page 11, as an illustration?—Yes; I see it.

**\$5,020.75 charged
to Valentine
Christian.**

8800. What sums have you charged to Valentine Christian on that page, in gross?—\$5,020.75.

8801. Now have you given him credit for any items against that?—Yes; there are expenses here.

**Christian, gener-
ally personally
rendered ac-
counts.**

8802. How would you ascertain the correctness of these credits?—His account would be rendered and brought in to me by the accountant.

8803. His account would be rendered by whom?—By himself; generally speaking the accounts were brought into my office.

8804. You would look over that account which was rendered by him, in order to ascertain whether the credits which he claimed in it were correctly allowed to him?—I did, Sir. I have no doubt about that. I think I can safely say that is the case.

**Generally engi-
neer in charge
signed certifi-
cates.**

8805. Would these credits so allowed him be based on the certificates of any one else but himself?—Generally speaking, the engineer in charge had to sign these—if he did not, he would present to me a certificate, or requisition rather, ordering him to make a certain purchase. For instance, we will take expenses, \$3; expenses, \$100; expenses, \$20. I would want to know what those expenses were, and he would give me a requisition from the engineer to do a certain thing, say buy a horse, or a cart, or a dog harness. In that way I had a supervision, but no other, except where the account would be rendered and signed by the engineers. Pay-lists were always supposed to be signed by the engineer when they came in.

**Engineer's requi-
sition equivalent
to certificate.**

**Pay-lists suppos-
ed to be signed by
engineers when
they came in.**

8806. Were they always signed, do you think?—Perhaps there might be some instances when they were not; but we knew the number of men in the field at any date, because I employed them, or they were employed under my ken.

8807. If they were employed beyond your ken, what certificate would you have to form the basis of your credit to your sub-agent?—This amount would be on the pay-list, and these pay-sheets would be signed by the engineer in charge.

**Accounts of sub-
agents satisfac-
torily settled.**

8808. Is it your recollection that the accounts of these sub-agents were satisfactorily settled with you?—That is my recollection, always.

**Wrote to one
complaining of
absence of certifi-
cates.**

8809. Do you remember writing to any of those sub-agents that they had sent you no certificates corroborating those statements for several months at a time?—Yes; I do not remember to which of them. It might have been Bell, but I am not sure.

8810. Would the credits be still placed to his account without those certificates, or would you keep the matter open?—There would be very little moneys placed to their credit at all.

8811. You speak of \$5,000 to this man's credit in one year?—Yes.

**Paymaster-
and-Pur-
veyorship-
Book-keeping.**

8812. I mean advanced to him for disbursements on account of the Government; was it intended that you yourself should exercise the judgment and supervision over the manner in which those sums were disbursed?—Certainly; and I did.

8813. Could you exercise that judgment without seeing the certificates of no person other than the man himself who had the use of the money?—No; unless I had requisitions from those men. If the engineer makes a requisition to have a certain work done or a certain man employed, it is natural for the paymaster to suppose that that work has been done.

8814. Please look at your letter-book, page 289, and say what is your recollection about that matter?—I recollect that the pay-sheet came into me in September, October, November and December.

8815. Of what year?—I cannot tell for the moment. It may have been April 28, 1876.

8816. But the December was in 1875?—Yes; this is the letter addressed to Valentine Christian, 12th April, 1876, and reads as follows:—

Letter to Christian complaining of absence of certificates.

“I desire to draw your attention to the very grave omission on your part in respect to the pay-sheets for the months of September, October, November and December, not one of which has been certified to either by the engineer, who, according to his instructions on page 15 of the printed instructions from the Engineer-in-Chief, should certify to the correctness of the statements, or by yourself. You will see that for the future no omission of this kind occurs, as I expect that this alluded to will be returned from Ottawa for the signatures which should be attached.”

Now permit me to make an explanation. One of the engineers, Mr. Lucas, positively refused to sign any documents, as he said he had nothing to do with it. That I now distinctly remember having been brought to my notice. There was some difficulty between the engineer sometimes and the sub-agent.

Lucas refused to sign documents.

8817. Do you give me that as the reason why Valentine Christian's items alluded to in that letter are not certified to?—No; I mention that as some of the difficulties sub-agents might have.

8818. Do you remember that those items which appear to have been credited to Christian were afterwards corroborated by any certificate according to the practice which he describes?—I do not remember; but I know that Mr. Lucas was in with me about the time of the settlement, and wanted an increase of salary for Valentine Christian. I think it was Valentine Christian that was with him then.

8819. If you will look at page 118 of your ledger A, you will see that Valentine Christian's account is balanced by giving him credit on 4th October, with “Bank disbursements, less credits, \$535,” and “November, Bank cheques, \$1,283.75,”—can you say who got the benefit of these cheques—I mean in the first instance?—I presume the parties in the field. I think Mr. Conklin could fully explain this matter to you.

How Christian's account was balanced.

8820. If you will look at page 107 of ledger A you will see that John Brown's account (who was a sub-agent) is finally balanced by a credit of \$2,861.28, with the words “Bank Account:” do you remember, or can you explain, what became of the money with which he is there credited, or what the words “Bank Account” mean?—I do not know whether he put that money to his own credit and gave me a cheque

John Brown's account balanced by a credit of \$2,861.28.

**Paymaster-
and-Pur-
veyorship-
Book-keeping.**

payable to me as paymaster. This person was a person who sold very large stores in the North-West, this John Brown, and this would be when he came in and made his final returns for that year; at least, I would presume it would. I could tell you better if I could see John Brown's account in detail as rendered to the accountant, the settlement made.

8821. Did you know whether Conklin had been employed as book-keeper anywhere before you employed him?—I do not know just now, and I do not remember. I told you the other day that I had heard he was the Principal of a commercial college at Hamilton.

8822. Do you understand enough of the system upon which those books were kept to explain to what account that item ought to be debited; that item which you have given John Brown credit for?—No; I will have to leave that to Conklin to explain.

J. H. Rowan's
account balanced
by a credit of
\$1,380.

8823. On page 163 of ledger A, the account of James H. Rowan appears to have been balanced in December, 1876, by an item of \$1,380 passed to his credit with these words: "Settled with the Department for balance of account;" do you recollect anything about the transaction, or can you explain what account was debited with that item which you there give him credit for?—No; I do not remember. There was a large sum of money given to him, I think, by the Department, for some expense which he had not made an account of—I am now speaking entirely from memory—not a sum equal to this, and he was instructed, I think, to pay back the balance. It may be in connection with that in some way. I do not understand that that is the \$544.35. I think though it is that item there; I think that was paid back by order of the Department.

8824. Then that last remark would not apply to the last item of which I have spoken, \$1,380?—No; I think not.

8825. You have no recollection of this large item which closed John Brown's account, as to the disposition of it?—I do not remember at the present moment.

No private trans-
actions between
witness and
Brown with an
exception.

8826. Had you private transactions with Brown separate from the Government account?—I had in one sense. I put money of Brown's into the savings bank for him, but that is all. I had no other, and they were his own moneys—they were not Government moneys. That is all the transaction I had with Brown.

8827. You were not under favours of any kind to him?—No; nothing of the kind.

8828. You just handled his money to deposit it?—That is all. When he was going to the North-West he gave me the sum of \$2,000 or \$3,000 which he had, to put it into the saving's branch of the bank to his private credit.

8829. As far as you can tell now, are you of opinion that he settled that balance, and that the Government got the benefit of it?—I am; most decidedly.

Store-book kept
by John Parr.

8830. Look at this book marked "store-book," and say if this is the book to which you referred in your former evidence when you said that a book was kept in which there would be shown the articles that had gone into the store, those which had gone out, and the balance which

**Paymaster-
and-Pur-
veyorship-
Book-keeping.**

remained there from time to time?—Yes; I presume this is the book. I see it is in John Parr's handwriting—most of it.

8831. Did you intend that that book should show at any given time the amount of property which was there belonging to the Government; which would be in the store and which would be sent from the store also?—For instance, when I would get a requisition, the first thing I would do would be to hand the requisition to the storeman, and go over the store and see if any old stores which would come in from any other survey party could be utilized, and if so, he was to make use of them; in that way they were re-issued.

8832. I am directing my question to ascertain this: whether at any given time the book would show the balance of the stores then on hand? Took stock at end of each year.
—Yes; I think we took stock at the end of each year and returned to the Government the amount we had on hand.

8833. Was it only when stock was so taken that one could ascertain the amount of stores from your books?—I presume that was all, except without going over the book and seeing the amount which came in and the amount which went out. Many of these stores were worthless when returned from the cook. There were tin pots, kettles, pans, toboggans, snow shoes, &c., which had been used on the survey.

8834. This book appears to us to contain a series of memoranda of separate transactions—the receipt of goods, for instance, and the issue occasionally; but it does not appear to contain a statement always showing, or from which it could be always ascertained, what stores were on hand at that particular time: is that your idea of the book? What store book shows.
—Yes; I think that is correct.

8835. Did you yourself at times pay wages and take credit for the payments as they appeared upon the pay-sheets?—I think to Indians sometimes. I think I remember. (Looking at the book, page 314, ledger A): Yes; I think it was when no sub-agent was in, the Indians came in, I think. I am not sure that I am now correct about its having been Indians. That is a case which Mr. Conklin will fully explain too. I see it mentioned "by wages as per pay-sheet" in which cases there are only three items. I presume that these were men sent in by the engineer. Witness at times paid wages himself and took credit for the payments.

8836. With the pay-sheet?—With the pay-sheet; I am not sure that I am correct, but as well as my memory serves me that is the way it is. I may say that if the sum mentioned there was taken out in one cheque by me, which is the probable way, the cheque would be "pay paymaster for wages so much," that the pay-sheet would go down as a voucher along with the account.

8837. That particular pay-sheet would be certified by yourself and the men who would sign for their wages?—Yes; and the engineer. I would not pay wages of that kind without the engineer I presume.

**Nixon's Pay-
master-and-
Furveyorship
Book-keeping.**

ELIAS G. CONKLIN sworn and examined :

By the Chairman :—

8838. Where do you live?—In Winnipeg.

8839. How long have you lived here?—Six years past.

Clerk in Nixon's
office.

8840. Have you had any connection with any matters pertaining to the Canadian Pacific Railway?—I was clerk in the office of Mr. Nixon.

8841. Were you clerk for all the business transacted in that office or only for a particular portion of it?—I was clerk for all the expenditures in connection with the Canadian Pacific Railway and the Mounted Police office.

8842. Were separate books kept for the Pacific Railway matters?—Yes.

8843. Do you remember how long you were employed in that way?—A little over two years.

Employed from
1875 to 1877.

8844. About what time did you commence?—I think it was in February, 1875.

Kept day, invoice
and cash-books
and ledger.

8845. Could you remember now what books you kept connected with the railway?—I think I do. Of course I have never seen them for some four years now. I know we kept a day-book, a cash-book and ledger, and I think there was an invoice-book for pasting in invoices.

8846. Was there a letter-book?—There was; but I did not keep it.

8847. Do you think this is the book which you refer to as the day-book; it is marked "day-book A"?—(After examining the book): Yes.

8848. The first entry in that is 12th April, 1875; do you think that is the beginning of the entries in any book of this account?—I think so.

8849. Do you think that there was a day-book before this?—I do not remember of any. I had no other.

8850. Had you any knowledge of book-keeping before that?—Yes.

8851. Any practical experience?—Yes.

Had kept books
in a wholesale
house.

8852. In what sort of an establishment?—In a wholesale store in Hamilton; and I adjusted accounts in Hamilton as an accountant.

Ledger: the way
accounts were
kept.

8853. Among other books you have described a ledger, what is the object of a ledger?—The ledger I used was merely for keeping the accounts of the men employed. From that ledger I do not suppose a balance sheet could have been made up, because the way I understood all I had to do in that matter was merely to keep an account of the expenditures, and the accounts were supposed to be kept in Ottawa. A great many of the engineers that came into this country bought supplies, and their salaries were paid there, and we were not for a long time in possession of those matters; and I do not think we were in complete possession of those matters up to the time I left. I remember, in the particular case of Mr. Rowan on being stationed here, that we wrote for special entries of his account in Ottawa so as to be able to tell the standing of his account.

**Nixon's Pay-
master-and-
Purveyorship
Book-keeping.**

8854. Do you wish us to understand that your book was only to show the transactions of this branch office, as far as the Pacific Railway was concerned?—Yes; merely for keeping accounts of this office.

8855. Then expenditures of any persons on account of the Railway made from the head office, would not, according to your idea, appear in your books. Is that what you mean?—Yes; that is what I mean.

8856. As far as your branch was concerned, will you tell me what you understood was the object of the ledger?—Keeping the workmen's accounts. Object of ledger: to keep the workmen's account.

8857. Only workmen's?—Yes.

8858. Did you not keep other accounts in it?—Other accounts were kept but it was not complete.

8859. Not complete in what respect?—For instance: Division P. They brought supplies with them, or their engineers brought supplies. I had no knowledge of that. It would not show the complete expenditure of Division P, for instance.

8860. Then, without reference to this branch, would you tell me the object of the ledger in any set of books?—To show the true position of the business. A ledger should show the true position of business.

8861. Do you understand that your ledger shows the true position of the business of that branch?—It did, as far as the workmen were concerned.

8862. Do you say that the ledger was only to show your position as regards the workmen only?—No.

8863. Then why did you adopt a different system with regard to the ledger here from what you say you understand to be the object of a ledger in any set of books?—For this reason: when I was taken into the employ, I was under the impression that I had merely to keep an account of the disbursements and receipts of this branch, and that was sent to Ottawa, and the accounts kept entered there in full. That was what I understood when I went there. Of course they showed every disbursement.

8864. From whom did you get that idea?—I understood that from Mr. Nixon. Idea of his duties as book-keeper obtained from Nixon.

8865. Suppose goods were purchased from a merchant in town, and supplied to a surveying party on a particular contract—for instance, in this locality—did you understand that you were to credit that merchant with the goods in your books and charge the party with them?—I would take and charge the contract or the party for whom the goods were purchased. The system of book-keeping.

8866. Would you not credit somebody?—I would credit cash.

8867. You would not credit cash until you had paid the cash?—No.

8868. Then if any period elapsed between the furnishing of the goods by the merchant and the payment of them, to whose credit would they appear?—I did not have the account until it was paid. It was the first I saw of it when the account was brought in. The merchant who supplied the goods would bring in his account, and that would be the first I would see of it—on the payment of it.

**Nixon's Pay-
master-and-
Furveyorship
Book-keeping.**

8869. Then did you not record in some book, from time to time, the requisition of the parties, the supplies which were furnished on that requisition, and the party to whom the goods went?—There was a requisition book kept. I forget exactly how it was kept. As the accounts came in they were checked from these requisitions and marked off as having been supplied.

No record of any transaction until the money was paid for it.

8870. But did you keep any record of the state of the accounts between the time the goods were furnished and the time at which they were paid for?—No.

8871. For that portion of the time the transaction was not recorded?—Yes.

8872. Did you consider that was a proper way to manage a set of books?—I could not do anything else, as far as I was concerned.

8873. Did you consider that was a proper way to manage a set of books?—I suppose it could have been managed differently. There could have been, I suppose, a requisition book, and had some record that way.

8874. You do not mean to say that a requisition book is necessary at all for a set of books. Supposing a merchant chooses to give goods without any requisition to Mr. Nixon, would it not still be proper to record the fact that the merchant had delivered some goods to you, and that some account is indebted to him for these goods?—Yes.

8875. I am asking you if that was ever recorded?—No.

Nixon went and bought the goods and witness knew nothing until the account was brought in.

8876. Why not?—A requisition when it was banded to Mr. Nixon, he would take and buy these goods. I had no knowledge where he was buying them. The first intimation I had of it was when the account was brought in. That was the first intimation I had that these goods were purchased.

8877. Well, for whatever object the ledger is kept, can you tell me the sources of information from which the entries are drawn to the ledger?—You are speaking in a general sense?

8878. Either particular or general?—They can be drawn from the cash-book, journal and bill-book. There can be quite a number of auxiliary books to the ledger. Of course some have one system and some another, but these books are all auxiliary.

Not proper to make entries in ledger in any case for the first time.

8879. Do you understand that it is proper to make entries in the ledger in any case for the first time?—No.

8880. The entry then is drawn from some other book which you call an auxiliary book?—Yes.

Does not remember if all the entries in his ledger were drawn from other sources.

8881. Do you know whether all the entries in your ledger, as a matter of practice, were drawn from some auxiliary book?—I do not remember now.

Usual to record in ledger the source whence entry is drawn.

8882. Do you record, or is it usual in a set of books to record, in the ledger the source from which the entry was drawn by a note on the page?—Yes.

May be instances where this not done in his books.

8883. Do you know whether that was a practice of yours in this set of books?—I do not remember. There may be instances of it not being done.

**Nixon's Pay-
master-and-
Purveyorship
Book-keeping.**

8884. Look at your ledger A and say whether that was the practice, either partially or in whole?—There are entries here for which there is no reference.

8885. I find the numbers of some cheques marked: will you tell me whether it was the general practice to omit that reference to the auxiliary books, from which you drew your information, or to insert it?—It seems to be omitted here except by way of cheques.

General practice with witness to omit reference showing the source whence entry has been drawn.

8886. Are the numbers of these cheques to be found in any other book except the book which you call your cash-book, as far as you know; in other words, does not this reference point only to the book which you call your cash-book?—That is all, I think, except the stub or counterfoil of the cheque-book.

8887. Then these accounts in the ledger, where no number of the cheque is given, would be taken from some book which is not referred to in the ledger itself; is that right?—Yes.

8888. Can you tell me from what book they were, as a matter of fact, taken;—the entries all through this ledger which are not accompanied by cheque numbers—can you tell me from what book they were taken?—They must have been from the journal.

8889. Do you know how you can find out from this ledger what portion of the journal they were taken from? You cannot tell that without the number, without the page or folio, and that does not appear?—No; it does not appear.

Neither page nor folio of journal mentioned.

8890. Then the only way to verify these accounts, if I have correctly understood your explanation, is to look through the different pages of the auxiliary book which you call your journal?—The date is the only thing which might indicate it.

8891. After explaining the sources from which you think it is right to draw the entries in the ledger, will you tell me what, in your opinion, ought to be done with all the entries which appear in the day-book, or journal, as you call it?—The folio of the ledger should be indicated, and they should be carried into the ledger.

8892. Now, what did you call that original book; did you call it a day-book or a journal, from which entries were carried into the ledger?—It may be a day-book or a journal.

8893. In this case what was it called?—A day-book.

8894. Is day-book A the book to which you allude in this case?—Yes.

8895. Look at the day-book and see if you follow the practice which you say was the right one, of carrying entries into the ledger; in other words, have you carried all the entries in this day-book into the ledger?—No.

Did not carry all the entries in day-book to ledger.

8896. Will you explain why you did not follow the practice which you say was the right one?—There are some of these entries I see which are carried into the cash-book.

8897. Are they all carried either into the cash-book or into the ledger?—I presume they are.

Nixon's Paymaster and Purveyorship Book-keeping.

Item of \$505 deposited to credit of Nixon in bank.

8898. Look at page 20 and read an item of \$505 deposited to the credit of the Paymaster of the Canadian Pacific Railway, in the Merchants Bank, and tell me whether that was carried into any cash-book or any ledger?—There is no folio to indicate it.

8899. Will you say, as a matter of fact, whether it was carried into any cash-book or any ledger? Is cash-book A the cash-book which you kept at that time now in your hands?—Yes; this is the cash-book which kept the accounts of the cash with the bank. That item you allude to there passed to the credit of the Receiver-General, and the receipt was sent to Ottawa, and of course they have the account there, I presume.

This item not carried into any cash book or ledger.

8900. Was it carried into any cash-book or any ledger?—No; I do not see it here.

8901. Why did you not adopt the practice which you consider the right one?—This cash-book which I kept, was merely for the bank account.

8902. Have you no references connected with that item to show that it was not carried to any account?—No.

8903. Then why do you say it was deposited to the credit of the Receiver-General; do you remember the fact at this moment?—No.

8904. Then why do you say so?—The only thing is, I saw it entered here as being deposited to the credit of the Receiver-General.

8905. Please read the entry as you see it?—"Deposit to credit Paymaster of C.P.R. in Merchants Bank."

8906. Is that deposited to the credit of the Receiver-General?—No; I misunderstood that.

8907. Now read that entry and understand it. Do you say that that was carried into any book in your set of books?—No; I do not think it is.

Cannot explain.

8908. Can you tell me why?—I do not know how it was.

Item \$92.50 not carried into any book.

8909. Look at the next page but one, 22. Look at a similar item of \$92.50; can you tell me whether that was carried out into any one of your set of books, or made to appear in any book which the Government have control of?—No; I see nothing here indicating it, anything more than that that amount must have been returned to the Government.

8910. When you say it must have been, you mean that it was probably done? I am not suggesting that it was not, I only wish to find out whether the books were kept so as to show the transaction, or whether the transactions must be ascertained from some independent source?—I think you will have to find that from Ottawa.

8911. Do you say that your books—your ledger—will show the actual transactions of that branch which was under your control, as book-keeper?—Except merely so far as the disbursements of cash are concerned.

8912. Is that item in any other book?—No.

8913. Do you mean that these books show the transactions with the exception of these two items that I have pointed out?—I do not know; I could not tell without going over the books.

**Nixon's Pay-
master and
Purveyorship
Book-keeping.**

8914. But now, with the book before you, do you say that all these transactions or nearly all are recorded in your set of books properly?
--I think so.

8915. Look at the first page and tell us on what page of your ledger those are recorded?—There is no item there for the ledger.

No item on first page of day-book carried into ledger.

8916. Look at the next. Did I not understand you to say that all the entries in this book ought to be transferred to the ledger?—Of course I did not look at these entries.

8917. Then when you said "all" you did not mean all?—Of course these are only mere memoranda.

8918. Do you ascertain now that your day-book, besides keeping entries which ought to form a portion of all day-books, contains memoranda?—Yes; the same as all day-books.

8919. Would any day-book contain anything more than the entry to go to debit or credit account?—The day-book ought to show the history of all transactions. A person may have occasion to put down a memorandum indicating something with no amount.

8920. Then do I understand you to say that all the entries in this book, which refer to some particular amount, are carried forward to your ledger?—No; we have just discovered one or two entries here.

8921. All but these two?—I do not know without looking.

8922. There is another entry on page 4: "Received from James McKay \$5,142;" does that appear in any of your books? Is there not another cash-book?—I can remember no Dominion cash-book that we had.

Item of \$5,142 from James McKay.

8923. Do you remember what books are kept?—I am not aware of any other cash-book.

8924. Is there any reference to any other cash-book there?—No.

8925. Then what is your opinion of that entry?—It should have gone into the cash-book.

8926. What is your opinion of what happened it?—There is no entry to indicate it.

No entry to indicate what became of this sum.

8927. Therefore, what is your opinion?—That it has not gone into any other book.

8928. On page 9 there is an entry: "Received from the Boundary Commissioners, nine horses, \$450;" do you see that entry?—Yes.

\$450 received from Boundary Commissioners.

8929. Does it appear in any other of your books?—There is nothing to indicate it.

8930. What is your opinion upon the subject, as to its entry in any other of your set of books?—There is nothing to indicate that it is carried into any other book.

Nothing to indicate that this item was carried into any other book.

8931. Seeing what you do, and having the intelligence that you have, what is your opinion about that item?—That it has not been carried to any other book.

8932. April 30th, an entry of \$5.42 has not been carried to any other book?—Yes; that would be in the cheque-book.

Item \$5.42.

8933. That is a portion of it?—I presume that the amount is in the cash-book in cheque 35.

**Nixon's Pay-
master-and-
Purveyorship
Book-keeping.**

8934. First of all you are charging him with money. I do not understand what cheque-book you can allude to. He bought hay from you, did he not, by that entry?—Yes.

8935. Will that appear in your cash-book, that he got hay?—I may be mistaken—yes, the hay was got from me. That is an error in the entry.

8936. On page 10, I find an entry in which an amount is named "By the Honourable James McKay, carts"—does that appear in your set of books?—That will appear, but still there is nothing there to indicate that it does. It will appear in the invoice-book and paid by cheque.

8937. Is the invoice-book part of the regular set of books?—Yes.

8938. Do you mean that this can be ascertained by looking at your invoice-book?—Yes.

8939. Has it been carried forward to your ledger, which you say would be a proper book in which to have this entry?—There is nothing to indicate it there.

Witness finds in his opinion that entries which had reference to a particular amount would appear in ledger to have been mistaken.

8940. These are all the entries in which the amounts are named, in the beginning of the book, on the first four pages: you said some time ago that all entries which had reference to a particular amount would appear in the ledger; now what is your opinion on that subject?—They should have gone in.

8941. But did they go in?—No.

Cannot say whether Nixon's account of items \$505 and \$92.50 was correct.

8942. Mr. Nixon, in giving his evidence, stated that it was his impression that these amounts—for instance, on page 20, of \$505, and on page 22, of \$92.50—were, as a matter of fact, passed to his private credit in the bank, and that he afterwards dealt with them in accounting for them to the Government; do you know, as a matter of fact, looking at these entries, whether that is correct or not?—No; I cannot.

8943. Can you not say, having written these books and having made these entries, what facts justify the entries?—I would infer from them that they passed to his credit in the bank.

Books do not show the amount placed to Nixon's private account in bank.

8944. Now, having had charge of these books for some time, and having looked at them to-day, can you explain to me how we can find out from the books, or from any evidence, the amount of moneys which were so placed to Mr. Nixon's private account in the banks?—Except by his report to Ottawa, in the letter-book.

8945. Was there any other record made from time to time? For instance: supposing Mr. Nixon should accidentally make a mistake, and not put all that he got in his statement, is there no way of ascertaining from these books that such a mistake was made?—By going over the books there would be.

8946. That would be necessary would it?—Yes.

8947. There was no account kept by you of the whole transactions?—I do not remember. I do not think it. I do not remember, though there might have been. I thought there was another cash-book for entering receipts of cash. Of course that cash-book only shows the bank account.

**Nixon's Pay-
master-and-
Purveyorship
Book-keeping.**

8943. When you say that this matter can be ascertained by going through the books, do you mean by looking over each entry in the day-book to see if such an entry appears?—That is the only way now.

8949. But no system was adopted to record these entries in any other place?—No; except by the letter-book.

8950. That was not a system to record it?—No. I also sent a report each month, or quarterly, showing the amounts of cash received, and from what source.

8951. Where would you get that from?—From the day-book. You might get it from the day-book. It was not collected together in any account in the day-book.

8952. Then it would be by turning over all the different pages of the day-book that you would get the data for that statement?—That would be the only way.

8953. Is that a correct way of keeping track of the transactions of any business, by leaving them to be ascertained by turning over the different pages of the day-book, when you want to ascertain the result?—No.

No system to record such transactions in any one place.

Books not kept in a correct way.

8954. Can you tell me why that incorrect way was adopted?—Because we had not time. I had to look after all the accounts of the Canadian Pacific Railway and the Mounted Police, check over all the accounts as they came in, and additions and that sort of thing, so that it took up all my time.

Reasons for this.

8955. Look at page 107 of ledger A: do you see that the account of John Brown is squared by giving him credit for an item of \$2,861.28, with the words Bank Account. I suppose you are of opinion that an entry of that kind to the credit of one account should have a corresponding debit to some account of the same amount. Is that what you understood by single entry, or any entry of any kind of system in the world?—No; it would not be by single entry.

John Brown's account squared by credit of \$2,861.28.

8956. Can you by single entry make charges against a man without having a corresponding entry; can you by any system of book-keeping in the world get them out even?—They are not even in single entry. In single entry of course you may have a debit or credit entry without any corresponding account; that is to any ledger account.

8957. According to the system which you say you adopted, should that credit of \$2,861.28 have a debit to some account, or be in the shape of a debit to some account?—I do not understand that amount either. If I had an opportunity of looking over it, I could be able to explain it at a future time. I do not know; but that must have been deposited by John Brown. This is his account as sub-agent.

Cannot explain.

8958. That entry was made by you to balance that account, was it not?—I do not understand why it was made.

8959. Was it made by you?—Yes.

8960. Can you explain the basis of that entry? What would Bank Account mean, for instance? Do you think that meant that it went to your credit in the bank account, in the bank in which you were dealing?—I cannot remember now why that entry was made. If I had time to look over it I am satisfied I could explain it all right.

**Nixon's Pay-
master-and-
Parveyorship
Book-keeping.**

8961. Did I correctly understand you to say that the reason for not making those entries, according to the system which you understand to be correct, was that you had not time to make them?—Yes; and also I was under the impression that I had merely to keep a cash-book and keep an account of the expenses.

8962. Did you think it would be more proper for you to make improper or incorrect entries, for want of time, than to leave them unmade?—No; I did not.

8963. As a matter of fact have you any idea how many entries per day, on an average, you were called upon to make in these books?—I have not. Of course it was not so much the entries in the books as checking over the supply accounts as they came in; there was a great deal in that, I know.

Store-book kept by John Parr did not come under witness's supervision.

8964. Do you remember anything about a store-book being kept by John Parr?—I believe he did keep a store-book.

8965. Did that come under your notice or supervision in any way?—No.

Made statements of stores for the Government, from a statement made by John Parr.

8966. Do you remember whether you made up statements to be sent to the Government from time to time, to show what amount of stores belonging to the Pacific Railway remained in store?—Yes; I remember there were statements made up to that effect.

8967. Do you remember making them?—I remember making up these statements.

8968. Can you say from what material you made up those statements?—I made them up from John Parr's account, I think. He rendered me an account of what stores were in the warehouse. I do not see how else I could have got it.

Does not know from what source or how Parr made up this statement.

8969. Do you remember whether he purported or proposed to render you an account of the stores that were actually there, or of the stores which his books showed ought to be there?—I was under the impression that it was what was actually there; I do not remember from what source or how he made it up, but I remember there were such reports made up and sent.

8970. But as to the foundation of this statement, you do not remember how he made it up?—I cannot speak from actual knowledge.

8971. Do you remember whether he represented to you that that statement showed the actual quantities in the store, or quantities which his books showed ought to have been in the store?—I cannot exactly remember.

THOMAS NIXON's examination continued:

By the Chairman:—

8971½. *Witness*:—I produce the letter-book I referred to in my previous examination, in which I find the following:—

"F. BRAUN, Esq.,
Secretary of Public Works.

"SIR,—In reply to yours of the 29th ultimo, asking information respecting money deposited in the bank to the account of the Canadian Pacific Railway, I have the honour to enclose a duplicate statement of the details of the same. The original was sent some days ago to Mr. C. H. O. Palmer, along with the statement of the expenditure up to the 30th June. As the fiscal year ended on the 30th June, I deemed it a proper course to place to the credit of the Government all the moneys then in my possession. Indeed, I much prefer not to have any moneys placed to my private credit, and therefore, as far as possible, I pay all accounts by official cheque. The horse sold was one which had got kicked and which belonged to the C. P. R., having been, along with others, purchased for the parties going westward. The other items will, I think, fully explain themselves."

Accompanying that was the detailed statement to which I have referred. I saw it, and the horse is mentioned in it.

8972. Did you render, from time to time, statements to the Department showing what you considered to be the amounts which you had received on the part of the Government, and the amounts which you had transmitted or deposited to the credit of the Receiver-General?—I always sent a detailed statement with the moneys which I had deposited to the credit of the Receiver-General. That was never omitted—the detailed statement was never omitted.

8973. Have you heard the evidence of Mr. Conklin to-day?—I did.

8974. He has led us to understand that the books, as kept by him, do not afford the means of ascertaining whether these statements which you sent from time to time were actually correct—that is, from a collected account; but that the only means of ascertaining what did come to your private control is by turning over the different pages of the original books, which he calls day-books, and collecting them together again: do you know whether he is correct or not in that explanation?—I apprehend he is correct.

8975. Do you think that all the moneys which you did receive from any source on account of the Pacific Railway, will be found entered in some of his day-books or journals, in the detached manner he describes?—I do.

8976. Are you able to produce a statement showing the amounts which you placed to the credit of the Receiver-General or paid into the Government account, during the time that you were paymaster of the Pacific Railway?—Yes; by a schedule which I produce, you will find in it the details of all that money. (Exhibit No. 104.)

8977. Where shall we find the particulars of the accounts which you claim to have settled by those payments?—Through either the day-book or journal, as kept by Mr. Conklin, and afterwards by Mr. Currie.

8978. I think you said it was your duty to procure supplies for different parties or persons connected with the railway?—Yes.

8979. What was the system generally adopted by you for that purpose?—I, generally speaking, advertised for tenders, or went to the respective merchants and asked them. Sometimes there would not be sufficient time afforded me by the engineer to advertise. When that was the case I

**Paymaster-
and-Par-
veyoralip-
Book-keeping.**

Letter to Braun respecting moneys deposited on account of Canadian Pacific Railway.

Always sent details of moneys deposited to credit of Receiver-General.

Conklin's description of the character of the book-keeping correct.

Schedule of amounts placed to credit of Receiver-General

Procuring Supplies.

System of procuring supplies.

**Paymaster-
and-Pur-
veyorship-
Procuring
Supplies.**

Supplies some-
times sought for
by public tender ;
sometimes by
private contract.

went from one merchant's store to another, and found who was the lowest and gave them the contract.

8980. So that it would be sometimes by private negotiations, and sometimes by public competition?—Yes; there was no other way of doing it, on account of the want of time sometimes.

8981. Who were the principal persons who furnished supplies in that way, in the town?—Bannatyne, Higgins & Young, Peter Sutherland, the Hudson Bay Co., and W. L. Lyon.

8982. With whom were the negotiations carried on: in matters connected with the Hudson Bay Co., for instance?—With John McTavish, or the manager, Mr. Newman; he is living at Portage la Prairie.

8983. When the goods were furnished after public competition, did you keep a record of the tenders?—I think so. I think you will find the tenders themselves among the papers; they should be.

8984. Were there generally many competitors?—No.

8985. When you asked for tenders, did you generally advertise in some paper?—Yes.

8986. You sometimes communicated the intimation by private communication?—Yes; when time was not allowed me I had to do it in that way.

8987. In regard to other matters besides supplies, you had to engage in transactions such as for freighting and mail carrying, and purchasing of animals; how did you manage those transactions—freighting, for instance?—The freighting was given out by tender, by contract, pretty much on the same principle and in the same way.

Freighting.

Several tenders
for freighting;
for the freighting
to North-West
Angle made a
yearly contract at
2 cts. per lb.

8988. Were there many bargains about freighting, or did one bargain cover all the freighting while you were here?—There were several tenders for freighting—except to the North-West Angle—for which I made a yearly contract at 2 cts. a pound.

8989. Did you ask for tenders in that case?—I do not remember that I did; still, I am not sure.

8990. How was the freighting to other points arranged?—Pretty much in the same way, by public competition, by advertising.

8991. Did you make many bargains about freighting to other points, or did one bargain cover most of it?—No; there were a good many bargains.

**Principal con-
tractors.**

8992. Who were the principal contractors?—The late Honourable James McKay, W. F. Alloway, and McMicken & Taylor. McMicken & Taylor got the contract for the Indian Department. I think there were some others, but I forget at the moment; these were the principal, however.

8993. Did you keep a record of the tenders that were put in for those contracts?—I filed them all away with other documents. I had them at Ottawa, and I think I had all of them there.

Ry. n's t. nder.

8994. One of the tenderers named Ryan spoke of a tender which he made, and which you said had never reached the office, as far as you know; do you remember the circumstance of his complaint?—No, I do not; and I was surprised when I read it the other day. I see he mentioned Capt. Howard's name; Howard may be able to remember it.

**Paymaster-
and-Par-
veyorship-
Freighting.**

8995. He spoke of a letter-box being inside of your door, and a hole that was made for putting in the letters?—Yes.

8996. How was that arranged inside the door?—A tin box with a cover.

8997. Was it locked?—No; it was not.

8998. Then any one had access to the box inside?—Yes; the first thing in the morning, when we went to the office, we usually looked to see if there were any letters. That was the general practice.

8999. Did you take part in the purchase of horses by Alloway?—I did, and so did the engineers for whom the horses were to be purchased.

Buying Horses.

Took part in purchase of horses by Alloway though not in all cases.

9000. You do not mean in all cases?—Not in all cases; I mean in those large orders. We had, when Mr. Lucas was going out to the North-West, an order—I am speaking in round numbers—for twenty-five or thirty horses. Some were ponies, some were for light draught, and others were for saddle beasts, and it was specified in the requisition the kind of horse; and I told Alloway—so that there would be no finding fault when the engineer got out a distance from Winnipeg on the prairies—that the engineer himself should see the horses themselves—all those purchased.

9001. Do you mean the first one or two lots?—I allude more particularly to those; and afterwards Mr. Marcus Smith wanted a saddle beast and a light draught. He, in like manner, and they were permitted to try those saddle horses also before the purchase was effected. There were several young gentlemen on the staff who had horses furnished to them.

9002. Do you wish us to understand that, in the purchase of those one or two large lots, the engineers took part in the negotiations, as well as you and Alloway?—Not so much in the negotiations, except when they knew the price, but in seeing the animal, to see if he was suitable for the work which they were organizing.

Part taken by the engineer in the purchase of animals.

9003. Were there many engineers, surveyors or persons connected with the field work, who took part in the purchase of this first lot?—No, only one; Mr. Lucas.

9004. Where is he now?—I do not know; he is not in this neighbourhood.

9005. Who fixed upon the prices of these animals?—I did.

Witness fixed on price of horses in nearly every instance.

9006. In every instance?—I would not like to swear to every horse that was bought, but very nearly.

9007. Is your recollection that Mr. Lucas was present, and approved of each of those animals for the first one or two lots?—That is my belief. I did not wish to have the horses sent out without his approval; the risk was too great.

9008. Did he go away before the horses were sent out?—No.

9009. Did he remain in the city here until the horses were started?—Yes; for several days.

Had a detailed statement from Alloway's books at the time of closing purchase of horses for Lucas and his party.

9010. Mr. Alloway's recollection was that you had, at the time of closing the matter, a detailed statement of each horse, and the cost of each horse?—I had.

**Paymaster-
and-Pur-
veyorship-
Buying Horses.**

9011. Is that to be had now?—No; I had it from his books.

9012. Are you sure of that?—I am very positive of it, Sir; mostly these horses, not all, of course, were bought from French half-breeds. I am alluding particularly to the heavy draught, which comprised the great number.

What Alloway's books would show.

9013. What would his books show?—The person from whom bought and the price paid, and the description of the horse: bay, or gray, or roan; mare, horse, or gelding—as the case may be.

9014. Why did you depend upon his account of it? Why did you not keep a record of it yourself, having taken part in the negotiations?—I employed him to buy the horses, and I knew the price—he could not cheat me.

9015. I am asking whether you kept any record, or whether you had to depend entirely upon his record?—I presume I depended, as far as the writing itself is concerned, upon his record; but when the horses were purchased, they were turned at once into what we called the Government stable as each purchase was made.

9016. Where was the Government stable?—Opposite to us. It was rented from the Honourable James McKay. I mean opposite to our office.

Thinks Alloway compared record he had kept with that in witness's custody in order to arrive at average.

9017. And did he not compare with you the record that he had kept, with the record that you had kept and in your own custody, in order to ascertain that the average was a proper one?—I do not know but he did.

9018. Could he have done so, if you kept no record?—No.

Thinks he did not do this.

9019. Then why do you say that he did?—I think not.

9020. Did you know the names of the parties yourself?—I did not myself know the names of the parties; they were mostly French, and I could not speak French, but he could.

Character of horses purchased: stout Indian ponies.

9021. Of what character was the majority of the horses purchased?—They were stout Indian ponies, fit for cart, to travel two or three thousand miles. Those persons were going out to Edmonton—those surveyors—and they wanted good native horses.

Buying Carts.
Kind of carts bought.

9022. What sort of carts did you buy on that occasion?—The common native cart—what is called bushed and banded carts—and boxes put in the wheels. The natives do not use iron in their carts.

9023. What extra cost would that bushing and banding make?—From \$2.50 to \$3; I forget.

9024. Do you remember about the value of the carts that you bought on that occasion, without the bushing and banding?—I do not remember—I think about \$15 to \$16. I am speaking entirely from memory. We had to have good carts; I could have got cheaper carts, but I would not have them.

Bought carts from Alloway.

9025. Do you remember from whom you bought those carts in the first instance?—I think from Alloway, he had a very large number.

9026. Was he dealing in carts?—Yes; he was dealing in carts, and had scores of them at that time.

9027. He did not buy them specially for your order?—No; I think not.

**Paymaster-
and-Pura-
veyorship-
Buying Carts.**

9028. Were the carts lower or higher in price then than now?—I think they were higher, but I do not know; latterly, of course, I have not paid much attention to them. I think carts are not very much cheaper now though. The National Policy hardly comes into play there, and of course they are cheaper.

9029. Look at an account of Alloway's of June 27th, 1877, and say what the price was you paid for carts?—\$19.50.

9030. What did that include?—Those carts that were bushed and banded. It says so here: "Sixteen bushed and banded carts for Mr. Lucas' party, at \$19.50, and sixteen extra axles, at \$1.50, and sixteen cart covers." \$19.50 per cart, bushed and banded; \$1.50 for axles, each; \$2.50 for cover.

9031. How much for the covers?—\$2.50 each.

9032. What is next?—"Four cart horses, \$460; two harness horses for buck-boards, \$280; two saddle horses, \$290; one ditto for Mr. Marcus Smith, \$200." Four cart horses, \$460; two for harness, \$280; two for saddle, \$290; one for saddle, \$200.

9033. Now, what would be the price of that cart and cover, without the axle?—\$23.50 altogether—that would be bushed and banded, axle and cover.

9034. That is without the harness, I suppose?—Yes.

9035. What do you make out the bushing and banding and axle to be worth?—I do not know exactly about the bushing and banding: from \$2.50 to \$3, it might be more; the axle is \$1.50 and the cover \$2.50; that would leave the value of the cart and cover, without the harness, \$16.50.

9036. Excuse me. Look again?—I thought you asked me what would be the value of the cart and cover.

9037. I am asking you what you make out to be the value of the bushing and banding, and axle?—\$5.

9038. That would be \$3.50 for the bushing and banding, and only \$1.50 for the axle?—Yes; I may be a little high for the bushing and banding, or a little lower.

9039. Then what would you make out the value to be of a cart and cover, without the harness, with the boxing and banding and axles taken off?—You mean with the bushing and banding and axle taken off.

9040. Yes?—\$17.

9041. Please calculate again?—I take \$5 from \$23.50, leaving \$18.50.

9042. Now is that your idea of the value of a cart and a cover, without the bushing and banding or axle?—No; it is too high. That is the value of cart. Value of cart. carts would not cost \$18.50 without those.

9043. But is not that the price that Alloway got?—No. I do not see that is, nor do you see it, Mr. Chairman. \$18.50! The prices I gave him for those carts was \$16, according to that account. Don't try to make me out giving him \$18.50. That is what you are doing, Mr. Chairman. The axles are there. As extra good carts we did not buy them.

9044. I am asking you this question: what you gave Alloway for the cart and cover? and I have asked you over and over again, and you

**Paymaster-
and-Pur-
veyorship-
Buying Carts.**

have made five or six calculations, each of them wrong?—Because you put me out; now if you ask me, I will answer it.

9045. Let me know, according to this paper, which you may take in your hand, the price which you paid Alloway for the cart and cover, without estimating the value of the bushing and banding, or axle?—I suppose I gave him— I cannot tell exactly.

9046. You may have the paper and a pencil to figure it up?—That will not supply me. I can make the calculation with any man, but this will not supply me with the price.

9047. If not, why not?—I do not understand what you want to get from me now?

9048. I am asking you plainly enough for you to answer?—\$19.50.

9049. Now add the price of the cover to that?—Yes; it makes \$22 for the cart bushed and banded and cover.

9050. I wish you to add to that the price of the axle?—The axle is \$1.50, that is \$23.50 total. Now, what do you wish me to do?

9051. I wish you now to make up what you consider to be the value of the bushing and the banding and the axle?—I have done that.

Price of cart and cover without bushing and banding, \$18.50.

9052. What do you find the price to be of that cart and cover, without bushing, banding, or axle?—\$18.50.

9053. Did you consider that to be a fair price?—I did, or would not have paid it to Alloway, or any man under heaven.

May have bought carts of the same kind including harness for a much less sum.

9054. Did you ever buy carts of that kind, including harness, for a much less price than that?—I do not remember, perhaps I did.

9055. I have already asked you about the difference between the price at that time and later. Can you tell me now whether they were much lower or much higher?—I cannot tell you.

9056. Do you remember the character of those carts, whether they were better than usual?—I cannot tell you; they were supposed to be good; they had to go a long distance.

9057. Do you remember the ordinary price of hobbles at any time?—No; I do not. I remember nothing about them.

Five carts with covers and harness.

9058. Look at requisition No. 12, in your requisition book, and say whether you bought any carts to go a long distance, and requiring to be well made, for the purpose of the Pacific Railway?—Yes: "Five carts with covers and harness"—I see that here—"less two from Division N and P."

\$47.50.

9059. Will you tell me what those carts cost you with the cover and harness?—I can from this book. It says here, \$47.50.

9060. Would that be for five carts?—No; it might be for three.

Entry wrong; must be wrong.

9061. Do you think it was for three?—I do not know; I never bought a cart for that price. I do know that I never bought a cart for \$9. I swear that positively, and re-swear it a thousand times; therefore the entry is wrong. It must be wrong.

9062. Do you know whose entry it is?—No; I do not. I do not know whose the figures are. The writing is Mr. Conklin's, but I presume there will be an account. I do not remember buying carts and

- harness for that price. It is only a little over an average of \$9 each for a cart and harness and cover.
9063. Will you look at your requisition No. 9, and see if you bought any carts with covers and harness complete?—Yes; fifteen carts with harness and covers complete. Paymaster-
and-Pur-
veyorship—
Buying Carts.

Fifteen carts with
harness and
covers complete.
(See 9075.)
9064. What did they cost?—\$142.50. \$142.15.
9065. Would that be an average of somewhere between \$9 and \$10?—It would appear so. Average between
\$9 and \$10.
9066. And these would include more than those carts which you value at \$18.50?—I do not know. Those would be neither bushed nor banded.
9067. But I understood you to arrive at a price without bushing or banding?—No; I did not know anything about it. I know I acted honestly for the Government. I would like to look that up. I do not remember ever buying carts from Stalker & Carswell. I do not think I did.
9068. But these are entries which appear in your books, are they not?—Yes.
9069. They naturally give the impression that you did?—Yes; they naturally give the impression that I did buy the carts.
9070. Do you say that you know nothing about the price of hobbles?—No. Knows nothing
about the price of
hobbles.
9071. Did you never bargain for any?—Yes; but I do not know the price now. I bought nearly a \$1,000,000 worth of goods, and it is not reasonable that I should remember the price of everything I bought.
9072. I am not pressing you to do so, but I want to show you some entries. If you look at the entry of July 17th, 1876, you will find hobbles charged; can you say from whom you bought these hobbles, and the price you gave?—\$1 each and 75 cts. each, it would appear. Hobbles 75 cts.
and \$1.00 each.
9073. Look at the entry of the 27th April, 1875, and see if you bought some hobbles, and from whom, and at what price?—Yes; I did buy twelve hobbles, \$12—\$1 each.
9074. From whom?—From Alderman Wright. What is entered here as five carts with covers and harness is the price of the harness and covers only. It should have been covers and harness for five carts. Mr. Conklin has written the word "carts," and it should have been "five cart harnesses and covers." Contents that
certain entries
are wrong.
9075. Then the word with should have been left out also?—Yes.
9076. Then you say the entry on requisition No. 9 is also wrong as entered by Mr. Conklin?—Yes; you are trying to show that I gave Alloway a great deal more than I ought.
9077. I am trying to ascertain what your books show. I told you we shall take any explanation you wish to give, but we desire to conduct the examination in our own way; we do not wish merely to take your own general statements of correctness, because it is our duty to investigate the matter as well as to hear your statements. Do you say this entry for requisition 9 is a wrong entry?—It conveys a wrong impression; I bought no carts from Stalker & Carswell; it was

**Paymaster-
and-Pur-
veyorship-
Buying Carts.**

not for carts—that is what I say; it was only for the harness and the covers for carts.

9078. Then, of course, it is incorrect?—It is incorrect in that sense. That would be easily verified by getting Carswell & Stalker's accounts.

9079. There is no objection, as I said before, to you giving every explanation that you can give; we all wish to have the whole matter investigated, but the enquiry is not to be silenced by the general assertion that everything is right?—I know what you want, Judge!

Ten hobbles \$10.

9080. Will you look at requisition No. 17, and say if you bought any hobbles, and from whom, and at what price?—Yes; ten hobbles, \$10.

9081. Have you any recollection of buying hobbles from Alloway?—No, I have not; I might have bought some.

9082. If you bought them at a higher price than \$1, had you any reason for doing so?—I do not remember now; they might be for some horses that interfered—I do not know; or they might be a different kind of hobble, I cannot tell. I see by the invoice you hand me that there is one pair of hobbles for McMillan, \$1.50; in the other case they were bought wholesale.

9083. Do you now see a reason for giving him a higher price than in the other case?—It would appear that there was a higher price given for the solitary pair of hobbles than there was for ten pairs; I do not know but that they were better; that was in 1875 a long time back.

**Buying Horses.
Sold Alloway
horses.**

9084. Besides buying horses from Alloway, did you sell him any?—I did. I showed you to-day.

9085. I do not remember?—I showed you about a horse that I sold, for which I sent the money to the Receiver-General.

9086. Did you sell him more than one?—No. Mr. Marcus Smith did, I think, to Mr. McKay. I do not remember.

9087. I do not know the facts. I am asking you whether you did make a sale of horses in a lot to him?—I don't remember. We usually sold our horses by auction, except one lot which was sold by Mr. Marcus Smith, and at a price.

9088. Do you remember selling him a lot of six ponies?—No; I don't remember. I may have done so, but I don't remember.

Six ponies \$200.

9089. There is a receipt from the Receiver-General's office, for February, 1877: "Six ponies, \$200;" do you remember having made that sale, and if you did, to whom?—I don't remember. That is a matter about which I would have to enquire from Mr. Currie.

**Private busi-
ness with
Alloway.**

Had no private
business connec-
tion with
Alloway.

9090. Were you engaged in business connections with Mr. Alloway?—I was not.

9091. Did you assist him in the purchase of goods which the Govern-ment afterwards purchased?—I do not understand you.

9092. By a loan of money or help of any kind?—To Mr. Alloway?

Neither directly
nor indirectly.

9093. Yes?—Neither directly or indirectly.

Never endorsed
his paper.

9094. For instance, in endorsing his paper?—I never endorsed his paper.

9095. No business connections?—No business, directly or indirectly in any sense or in any form.

9096. If there was a sale of six ponies, is it your recollection that it was by auction or how was it?—I do not remember. We sold ponies by auction, but I do not think we put up six in any one lot. That would be a very unusual way for me to do. I might through instructions from Mr. Rowan sell one lot, as I did through instructions from Mr. Marcus Smith sell a lot to the Honourable Mr. McKay. Sometimes these ponies were what we call "eating their heads off," and we were glad to get shut of them. I will enquire into that and give you the information as far as I can.

9097. As a rule were the goods that were disposed of on the part of the Government disposed of by auction? I mean articles that had been returned—second-hand articles?—I think they were as a rule. We had several auction sales which were advertised.

9098. Have you reaped any advantage by having the opportunity of dealing on Government account with merchants or other persons in the community?—I have not, other than I have got my goods, or should have got my goods, as low as I did for the Government. I did not get them as low, but I got a discount, but that was not an equivalent.

9099. Was there a practice among merchants who took orders upon Government account to give private dealers a larger discount than they otherwise would?—I think not. I got the discount now. I got it the other day from my grocer, 10 per cent. for groceries.

9100. That is on account of your private account?—Yes; I am speaking of my private account. I want to show you that although I am not in Government employ, still I get the discount.

9101. Did you say that while you were dealing on the part of the Government that you got no larger discount and no other advantage than you would have got if you were dealing entirely on your own private account?—No; so far as I know, I never did. I can buy goods as cheap to day for my family as I did then at the same reductions, in fact I did not get them as cheap as I got them for the Government. I mean that the discount did not bring them down.

9102. The Government was paying a lower rate to the dealers than you did when that discount was taken off?—Yes; if I had Mr. Sutherland's account here I could prove it to your satisfaction that the Government got it from 20 to 25 per cent. lower. I bought tea on Saturday for 45 cts. which at retail is charged to me at 75 cts.

9103. As to the price of horses, was there a difference between the price of half-breed horses and other horses—what they called ponies?—Half-breed horses would be less.

9104. How much less?—A good deal; for instance, a Canadian horse when I came here would be worth from \$175 to \$200. I do not mean extra horses, but ordinary buggy horses. They are not now so dear.

9105. And the native horse, what would it be worth?—It would depend altogether upon its quality: you could buy them from \$40, \$60, \$80 to \$100; a \$100 horse would be a very good one. It is almost impossible to give an average price for the native horses; they vary so much in quality.

**Paymaster-
and Pur-
veyorship—
Selling
property
returned.**

Does not remem-
ber selling six
ponies to Allo-
way.

As a rule goods
disposed of by
Government are
disposed of by
auction.

**Discount
allowed to
witness.**

Never got any
advantage or dis-
count while
purveyor that he
would not get as
a private in-
dividual.

Buying Horses.

Half-breed horses
a good deal less in
price than other
horses.

Native horses
from \$40 to \$100.

**Paymaster-
and-Pur-
veyorship-
Carrying Mails.**
Contract for mail.

9106. Have you any idea at present, without the papers, of the number of tenders that were submitted to you for the carrying of the mail in this instance in which Alloway got it?—No; I have not. Mr. Rowan had that contract and not me. Mr. Rowan was the engineer, and it was for the Canadian Pacific Railway pure and simple. He asked for tenders in my name but he let the contract. They were asked in my name, I suppose, because I had to pay, but they were submitted to Mr. Rowan for his decision.

9107. Do you remember how many competitors there were?—I do not know at the present moment. That tender was let by Mr. Rowan, and he instructed the lawyers to draw up the documents.

9108. Was it in reference to that contract that Mr. Ryan said he had deposited a tender which you say you did not receive?—I presume so. The contract was let next time to some other parties. Alloway's tender was higher than others.

Book-keeping.
Property return-
ed from surveys
not credited.

9109. Property that was returned from surveys and which had been originally charged to them—what was the practice concerning that as to crediting those accounts?—They were not credited because they could not tell what the values would be. It would be old pots and pans, as I said before.

**Horses and cattle
returned, not
credited.**

9110. Well, horses and cattle would be sometimes returned?—Yes, there would be horses sometimes; and carts and harness.

9111. As to that kind of property, would it be credited to the particular account which had been originally charged with it?—No; I think not. No value was attached to them when we entered them on the books, and therefore they could not be credited.

9112. Therefore you think the way it was left upon the books would show a large debit against the same surveys or particular divisions?—Yes; but I was going to say that when sales were made they might credit it at Ottawa.

9113. You would explain in your account to Ottawa the particular division from which that property came?—I would not like to be too sure about that fact. If my store man mixed them altogether, when we came to sell we could not discriminate; and it is not improbable that he did, when I come to think the matter over, but the engineers took receipts for horses delivered to us and for material.

**Alloway's horses
never kept at
Government
stables.**

9114. Do you remember whether Alloway's horses were at any time kept in the Government stables, or either fed or attended at the Government expense?—They were never kept at the Government stable, and never kept at the Government expense. They never crossed the threshold of the door.

**What was done
when stores were
returned and re-
issued.**

9115. I think it sometimes happened that stores would be returned from different parties, and then reissued again from the store-house to different parties?—It would.

9116. Do you know if there was any account kept of that sort of transaction?—Yes; by the store man.

9117. Would the reissue be charged to any other division?—I think not; but the requisition coming from the engineer, he would ask, say, for two camp stoves, by way of illustration. I would say to Parr: "Have you two camp stoves in store that are good enough to go out?"

**Paymaster-
and-Pur-
veyorship-
Book-keeping.**

If he had, they would not be purchased; but if he had not, I would have to purchase them.

9118. Was it your practice to charge to the parties requiring goods, any goods reissued from the Government store?—I do not think the accountant kept the account in that way. I think he only charged them in all probability for the purchases which were actually made, even if he did do that.

9119. Are we right in supposing that sometimes when you sent out supplies to parties at a distance, that you would instruct a sub-agent to sell those for a higher price than the Government had paid for them?—Yes, that is correct; I was so instructed from the Department.

Goods charged to parties at a higher rate than was paid for them.

9120. Do you remember whether those goods would be charged to that party at the increased price or at the actual cost?—I do not remember now. There was only a reasonable percentage which I was instructed to have added on, which percentage was supposed to cover what was paid for transport.

This done to cover transport.

9121. It was done with that object, so as to save all or part of the transport?—Yes; that is the way I understood it.

9122. Would those supplies be within the control of the sub-agent as to the price at which they would be sold?—No, unless they were damaged *en route*; then he would have to use his own judgment. An invoice was handed to each sub-agent showing the prices he ought to charge the men.

9123. Were these goods that were so sent out to be re-sold charged to the sub-agent in his account, together with money that was furnished to him?—I presume so.

9124. Do you know whether it would be charged to him at the lower or higher price?—I could not tell you; I do not know how that would be done. I added at the foot of the invoice so much.

Does not know whether sub-agent was charged the cost or selling price of goods.

9125. You see if you charged the agent only with the actual cost to the Government, and he sold them at a percentage higher, he would get the advantage of that percentage, unless you had some mode of checking the price at which he received and at which he sold them; therefore, I am asking whether there is any record in the books of it?—You see he sold to no one but the men, and they were sold to the men in place of wages. For instance, a man wanted a pair of boots or shoes, he got them out of the stores on the order of the engineer, and they were charged as wages to his account, and when he returned this would be subtracted from whatever wages was due to him.

9126. Would the sub-agent get credit for the cash which he had paid on account of wages?—Yes; certainly.

Sub-agent would get credit for cash paid on account of wages.

9127. Would he get credit for the amount of wages which he would pay to the men in the shape of goods?—He would, or the men would on the pay-list. The pay-list, as formulated by the Government, had a heading for cash and for goods, and the sub-agent placed in these columns the amount of his goods for the month and the amount of his cash received for the month, if any.

9121. After that explanation, can you say whether, if the sub-agent paid a labourer with goods, he would get the credit at the price at which the goods were sold to the labourer, just the same as if he had

**Paymaster-
and-Pur-
veyorship-
Book-keeping.**

paid that amount in money?—Certainly. The sub-agent would get credit for the price at which he had sold the goods.

9129. Would he be charged with the price at which he was to sell the goods?—Yes.

9130. Would he be charged with the goods at the selling price?—Yes.

**Practice to charge
sub-agent with
selling price of
goods.**

9131. Before you were not sure about that; now, after this explanation, do you say that the practice was to charge the sub-agent with the selling price of the goods?—That was the general practice.

9132. Because it is plain that if that were not done he would be getting the profit?—He could not make a profit; it was not possible.

9133. Why not?—Because when he came back with his account he brought us the goods which were not sold, if any there were, and we took that from the amount of his invoice and then looked into the amounts he sold to the men.

**Sub agent could
not make profit.**

9134. It is upon those amounts that he sold to the men, I am making the enquiry; the rest does not affect the question. As to the amounts which he sold the men, if he was not charged the selling price, of course he made that profit?—He could not make it.

9135. He could if he was only charged with the buying price; for instance, if you sent to the sub-agent goods which cost \$500, and you told him to sell those goods at an advance of 10 per cent., and he would sell them and return that he had paid wages to the extent of \$550 by goods, he would be making a profit of \$50; but if they were charged to him at the \$550, then he would make no profit. I am asking which was the practice?—I will show you how it is done. When his monthly sheet came in, a pair of boots would be charged to a certain man, but there would be so much wages due him for the month, and he got so much less wages. We knew what the sub-agent sold every article for and we knew what to charge them at, and as the sub-agent did not receive money for those goods under any circumstance—I mean when sold to the men, and he was not allowed to sell other than to the men—he could not make any profits.

9136. He could not?—I am satisfied that he could not.

WINNIPEG, Friday, 1st October, 1880.

CURRIE.

D. S. CURRIE, sworn and examined :

**Nixon's Pay-
master-and-
Purveyorship
Commissariat
Officer.**

By the Chairman :—

9137. Where do you live?—In Winnipeg.

**Commissariat
officer (sub-agent)
in connection
with Carre's
party on section
No. 15.**

9138. Have you been connected with any of the business of the Canadian Pacific Railway?—Yes; I have been connected with the Pacific Railway since June, 1875: the first two years as commissariat officer, and from May, 1877, up to the end of 1879, as accountant in the office at Winnipeg, here.

9139. When you were commissariat officer were you attached to any particular party in the field?—Yes; I was sent out with Mr. Carre.

9140. To what locality?—I went out to Rat Portage and worked in towards Red River where contract 15 is now—two surveys.

**Nixon's Pay-
master-and-
Purveyorship
Commissariat
Officer.**

9141. Was that office of commissariat officer similar to what is called a sub-agent, sometimes alluded to in your books?—Yes, the same. All the commissariat officers are known as sub-agents in the official instructions.

9142. What was the duty of these officers?—To receive all stores sent forward to the purveyor; to keep account of the men's wages and time, and any advances made to them, and to make a return of the time to the purveyor at Winnipeg; and also to move camp from time to time as the engineer in charge of the party might direct.

Duties of sub-agent.

9143. Over what matters would they have power upon their own discretion to act?—There was very little indeed.

9144. Would you make the bargains for freighting for the camp?—No; we had a force of men under our charge all the time, probably ten, twelve or fifteen men, to move the camp and provisions, as the engineer in charge directed us to do.

A force of ten or fifteen men to move provisions.

9145. Then these men formed part of that party?—Yes.

9146. When they were not moving camp how were they employed?—Cutting out trails in advance so that we could move camp. Of course they were subject to the engineer in charge at any time. If we had no work for them in the camp he would send them off to any duty that he thought proper.

9147. Did the sub-agent keep a set of books of his own for each party?—Yes; he was supposed to do so.

Book-keeping.

9148. Do you remember what set of books you kept for that party?—I kept a thin book in which I kept the men's time and wages account, and credited them with their time at the end of the month, and charged them with any advances.

Kept book recording men's time and wages, and charging advances in goods or money.

9149. Do you mean with any money, or goods, or both?—Both.

9150. Do you remember whether these accounts were kept in your own name or were they kept in the name of the party?—In Winnipeg?

9151. Yes, in Winnipeg or anywhere?—Of course I considered those books my own books. I simply kept them in order to make returns.

9152. For instance, if you received money would you charge that to yourself in your book?—Yes; as sub-agent.

9153. The account would be "D. S. Currie to cash"?—Yes; exactly.

9154. As to supplies, did you make entries in your books on that subject?—No; all I was required to do was to see that the supplies sent forward and billed to me were received, and I receipted for them and returned the way-bill to the freighter.

Did not enter supplies received in book; only signed way-bill.

9155. You say those supplies were not the basis of any entry in your books?—No.

9156. You did not charge yourself with those supplies at any price?—No.

9157. Then did you only keep a debtor and creditor account, as far as you were concerned, about the cash items?—The cash items and repayment stores.

**Fort Frances
Lock—
Book-keeping.**

JAMES SUTHERLAND'S examination continued :

By the Chairman :—

9158. You have already been sworn?—Yes.

Statement of
goods delivered to
witness's pre-
decessor at Fort
Frances Lock.

9159. Can you produce the statement of the goods which you said, when you were giving your evidence before, had been delivered to your successor at Fort Frances, or to any person on the part of the Government at the closing up of the Government store?—Yes; I produce it. (Exhibit No. 105.)

9160. In this statement no prices are attached to the items?—No.

9161. Will it be possible to show the state of the Store Account without having those items priced and carried out, extended and entered in the book?—No; not the amount.

9162. Have you any means of arriving at the proper prices which ought to be attached to these items?—Yes. I have a knowledge of the plant that was there, and of course I have a price list. I have the last statement which was written upon the books to the Government. I could put the prices at a very close valuation, I think, which would show the right balance whatever it might be.

9163. The particular account of the Government store at Fort Frances could not be complete in the way it has been kept without ascertaining the prices of all these articles?—No.

9164. Will you be good enough now to put the price to this so as to complete this portion of the book-keeping (handing witness the statement)?—Yes.

9165. Then for the present this inventory is returned to you. The books which you produced the other day, I understood you to say, were all the books of that work as far as you knew?—They were considered the head books.

Books produced :
complete set and
all written up.

9166. Do you mean the subsidiary books of other branches, or is this a complete set of the general office books?—They are the complete set and all written up.

9167. Are they the original books in which these same items were entered?—Yes

9168. Was there any change by replacing some books with others in that set at any time?—No; these were the only books that were kept.

9169. The day-book, for instance, in this set, is the original book?—Yes.

9170. And you made no others to replace it?—No.

9171. Nor any other book in that set?—No; it is the complete set.

D. S. CURRIE's examination continued :

By the Chairman :—

9172. Please explain the account of repayment stores?—That is stores other than provisions to be issued for the men: tobacco, clothing, &c.,—anything that they might require for their personal use that they could not procure on the line.

9173. Then these items did appear in your set of books?—No; not the items.

9174. I asked you before if any other items, other than cash items, appeared in your books, and you said no others except repayment stores?—They appeared in this way: that the men were charged with them when they were issued. I am not clear that I charged them myself upon receipt.

9175. That is the point I am endeavouring to ascertain, whether when these stores reached you you charged yourself with them as well as with the cash which was entrusted to you for payment of the men?—I would not like to say that I charged myself with anything relating to these stores in the books I kept.

9176. Is the book now in your hands the one which was kept by you when you were sub-agent on section 15?—Yes.

9177. In your own books kept out on the line did you enter the quantities and prices of the goods, which you call repayment stores, which were sent to you from time to time?—I find that I charged myself with the amount. I made no entry of the number of articles, but with the amount of the consignment.

Witness charged himself with amount of con-] signment.

9178. Do you know whether you charged that at the price which you disposed of it to the men, or at the price which the purveyor purchased it?—They were charged to the men at the list of prices he gave me to charge for the goods.

Goods charged to men according to a list of prices furnished witness which also were the prices he was charged.

9179. Do I understand you to say that the prices you charged yourself for them were the prices at which you sold them to the men?—Yes.

9180. Did you, from time to time, render statements to the purveyor on the whole amount that you had paid the men, including cash and goods payments?—Yes; I sent returns in monthly.

Made monthly returns.

9181. Do you know whether you would get credit in your account at the head office for all the amounts you had paid the men, including payments in goods as well as payments in money?—Yes; in separate accounts.

9182. You sent a distinct account for the amount which you paid in money and another one for the amount which you paid in goods?—Yes; the pay-roll showed how much was advanced to each in cash and stores: there was a column for one and a column for the other.

9183. Do you remember whether, in settlements between you and the purveyor, the amount or value of the goods charged to you would be one of the items upon which you made the settlement?—Yes; there was a settlement for stores apart from either salary or cash advances.

9184. Do you know whether that statement was procured from the books of the purveyor or only from detached papers?—That I do not

**Nixon's Pay-
master-and-
Purveyorship
Book-keeping.**

know. I have settled with Mr. Conklin; but whether he got the statement of account from the books or from the invoices I do not know. The settlement was in accordance with the list of goods and prices sent out to me from time to time.

9185. Do I understand you to say that, as a matter of fact, you settled with the purveyor for the cash which he gave you and also for the goods which he entrusted you with, and that the prices of those goods were settled for by you at a higher price than you understood he bought them for?—I should not like to say so in every case; but I understood, in fact I think I heard Mr. Nixon say that he charged an advance of 5 or 10 per cent. on the cost to cover charges of transportation, and that it was on that basis he made out the price list which he gave me, and my settlement with the purveyor was on the basis of those prices, irrespective of what he paid for them.

9186. Assuming that he had an account in his set of books, and he charged you in that account with only the invoice prices of the goods—that is to say, the price at which he had bought them—and that you afterwards got credit from him or settled with him at the higher price of 10 per cent. over, can you say what the effect of that would be? With whom would the profit remain?—Then my sales would be in excess of the amount charged against me. Of course there would be a profit made if he charged me with the cost price, but I assume he charged me with the price with the freight added.

9187. I am speaking now of the books at his end of the line—that is, at Winnipeg—not the books at your end of the line. I understand that you do not know and did not know the contents of his books at Winnipeg?—No; I never saw them.

9188. I am asking you now because I understand that you are keeping the books for the Government, and that you know something of the principle on which books should be kept, what would be the result at the Winnipeg end of the line if he charged you merely with the price at which he bought the goods, and if you settled with him for the price at which you sold them, where would the profit be?—The profit should appear to my credit in those books.

9189. Were you ever made aware that there was any such credit in those books?—No, not at all; I never heard it.

9190. Then you must have supposed that you were charged in his books at the selling prices and not at the buying prices?—Exactly. That is the way I understand it.

9191. Was there any matter connected with your sub-agency which was left unsettled between you and the purveyor?—No; I think not.

9192. Your recollection is that everything was wound up?—Yes; he sent out a man to relieve me, and I turned over to that man all the stores in my possession—plant and stores—and took a receipt from him, and handed that receipt into the office.

9193. What was your next employment after the sub-agency?—Accountant in Mr. Nixon's office.

9194. Did you take charge of the books there?—Yes; the books kept by my predecessors were handed over to me, and the work usually done by them.

Never heard there was any profit placed to sub-agent's credit in his books at Winnipeg.

Understood he was charged at selling price.

**Nixon's Pay-
master-and-
Purveyorship
Book-keeping.**

In May, 1877,
books of predecessor
handed over
to him.

9195. About what time did you assume control of the books?—
Some time in May, 1877.

9196. Look at journal B and say if the entries there are in your
writing, and if so, when you commenced?—I commenced in May, the
date stated by me before.

9197. Do you find any entries in journal B in your writing, appar-
ently of a date before that?—Yes.

9198. How do you account for that?—I went back to the first of the
year 1877, and endeavoured to make a start from that.

9199. Where did you get material for these entries?—I must have
got them from the old books kept by Capt. Howard, who kept them
in the interim between the time of Conklin going out and my
coming in.

9200. Do you remember whether these materials were in some other
book, or were they on detached papers?—I would have likely taken
some of the entries from the vouchers and from copies of the state-
ments sent to Ottawa, of monthly returns; in fact, I endeavoured to
make a start from the commencement of that year 1877.

9201. Did you find in day book A any of the materials for these
entries which you make in your day-book or journal B?—No; I think
not.

9202. Have you had the custody of the books which Mr. Nixon
transferred to the Department at the time that he gave up office?—
Not continuously; that is to say they had been handed over to one
or two parties who were examining into the affairs of the office, but
they were returned to me.

9203. Have you obtained them again?—Yes; all the books were
returned to me, but I did not check the individual vouchers, papers and
letters.

9204. Was there any book before the journal B, now produced, which
ought to contain the material for these entries?—I think there was
another book with a few pages of memoranda of some sort or other,
which I think I can produce.

9205. Were those entries in the ordinary way in which entries are
made in any set of books?—They were not regular entries, that is
double entry. Entries irregular.

9206. Were they entries made with a view of book-keeping?—Yes
although not made in the form that they are ordinarily made; more in
detail, I think.

9207. Do those entries which appear in your journal B proceed from
those entries which, in your opinion, you found in Capt. Howard's
book altogether, or in part?—They could not altogether, but they prob-
ably are in part.

9208. Had you occasion to look into the books which had been
kept, previous to the 1st January, 1877, by Mr. Conklin?—Yes; in get-
ting materials for the returns called for by the Department.

9209. Do you understand book-keeping?—Yes; I think so.

Understands
book-keeping.

**Nixon's Pay-
master-and-
Purveyor-ship
Book-keeping.**

9210. Have you been accustomed to it?—Yes; before coming up here, I was for three years accountant and cashier for a large colliery in Nova Scotia: the Glasgow and Cape Breton Coal Company. They employed at times probably five or six hundred men.

9211. Were your books kept in a satisfactory way down there?—Yes.

A new system of
book-keeping
adopted.

9212. Have the books been kept in a satisfactory way to the Department here, since you have taken charge?—Yes; I think so. I have adopted a new system altogether, since I have been made responsible to the Department myself. I have had my own way in the matter since then, of course. Previous to that I was under instructions from other parties here; but now I am responsible to the Department direct.

9213. Had you any occasion to look into the books which had been kept before the 1st of January, 1877, in the purveyor's department of the Pacific Railway, by Mr. Conklin?—Yes; after I had come into the office.

9214. Did you form any opinion as to the method in which they had been kept?—Well, yes; I formed an opinion.

9215. Did you look into them frequently, or only occasionally? Describe what connection you had with them?—There were several occasions on which returns were called for from Ottawa, to show the total expenditure on the survey on the different works; then I looked naturally into the books to get the information; but not finding it there I looked to copies I found in the office of returns, and endeavoured to get the information from the vouchers. Of course I looked, as a matter of curiosity, through the books from time to time.

Books as kept
by Conklin could
not show the
state of affairs.

9216. Have you formed any opinion as to whether the books were kept so as to show the real state of affairs?—No; they could not show anything, in fact, more than the personal accounts of the men—that is correctly. There may possibly be individual accounts which may possibly be correct; but from the manner in which they were kept, they would not show correctly the expenditure under the different heads.

9217. I assume that you mean that the set of books would show the state of affairs in the establishment for which they were kept?—Certainly.

9218. Would they show only money transactions, or would the cash-book be sufficient to show the money transactions?—It would show the whole, but not as to details.

9219. But if there was anything else but the cash kept, would these books show it?—They should show it.

9220. But did they show it to you?—I know there are stores accounts.

9221. Were the stores accounts kept so as to show the transactions of the establishment in a correct way?—No; not so as to show the transactions of the establishment in a correct way.

9222. In your opinion, can we, by investigating these books, arrive at a proper conclusion as to the state of affairs?—Of course the conclusion I would arrive at, was that the books had been kept in such a manner that they did not show what they ought to show, and what they should be expected to show.

**Nixon's Pay-
master-and-
Furveyorship
Book-keeping.**
Books never
balanced.

9223. Did those books show the real state of affairs?—No; they did not. I am not aware that they were ever balanced.

9224. In order to show the real state of affairs they should be balanced?—Certainly.

9225. You speak of expenditures continuously, should they not show the purchases?—No; they did not.

9226. Is it not necessary to show the little as well as the great things in a set of books, to make them show the state of affairs?—I mean that any purchases made were paid for—that the goods were never entered up until they were paid for. In that way I am speaking as to expenditure.

9227. Just explain in any way you like, and by any mode you choose, what you think the effect of the set of books would be, as exhibiting the state of the affairs of the establishment?—The impression I formed?

9228. What you found? I understand that you looked at them several times, and I am asking you your opinion on the subject to which I have alluded two or three times?—I must say I was surprised to find them kept in such an irregular way as they were when I looked into them. There were a number of accounts that had not been closed, and I endeavoured to get particulars of those accounts; some I did get, and some I did not.

Surprised to find books kept in so irregular a way; not possible to trace transactions through the books.

9229. Is it possible to trace the transactions through these books, as far as you know?—Not properly.

9230. Is it in any shape? Did you find that to be the result of your investigation or not?—In any information I got up for the Department I depended more upon the vouchers than the books. I could not depend upon any return I would get from the ledger accounts.

9231. Do you remember seeing the the account of John Brown, another sub-agent, in ledger A of the head office books?—Yes.

John Brown's account, credit of \$2,861.28.

9232. How did you find that balance? What is the last entry which makes the balance?—Bank account \$2,861.28; it is a credit.

9233. Will you, as a book-keeper, please tell me how that was settled? Here are the books (handing the books to the witness).—I can see no folio, and I do not think I can go much farther. (After examining the books): Really I do not understand it; there are no means of tracing it—there is nothing to show where the entry was taken from in any other book. It may be in the journal without giving the page in the ledger.

No means of seeing how this account was settled.

9234. The journal is here; trace the entry, if you can (handing the journal to the witness)?—I will just look at the date, December 15th, and if I cannot find it by the date, I cannot show it. (After looking over the journal): There is no entry in the journal on the date on which it is entered in the ledger.

No entry in journal to correspond with date in ledger.

9235. Do you find, either in the journal or in any other place in the ledger, any means of ascertaining how that account was settled?—I do not know what that account has reference to.

9236. Here is the cash-book in which the cheques are given?—This is a credit as a bank account, under the words "Bank account" writ-

**Nixon's Pay-
master-and-
Purveyorship
Book-keeping.**

Books afford no
clue to explain
the transaction.

Item credited to
bank and also to
Brown; should
have been
charged to him.

The \$2,861.28 paid
to Brown by
official cheque.

ten in the ledger. I would take that to mean that Brown had deposited that amount to Mr. Nixon's credit in some bank here as the proceeds of stores sold, I presume, or something of that sort.

9237. Do you mean that you ascertain that from the books?—No.

9238. Perhaps you do not remember the question. I asked you to tell me from the books how that was settled? If it was settled that way, should it not be charged to Mr. Nixon?—Yes. (After examining the book): I give it up; I cannot find any explanation of it. There may be some account in the ledger here which are not in the index, for I have frequently found amounts in the ledger that were not indexed.

9239. If you look at the cash-book, on December 14th, you will find an item of the same amount; will you explain what the effect of that entry is in the cash-book? Is it to make the bank a creditor or debtor for that sum?—The bank would be made a creditor.

9240. Can you explain any process by which John Brown would be credited with that sum, and the bank would also be credited with that sum?—No; as it is entered here it should have been charged against Brown, and instead of that I see it is credited to him.

9241. Now look at the ledger A, at page 19, and you will see a similar amount debited to John Brown?—Yes.

9242. Can you explain the effect of all these entries, and say how the matter was finally settled with John Brown?—John Brown seems to be paid that amount, and is charged with it in his account here. That is correct, as far as it goes. He is charged with it and then credited with it, so as to have the effect of making it *nil* altogether.

9243. Then what is the effect of that transaction? You have noticed that the bank gets credit for that amount as if it had been paid some one, does it not?—Yes; it would appear to have been paid to Brown.

9244. Then the effect of these charges to Brown's account, are they not that he apparently received the amount, and paid it back to Mr. Nixon, inasmuch as he gets credit for it?—Yes; from tracing it in this way that is what I would infer; that the amount has been paid to Brown, and the bank has been credited with it.

9245. From these entries, as you find them, does it appear that some one has taken from the bank the sum of \$2,861.28?—Yes; it is evident that that amount has been paid to Brown by official cheque.

9246. Can you understand why it should be credited to him, although it has been drawn from the bank?—No; I cannot understand, unless it may have been placed to his credit.

9247. To whose credit?—To Brown's, as sub-agent.

9248. Has that entitled him to the credit on his account as sub-agent?—That would be taking it out of his personal account. In that case it should be charged against him in another account, as sub-agent, against which he could cheque. That has been done, at least I have heard it said that it had been done with some of the sub-agents.

9249. Is the effect of all these entries a correct one as far as book-keeping is concerned?—It should not have been placed there at all, if that were the case.

9250. Do you remember whether many of the accounts in those books are closed in a way that does not appear correct or only a few; and is the amount material or insignificant. Have you any opinion on that subject?—I do not know to what extent. From a casual observation, looking over the books, I know that there are a large number of them not closed. It is apparent from these books that the whole amount has evidently been placed in the bank, but to whose credit does not appear.

**Nixon's Pay-
master-and-
Purveyorship
Book-keeping.**

A large number of accounts not closed.

9251. Do you remember how the store-keeper furnished you with statements as to the goods left in the store? Do you remember whether they were supposed to be based on the quantities actually there, or upon the quantities which the books showed ought to have been there?—I do not remember. There were no regular returns made of the goods in store during the time I was there. My recollection is that Mr. Nixon said that at different times he had made returns to the Government showing the amount of stores then on hand, and he did not recollect the method by which this amount was arrived at. If he did so, they did not pass through my hands as accountant; I do not remember having seen them. He got the store-keeper to attend personally to the stores and the keeping of that.

Witness's remembrance regarding statements furnished by store-keeper.

9252. Had you in your set of books, in your time, any account with the store so as to charge it with the goods that went in and credit it with the goods that came out?—No; I was not given any statement of the goods that went in or were taken out. I did not consider that came within the scope of my duties at all—anything with regard to the stores.

In books no account with store, so as to give an idea of goods going in and out of it.

9253. Then your books would show nothing about that?—No; nothing about stores at all. I was not given to understand that I had anything to do with them.

9254. Are the books kept in a different way now?—Yes.

Change in system of book-keeping.

9255. Please explain the difference which you think exists?—They are kept by the regular system of double entry, and balanced at the end of each month before any returns are sent to Ottawa. There is more attention paid to the checking; there is a different system all through. To begin with, the accounts are certified now by the engineer in charge of the sub-division, or whatever work it is chargeable to; but all the accounts chargeable to that division must be certified to by him in the first place.

Books kept now by regular system of double entry, &c.

9256. Did not that system prevail when you were clerk under Mr. Nixon?—No; not regularly. He bought sometimes. Some accounts were paid on his own certification only. The engineer would make a requisition on him, and on that requisition he would purchase the supplies and certify to the correctness of the account and pay it. I have taken a copy of the returns as rendered now, with all of the vouchers, as an illustration of the system.

System under Nixon.

Nixon would purchase supplies, certify to correctness of account, and pay it.

9257. Will you please produce it?—I produce a duplicate of the return for July.

9258. How often are these returns made?—Monthly; at the close of each month, or as soon after as they can be prepared.

9259. Please state, under the different headings, what particulars they show?—It shows, in the first place, expenditure under the several

Returns as made now show full particulars.

**Nixon's Pay-
master-and-
Parveyorship
Book-keeping.**

appropriations under which the money is voted. I got them from the estimates.

**Present system of
keeping accounts
explained.**

9260. Do you mean that the whole vote is divided up into smaller sums?—Yes. There are five divisions in this month from Eagle River to Keewatin, contract 42; consequently Keewatin to Selkirk embraces contracts 14 and 15. Then, west of Red River, first 100 miles, second 100 miles and third 100 miles. This is as far as the expenditure is at present.

9261. Do you mean that a separate amount is voted for each of these works?—Yes.

9262. And do you keep a separate account for each of them?—Yes; and ask for a credit under those different heads. Then, under these principal heads, there are sub-heads in detail. In the first place, engineering is a sub head; then there are sub-heads again to that, as to further detail, showing wages, supplies, board, salaries and transport, or any expenses incurred. All payments for construction are made by me on contract 15; that shows the amount paid for wages, supplies, stores, plant, &c. and where it is necessary to make advances now, every payment made is supported by vouchers. Every payment is supported by a voucher, except where it is found necessary to make advances to engineers going on survey. In that case it stands charged to me as an advance until vouchers are produced. The amount so outstanding on the 31st of July was \$3,777, and that amount has since been reduced by vouchers received from the engineers in the field. The returns, as now rendered, would show at a glance if any payment were made not supported by voucher.

9263. How is that?—Because there is a column for vouchers and the number of the voucher should appear opposite the amount, and if there is no voucher there is no voucher number. The amount of the voucher is entered, as well as the amount of the payments, and the difference between the total amount of the vouchers and the total amount of the payments made during the month stand charged against me as an advance until vouchers are furnished.

9264. Has this system prevailed since the beginning of the year?—Yes; I have opened a new set of books and discarded the old books.

Timms, Inspector of Finance, in December, 1879, gave outline of system to be followed.

9265. This is your own idea, I suppose, this improvement?—As a matter of detail, Mr. Timms, the Inspector of Finance, was up here in December last, and gave an outline of the system which we should follow.

**All information
could be furnish-
ed from books
alone.**

9266. How do you find it work? Is it more satisfactory in your opinion than it was before?—Yes; decidedly so. I do not know that there is any information that could be called for but what I could furnish from the books alone without reference to any other papers.

**Pay-lists at
present.**

9267. Is there any other matter which you wish to state by way of evidence?—I have brought some returns here that I meant to explain with regard to pay-lists. All salaries are paid now regularly at the end of each month, and the pay-list is certified by the engineer in charge and approved by the District Engineer as a voucher. There is nothing else except that my statements in regard to these books are simply from what they appear to me at present. I have not seen them or looked into them for over two years, probably.

9268. Do you remember whether, when you commenced to keep the books, the former books were balanced; and if so were they properly balanced, or was it necessary to commence with a fictitious balance on some account?—The books had not been balanced when I took charge. I simply continued the old system up to the end of the year then current.

**Nixon's Pay-
master-and-
Purveyership
Book-keeping.**

Books when witness took charge had not been balanced.

9269. Please look at page 42, journal B, and explain the note at the foot of it. What is the substance of that note?—There would be accounts remaining open, the total of which when summed up would amount to \$4,465.83, and charged in order to balance the ledger with the intention of starting from that date under the regular double entry system.

\$4,465.83 put down as accounts remaining open.

9270. Do you mean that that would be the whole amount of open accounts, or do you mean that one side of all the open accounts differed that much from all the open accounts on the other side?—Yes; it can be explained in that way.

9271. Do you mean that what I say is a right explanation: that it may be the difference between open accounts to a much larger sum than that?—Yes.

9272. Then it does not show the amount of the open accounts?—No; it is supposed to be the difference between the total debits and total credits, and they would both be out very much.

9273. As a matter of fact, can you give any idea now of the total amount of the accounts which are not settled or squared in that set of books?—I think I ran up a list of them at the time in pencil. I have here a trial balance sheet taken on the 1st of May, 1877, on the books being handed over to me, and I find the debits all foot up \$39,697.20.

When books handed over to him debits amounted to \$39,697.20.

9274. Were those accounts apparently unsettled in the books at that time?—Yes; that is what I understood then. The credits \$8,816.38, leaving a discrepancy of \$30,880.82.

Credits \$8,816.58 leaving discrepancy of \$30,880.82.

9275. Do you remember now how that discrepancy was reduced down to \$4,000, so as to start the new books with a fictitious entry of only \$4,000?—They must have been written off as settled. I went to Mr. Nixon first and then to Mr. Conklin, to get explanations; from Mr. Conklin at his office. We went over the books together, and the accounts remaining open that he told me had been settled I marked off.

In order to find the balance of \$4,465.83 the difference between that sum and \$30,880.82 must have been written off as settled.

9276. Did you do that without having any entries in the books to support it?—Yes.

9277. That was done from the verbal statement?—Yes; it did not purport to be anything more than closing the accounts, allowing them to stand as they were. It was not any regular entry, but it was marked settled in pencil. There are no details given, I mean.

9278. Then by so writing it off you would dispose of the balance which had previously appeared on that account on one side or the other?—Yes.

9279. And did you say that was done from the verbal statement without any entries in the books to support it? In other words, was not this done from the recollection of the party giving the information?—Yes; we had nothing before us only the books as they stand here. I might add that in many cases the explanation principally given was that it was wages account and the pay-lists had been sent to Ottawa, and they had nothing to get the credit from.

**Nixon's Pay-
master-and-
Surveyorship
Book-keeping.**

9280. Did you understand that they had been sent to Ottawa and that no correct entry respecting them had been previously made in the books?—That is what I understood.

9281. And is that the reason why it became necessary for him to trust to his recollection at the time that these accounts were written off?—Yes. He told me that they were settled, though not marked off.

\$26,414.99 written off without anything in the books to warrant it.

9282. When you say marked off do you mean that the means by which they were settled did not appear regularly in the books? I am asking you if there was an entry in the books on which to found that matter, or was it merely in the man's head?—There was nothing in the books to show it.

9283. Is there any other matter which you wish to explain by way of evidence?—No; I think not.

MOLESWORTH.

WINNIPEG, Saturday, 2nd October, 1880.

ARTHUR N. MOLESWORTH, sworn and examined:

**Railway Con-
struction—
Contract No. 14.**

By the Chairman :—

9284. Where do you live?—I live in town here.

9285. How long have you lived here?—About three months.

9286. What is your business?—Civil Engineer.

9287. Have you at any time been connected with any of the works of the Pacific Railway?—Yes.

9288. From what time?—The 1st of June, 1875.

Assistant to Thompson, engineer in charge.

9289. With what work?—I was appointed assistant engineer on contract 14, under construction.

9290. Who was the engineer in charge?—Mr. Thompson.

9291. Was that after the contract was let?—Yes.

Duties of assistant engineer.

9292. What duties did you undertake as assistant engineer?—To lay out the work for the contractors. To lay out the ditches and bridges and culverts, &c., and the cuts and fills.

9293. What work had been marked upon the ground before you commenced this work?—The line had been run through; but they were changing it when I went there—a part of it.

State of work when witness entered on contract.

9294. Were there any marks upon the ground to show what work had been done? Had the centre line been pegged out?—Yes. The centre line had been cut out and stakes were put in. There was an engineer on the first section who had laid out a little of the work, and they had commenced work on the embankment.

9295. How do you say he had laid it out—on paper?—No; he put in the slope stakes and ditch stakes, and marked the cuts and fills, so that the men could do the work.

9296. When you went there was there anything to show that any cross-sections had ever been marked out or done?—No; nothing, excepting just these few hundred feet—I suppose about a quarter of a mile—laid out by the engineer, Mr. Bristow.

**Railway Construction—
Contract No. 14.**
Cross-sectioned every 500 feet.

9297. Do you know from what you saw whether it had been cross-sectioned before you did it?—It was cross-sectioned every 500 feet.

9298. Were there signs upon the ground to show that?—Yes; stakes. When they saw the line through they simply cross-sectioned every 500 feet. It was such a level country that they did not think it necessary to cross-section it any closer than that; it was a perfectly flat country—or, at least, nearly so. The party who ran the line had just cross-sectioned it at the same time.

9299. Who was that?—Mr. Forrest. He had an assistant cross-sectioning at the same time that he took the levels.

9300. Were you assistant engineer over the whole of section 14, or only a sub-section of it?—Just a section of it.

Witness connected with only fourteen mile sub-section of contract 14.

9301. How long was that section?—Thirteen miles, beginning at Red River and running eastward.

9302. Did you remain in that situation during construction by Sifton, Ward & Co.?—I remained in that position for two years, and then I was removed to another part of it. The excavation was completed, and I was sent to another section.

After two years sent to another part of contract.

9303. Can you describe the extent of the deviations after you were there, which were adopted and upon which the work was constructed?—When I went there, they were re-locating the first five miles from Red River on my section, and that is the only change that was made on the part of the work that I was connected with.

9304. Was that a great deviation or slight in distance or character?—No; it was only slight. They just changed the crossing of the River at Selkirk. They changed the location of the bridge.

Slight change in location of bridge

9305. And that was the occasion of the whole of the deviation which you describe?—Yes.

9306. Which way was the deviation from the first located line?—North.

Deviation north of first located line.

9307. How far north?—I do not know that it is more than a mile.

9308. Did you take part in the locating of that deviation?—No.

9309. Who did?—Mr. Forrest and his party.

9310. Did the work upon your sub-section commence at the east or the west end of your sub-section?—They commenced about the middle of it. They could not commence at the west end until this piece of work was located.

Contractors commenced about the middle of witness's sub-section

9311. Was it at the middle of it you say that the work had been laid out carefully by pegs before you got there?—Yes.

9312. Was the work laid out upon your sub-section, so that the contractor was not delayed at all in this, or was there some delay on it?—There never was any delay after I went there.

No delays after witness went there.

9313. Did you understand that he had been complaining of delay before that?—No; I never understood it. By the time I got there they had just finished the re-location, and that was the only thing that could possibly have kept them back. I never heard any complaint.

**Railway Con-
struction—
Contract No 14.**

9314. After that re-location did the contractor commence work at once on the Red River end?—Very soon afterwards; I do not remember how soon.

9315. Did he work from that end of the sub-section in his construction?—Yes; well he worked from the centre back towards that end, and he had a few men working near the river. He finished that piece up that summer.

Finished the portion of the work near Red River first.

9316. So he finished one portion of the line rather than another portion which would not have been an advantage to him in getting in his supplies?—I do not know; I do not think so.

9317. Do you know from what direction he got his supplies?—He got them from Winnipeg—from Selkirk.

9318. Would it be more advantageous to him to have the west end finished?—Yes; it would, of course, for getting in his supplies.

9319. Then would you say whether it would be more advantageous to him to have one part finished rather than another first?—Yes; it would be more advantageous for him to have commenced at the beginning.

9320. Which beginning?—Red River.

The line at Red River ready for contractor by July, 1875.

9321. Do you know how long that portion of the line remained not located after he was ready to begin his work?—I do not know when he was ready to commence his work; but I know it was ready by the 1st of July, 1875.

9322. Do you know whether he makes a claim against the Government on account of his line not being located in time for him to get his work done to advantage?—No; I do not know.

Work progressed steadily on section of witness.

9323. Did the work progress steadily on your section after it was commenced by him?—Yes; it did.

9324. Do you know whether he was ordered at any time to stop work?—I heard he was; but I do not know.

9325. Did the work stop?—Yes.

9326. I thought you said that the work progressed steadily?—On my section?

9327. Yes?—It progressed on my section steadily; there was no stoppage there.

9328. Then the stoppage was on some other portion of the line?—Yes.

**North Pembina
Branch—**

9329. When you were moved to another sub-section to what section was it?—In the spring of 1877 I had charge of the branch from here to Selkirk. It was building then.

Contract No. 14.

9330. Before you left the first sub-section was there any dispute between the contractors and the engineers as to the quality and quantity of the work done?—Not on the work that I was connected with.

9331. Was it intended from the beginning that you should take the section which you say you were on?—No; it was intended that I should be on the last section at Cross Lake—No. 6.

9332. That is the east end of section 14?—Yes.

**Railway Construction—
Contract No. 14.**

9333. Do you know whether the work had been laid out on that east portion of the line as carefully as you say it was laid out on the section which you actually did take?—I do not know.

9334. Did you not look at the ground before you decided not to go there?—I was only there once, in the winter. I did not look at it at all. I did not go over the section.

9335. Is cross-sectioning at a distance of 500 feet considered sufficient where the country is not level?—No; it is not. In some places it has to be cross-sectioned at every ten feet.

Cross-sectioning every 500 feet not considered sufficient in an uneven country.

9336. Is there any portion of section 14, in your opinion, which requires cross-sectioning at shorter intervals than 500 feet?—Yes; wherever there is any rock.

9337. What portion of the line would that be?—From Whitemouth eastward there are short pieces here and there all through—that is the last thirty-five miles.

Contract 14 from Whitemouth eastward would require cross-sectioning within shorter intervals.

9338. Do you know whether cross-sectioning of those portions was done before the contract was let?—I do not know.

9339. At what time did you go upon the Pembina Branch?—In May, 1877.

**Pemb. Branch—
Contract 5 A.**

9340. What branch was that, north or south?—North.

9341. Who was the engineer in charge?—Mr. Rowan.

Rowan, engineer in charge.

9342. Were you next under him?—Yes.

9343. What was the character of the work over that branch?—It was common earth-work.

9344. Was the country generally level?—Yes; very level.

Country level but wet.

9345. Was there anything peculiar about the land through which the off-take ditches would be made?—It was very wet; that was all. There was a great deal of water on the line, an immense quantity.

9346. Would that make the off-take ditches more expensive to the contractor, or less expensive?—It would make it more expensive, I should think.

9347. Were the off-take ditches made under your supervision?—Yes.

9348. Do you know anything about the off-take ditches on section 15?—No; I do not.

9349. Did you ever see the country through which they were made?—No.

9350. Do you know the country on the South Pembina Branch, towards Emerson?—No. I have never been south of Winnipeg on the line.

9351. Are you able to give any opinion upon the comparative value of ditches—off-take ditches—made on the North Pembina Branch and on the South Pembina Branch?—I have never seen the country, but I should not think there would be any difference from what I have heard of it.

Of opinion there would be no difference in off-take ditches on the south and north Pembina Branch.

9352. Was the work on the North Pembina Branch finished according to your satisfaction?—Yes.

**Railway Construction—
Pemb. Branch—
Contract 5 A.**

9353. Had you any right to decide, from time to time, whether it was properly done or not?—Yes; I made all the estimates. I would not make them unless the work was in a satisfactory state.

Work satisfactorily performed.

9354. You considered then that the work was done according to contract, and to the satisfaction of yourself, and measured accordingly?—Yes.

9355. Were there disputes between you and the contractor as to quantities?—No.

9356. Do you know who made the original estimates of that portion of the branch—I mean north of Winnipeg?—No; I do not.

9357. Did you take any part in it?—I ran the line and took the levels and made the profile, but Mr. Rowan put on the grades. We laid out the work immediately afterwards.

Quantities not ascertained until work laid out.

9358. Then the quantities would be ascertained in the office, and in that work you took no part?—I do not think the quantities were ever ascertained until the work was laid out, because while I was locating the line, Mr. Whitehead had 200 or 300 men out there in the camps waiting for us to lay out the work, so that he could commence. I had to work day and night to keep him going.

Contractors on the ground ready to work before line laid out.

9359. The contractor was on the ground doing the work, or ready to do it, before the line had been laid out at all?—Yes.

9360. And you say you had to work day and night to lay out the work on the ground so that he could do it?—Yes; so that I could keep him going.

9361. Is that the reason that you think the quantities had never been ascertained before he commenced to work?—Yes.

Line had been located before.

9362. Would it have been possible to have ascertained quantities, if the line had never been located?—The line had been located there before, and they may have got the quantities from that. The line was running over the same ground, but the stakes were all out, and I had re-located it.

9363. How were they out?—The line had been run in the winter and the stakes were just stuck up, but they were knocked out. They had the profile of it.

9364. Was it the same line marked on that profile that was afterwards located by you?—Yes.

9365. Do I understand you that you saw evidence there that the same line had been previously located, but that the pegs marking it had been removed?—Yes; the line was cut out through the bush. I found the hubs, but the stakes were gone.

But line run in winter and stakes not put in solidly.

9366. How do you account for that?—Because the hubs are driven close to the level of the ground, but the stakes stand up, I think the lines were run in the winter, and the stakes were not put in solidly. They cut holes to put the hubs in, as they had to put them in solidly.

9367. Had there been a fire over the whole line?—No.

9368. The stakes could not have been removed then by being burnt?—No; they might have been lying in the grass, but I would not see them. It was swamp most of the way, with water up to our knees.

**Railway Construction—
Contract No. 14.**

9369. Is there any other matter connected with any of the works on which you wish to give evidence?—In the fall of 1877 I was sent back to 14, to No. 4 section—that is the work Mr. Forrest had charge of—and I remained there for over a year, and had charge of that work on the Julius Muskeg, and for twenty miles there. I remained there until the track was laid.

In fall of 1877 goes back to contract 14, sub-section 4. Julius Muskeg.

9370. What is the general character of the country through which that sub-section passes?—Mostly muskeg.

9371. Was there any material deviation of the line there on that sub-section?—Yes; I think there was; but I do not know anything about it. The work was half completed when I got there, and I was not there at all when the change took place.

9372. The deviation was not directed then at the time you were in charge?—No; it had all been done before that, and the work was going on.

Had charge of line ditch outside the railway limits passing through Julius Muskeg.

9373. Do you remember the line ditch outside the railway limits passing through the Julius Muskeg?—Yes; I had charge of that.

9374. Was the material from that ditch put into the line?—Most of it.

9375. What would you call that ditch?—I would call it just an ordinary ditch, only very large.

9376. Do you mean a line ditch or off-take ditch?—A line ditch.

9377. The material was disposed of, was it not, in the same way that the material of line ditches is disposed of?—Yes; just the same. All that the bank required was put into the embankment; but if there was any over it was wasted.

9378. Is the material from off-take ditches disposed of in that way?—No; it is always wasted. Any other off-take ditches we have had are at right angles with the line.

9379. Are you aware that the contractors are making a claim on account of work in that ditch?—Yes; I understand they are.

Contractors' Claim for Line Ditch.

9380. Were they obliged to remove the material from it a greater length than if it had been made on the railway line?—Yes; about eighty feet I should think instead of ten as the other ditches were.

Contractors had to move material from this ditch eighty feet as against ten feet in case of other ditches.

9381. Have you formed any opinion about the extra expense that that would cause to the contractor?—No; I have not.

9382. In what way did he remove it?—With wheel-barrows; the bottom was so soft that he had to have trestles and planks all the way out, eighty feet of plank for each wheel-barrow.

Material removed on wheel-barrows.

9383. Have you any idea how many yards of earth a man could move by the process adopted there per day?—I do not think he could average more than about six.

In this way could average about six cubic yards of earth a day.

9384. And removing material from ordinary line ditches, how many yards could a man do per day?—He will average about ten yards, I think.

In ordinary line ditches a man will move ten yards a day.

9385. Do you know how much more a yard would cost the contractor if these are the right quantities; can you calculate the proportion that the contractor would pay at the long distance more than at the short distance?—About 15 cts. a yard I should think it would cost him, according to these figures.

Contractors would pay 15 cts. a yard more than at the short distance.

**Railway Construction—
Contract No. 14.
Contractors' Claim for
Line Ditch.**

Would cost two-thirds more per yard.

9386. You think it would cost him 15 cts. more?—I do not know; I am calculating from my head.

9387. Here are pencil and paper, and you can calculate it and answer me in a percentage not in cents?—It would cost two-thirds more per yard at the long distance than it would at the short distance.

9388. Is there any other matter connected with that last section, upon which you were assistant engineer, which would be the foundation of any extra charge by the contractors?—No; nothing else that I am aware of. I think they have been making some claim with regard to a coffer dam, but I do not know.

**Claim for
Coffer Dam.**

9389. What do you say about that?—I had charge of the bridge there, and the building of the coffer dam, but I think if they just make a claim for the cost of the coffer dam— The Government think that it is in their contract for the building of the bridge, but the contractors claim that they should get extra for it, that is all.

9390. If that work was to be paid for by the Government, would it be subject to your certificates as to value?—Yes.

9391. Did you ever give any certificates as to value for that work?—Yes; I kept an account of it and sent it into Mr. Thompson every month.

9392. Are you prepared to say now whether it was a proper charge or not for this man to make against the Government?—I do not know at all.

Ballasting.

In charge of ballasting on contract 14.

9393. Is there any other matter upon which you wish to give evidence?—There is nothing that I know of, except that after I had finished on the section at Whitemouth, I was appointed in charge of the ballasting on 14.

9394. On the whole of 14?—I had only charge of forty miles, and that is the only part that was ballasted.

9395. Who was that work done by?—By Mr. Whitehead.

9396. Was that done in the way in which you supposed it was to be done by the specification?—Yes.

Satisfactorily done by Whitehead.

9397. Was it satisfactorily done?—Yes; very well done.

9398. Over what portion of 14 was that?—From Brokenhead River to Whitemouth.

9399. About what length in miles?—Twenty-three.

Contract No. 48.

9400. Were you connected with any other work on the Pacific Railway?—For the last two months I have been out helping to locate the end of this first 100 miles.

Leveller on west part of first 100 miles west of Red River.

9401. The west end of it?—Yes.

9402. In what capacity?—Leveller.

9403. Who was the engineer in charge?—Mr. Force.

9404. That work having been done since the date of our Commission we will not proceed further with the enquiry upon it. Is there any other matter connected with the work which you wish to speak on?—Nothing.

Telegraph—
Construction.
Contract No. 1.

JOHN L. CONNERS, sworn and examined :

By the Chairman :—

9405. Where do you live ?—In Winnipeg.

9406. How long have you lived here ?—I came here in the spring of 1876.

9407. Have you been engaged in any occupation connected with the Pacific Railway, or the Pacific Railway Telegraph line ?—I was engaged for about two and a-half years as operator and repairer on the Canadian Pacific Railway Telegraph line west.

Two and a half years operator and repairer on the Canadian Pacific Railway telegraph between Selkirk and Fort Pelly.

9408. Between what points ?—Between Selkirk and Fort Pelly.

9409. Did you operate it at Winnipeg ?—No; I operated at the Narrows of Lake Manitoba. That was my headquarters.

9410. When did you first have any knowledge of the line ?—The 8th of June, 1876.

9411. Had it been finished at that time ?—No; the line was put through, but it was not cut through—we were cutting it out that summer. There was a great deal of the line that had been put up in the winter and had been put over muskegs, and the way they did it was to cut a hole and put the pole in.

Much of the line put in during winter on a muskeg foundation, the poles being held up by the ice.

9412. Do you mean without touching the bottom ?—Such bottom as there was; it was all slush.

9413. Was the pole inserted into the earth in the bottom ?—No; it was only put in.

9414. Then what would hold it up in its place temporarily ?—The ice.

9415. Do you mean the ice on the surface ?—Yes.

9416. Was that all the support it had ?—That was all.

9417. Over what length of the whole line do you think the poles were put in in that way ?—From the Narrows. From Fort Pelly, I think, they were put in very carelessly—that was on the start, I mean. In the summer time they had to watch them again and brace them.

9418. Who employed you ?—Mr. J. W. Sifton.

Witness employed by Sifton.

9419. How did you support them after that ?—We put tripods. Mr. Rowan gave me a plan, and we put up some of them and we braced them. There never was help enough on the line—that is the trouble. It is a very hard country to keep a line or anything up in, and I was the only man between Fort Pelly and Selkirk.

Maintenance. How repairs were executed over 165 miles by witness and without help.

9420. Over what distance had you charge ?—About 165 miles.

9421. Had you any help at all ?—No.

9422. You alone did the repairs and maintenance ?—I did the repairs. I put the line up across Dog Lake, when it was broken down, on about a mile of water. The consequence was it never amounted to much, as I did not have help enough.

9423. How did you put that up at that time ?—By getting into the lake and wading across, and getting into a boat where I could not wade. I made a temporary fixture.

**Telegraph—
Maintenance.
Contract No. 1.**

9424. How did you fix it temporarily?—By putting up those light tripods and raising them out of the boat.

9425. How did you fasten the tripod together at the time?—By wire.

9426. Would you put a pole in the middle of the tripod?—No; one section of the tripod would be the pole, and I would put the insulator on that. The first summer I was out there they did not get a circuit through until some time in August—I am not positive, but I believe it was in August. The line was only cut out twenty feet wide, and we put the wire through that, and of course the trees falling across it kept the wires down. As we would get it up on one side it would break down on the other; but that winter we had circuit.

9427. Do you mean that it was operated that winter?—Yes; it was operated that winter.

As a rule line never working through.

9428. Without many delays?—I never knew it to be operated without delays. Sometimes we would get circuit from the Narrows to Winnipeg, and sometimes from the Narrows to Fort Pelly. As a rule the line was never working through; the summer of 1878 it worked pretty well—that was a dry summer—but that was the only summer it ever worked to amount to anything.

9429. Why did it not work well?—There was not force enough on it to repair it.

Not properly maintained.

9430. Then did it not work well because it was not properly maintained?—That is what I mean.

9431. It was not for want of instruments or operators?—No; it was for want of help to keep it up.

9432. Was the line maintained sufficiently to enable it to be worked properly?—No; it was not. I used to have to carry my bed and food with me. The last time I was out I was out forty-eight days alone, and never saw a human being, and, of course, I could not do much at it. In these muskegs it takes two or three men to do the work. I left it on account of not having help enough on it, and I could not maintain it alone. The poles were poplar and would rot, and two or three miles of the line would go down at one slap, and I could not keep it up.

Never succeeded in getting help.

9433. Did you inform your employer at any time that you required more help?—Yes, frequently; but I never could get it though. Last spring William Sifton had the sub-contract.

Line down all the spring of last year

9434. To do what?—To keep up the line from Shoal Lake to Duck Mountains—about 162 miles. He was off trading and the line was down all spring—at least, I was informed that he was off trading, and I know the line was down.

9435. How do you know the line was down?—Because I am connected with the line now.

9436. In what capacity?—As repairer and constructor.

9437. Between what points are you repairer?—Between Winnipeg and Cross Lake.

Tried frequently in vain to "call" the operator at the Narrows.

9438. Would that enable you to know whether the line was up on the portion of which Sifton had charge?—Being an operator I frequently "called" the Narrows, and I never could get him.

Telegraph—
Maintenance.
Contract No. 1-

9439. When you say you frequently "called" the Narrows, did you try to communicate with the operator at the Narrows?—Yes.

9440. By telegraph?—Yes.

9441. Did you succeed?—No; the line was down. There were parties came in there who told me that he was off trading up the lake.

9442. You do not know that of your own knowledge?—No; I was not there.

9443. Then from the time that you were first employed at the Narrows until now, can you say what proportion of the time the line has been in good repair?—About four months in the winter, perhaps five. Line in good working order only for four months in winter and two months in summer of 1878.

9444. And in the summer?—None; it never was two weeks up, except the summer of 1878: there was June and July, and part of August—it stood up first rate.

9445. What was the occasion of that?—It was dry, calm weather.

9446. And why is it that it remains firmer and better in winter than in summer?—Because if the line should be in the muskegs or marshes when it freezes it becomes an insulator—ice is an insulator as well as glass.

9447. Do you mean that if the wire falls on ice you can still keep up the circuit?—Yes; it makes an insulation.

9448. Then may communication be carried on during the winter, although the wires are not on the poles?—Yes; just as good as if they were raised on the poles. Reason why line works in winter: ice an insulator.

9449. Is that the reason you give that the communication is better maintained in the winter than in the summer?—Yes; because I have known the wires to be down over a mile in winter in the muskeg and still to work well.

9450. During what portion of the time since you were first engaged at the Narrows until now do you think that the line has been properly maintained?—I do not think it ever was—there never was help enough on it, because if any trouble came up I used to have to start alone either fifty miles east or 112 miles west, and I could not make over ten miles a day, the country was so wet and bad—that is my average ten or twelve miles a day, and I am a good walker. I have walked fifty-six miles in a day over that line, but in summer time I could not make over ten or twelve. Never help enough on line properly to maintain it.

9451. What width was cut out through the woods in construction?—Sixty-six feet on each side of the poles. In construction sixty-six feet cut out on each side though at first only cut out twenty feet.

9452. I understood you a little while ago to say that the opening was only twenty feet?—On the start the opening was only twenty feet, and it was that way about a year before it was cut out to the full width.

9453. And during that early time the trees would fall and delay the operating?—Yes; the line was hardly ever open.

9454. After that was that defect cured?—About four times, to my knowledge, the trees would fall on the wires and knock them down; as a rule, the timber was not good and the poles would rot down. In the

Telegraph—
Maintenance,
Contract No. 1.

muskegs the poles were not sufficiently well put up, and they would fall down from the wind and from natural causes and lay in the water.

Not much
business done.

9455. Are you acquainted with the business done over the line now from your connection with the office?—I do not think there is much business done, at least I do not see much. I am in the office every day while I am in town.

9456. Are you able to judge, from what you see or hear in the office, whether business is being done over the line?—There is some business, but I do not think there is much, from what I see.

9457. Do you know whether there is much complaint about connection being cut off?—I never heard anybody say anything about it; they do not seem to use the telegraph out there; they did not seem to pay any attention to it.

9458. How long since you were last over the line yourself or any portion of it?—A year ago last July I was over some of it, and a year ago last September I was over some of it.

Better poles to be
had by drawing
them some twen-
ty-five miles.

9459. Are there any better poles to be had than those which were used?—Yes; by drawing them.

9460. How far?—Some would have to be drawn about twenty-five miles.

9461. What kind of timber would they be?—Spruce and tamarack.

9462. What is the ordinary life of the wood which is used for those poles?—I have known some of them to rot in two years; but they generally last three. If they are cut in the spring and put in, they last only two years.

Poles on line
nearly all poplar.

9463. Are the poles on this line all poplar or principally poplar?—They are nearly all poplar; but there are some tamarack on it, about 10 per cent.

9464. Were the poles used of as good wood as could be obtained within a reasonable distance of the line?—If twenty five miles is a reasonable distance, they are not; but if it is, they were. They took the poles right off from the ground on which they put up the line; within twenty-five miles they could have got tamarack, and for sixty miles on the line tamarack grew right through where they brought the line. For 162 miles of the line they could have got the tamarack very close, within half a-mile or a mile. Then for fifty miles they could have got pine nearly as handy as poplar.

9465. I think you said a small proportion of the poles actually put up were not poplar. What proportion would that be of the whole?—Last summer they put up—

9466. I mean on the first construction?—I think 5 per cent. would be an allowance.

95 per cent. of
poles put up
poplar.

9467. Then 95 per cent. would be poplar?—Yes; fully that.

Manner in which
line was repaired.

9468. In the repairing and maintenance of the line since that, have they used a better quality?—No; they did not do it as well. They cut off the old pole which was rotten at the ground and put it back in again, which made it four feet shorter than it was on construction. The only piece of line that was put up in any shape was a piece that I put up before I was interfered with. I put up a good line with new poplar instead of breaking off the old ones.

Telegraph—
Maintenance.
Contract No. 1.

By Mr. Keefer :—

9469. Do you mean break them off or cut them off?—I mean I broke them off. When I would attempt to break one sometimes a dozen would fall.

By the Chairman :—

9470. How would the falling of one make the others fall?—Because they rot right at the ground, and when a pole would fall down it would drag the wire with it.

9471. Was that because they were tied together by the wire?—Yes.

9472. In what way were you interfered with?—I was putting up a line that was costing about \$3.30 a mile by putting in new poles, but the sub-contractor, William Sifton, came along and said we would have to do it quicker, and he used to break off the old poles, pull out the stump and put it back in again, which made the pole very much shorter and made a very bad job of it. The line I put up before I was interfered with was good, but they were poplar poles.

Old poles used
when new ones
were required.

9473. Do you mean absolutely a good line or only as good as you could make it with poplar?—As good as I could make it with poplar, thoroughly insulated and up in good shape.

9474. What do you say as to the other portions of the material; for instance, the wire and insulators?—The wire is good; some of the insulators were not good. They are what they call a bracket and insulator combined. They are not good; but the wire and insulator material are all right. There are a few brackets not of first-class quality, but it does not interfere with the line at all.

Wire used good;
not so some of the
insulators.

9475. Do you think that portion of the work is as good as it could be made?—Yes; No. 10 or 11 wire and glass insulator, with a few insulator and brackets combined—over half.

9476. From the nature of the country over which the line is made, is it possible to remove the wire or insulators, or any portion of the present line, to another locality?—Not without a greater cost than what new material would cost, because a new road would have to be cut.

Would cost more
to remove line to
another location
than to make a
new one.

9477. Why is that?—Because the second growth poplar is now as tall as the line, and it is impossible to get through without cutting a road for horse and cart.

9478. Then do I understand that it would cost more to remove this material to a different line than it would to obtain the same material for a new line from other sources?—I would sooner furnish new material than take up the old one, as a road has not to be cut before you can get it.

Railway Loca-
tion—
North of Lake
Manitoba.

9479. What is the nature of the country in the neighbourhood of the Narrows, supposing you were looking at it as a probable railway route?—I think, as a probable railway route, it is the easiest in this country that I know of. I am a railroad man. It is level. The muskegs, although they are wet, they are not difficult to get through. Six feet is the deepest I found, and that is the Crane River Muskeg. It is what they call the most difficult muskeg on the route. It has what they call a cobble-stone bottom, six feet from the surface, composed of

The Narrows a
good location for
a line.

Railway Location—North of Lake Manitoba.

Better to have run railway around south of Dog Lake than to have crossed it.

Crossing at the Narrows nineteen feet deep; solid bottom; 2,700 feet across.

Country on other side of Narrows good for railway construction.

Bay of Lake Manitoba 1,200 feet span but shallow.

Crossing at Mossy River good.

Good country between Selkirk and the Narrows.

Splendid grazing country.

small round stones. At Dog Lake they ran the line across the lake, but I think the best route would have been around to the south end of it. It would not have been much further, and it would have been dry ground. The map will show that. It is not far, only two or three miles; and then coming to the Narrows between Dog Lake and the Narrows, they ran it across little lakes. The best route was half a mile south of that—good dry land.

9480. What sort of crossing is there at the Narrows?—The water is nineteen feet deep and good solid bottom. It is 2,700 feet across.

9481. And the banks are of what kind of material?—Limestone. Fifty feet is the elevation.

9482. How is the country on the other side of the Narrows for railway construction?—It is good.

9483. Level?—Right next the Narrows there is fifty feet of elevation on both sides it seems to be a hill of limestone—and back of that is level. Take it on the east side the hill comes right up to the lake, and about fifty feet higher than the water. It is limestone. Then on the west side you go back eighteen stations—that is, 1,800 feet—and the hill rises again fifty-one or fifty-two feet solid limestone. The country is level from that right to Fort Pelly.

9484. Are there any water stretches between there and Fort Pelly, which must be crossed?—Yes; there is a bay.

9485. What bay?—The bay of Lake Manitoba, but it is shallow. There is, perhaps, 1,200 feet of water there to cross, but it is shallow and well protected.

9486. Are there any other difficulties on the line there?—I never saw any.

9487. How does Dauphin Lake empty into Lake Winnipegosis?—Through Mossy River.

9488. And the crossing at Mossy River?—That is good. It has high banks on both sides, limestone.

9489. That is near Winnipegosis Lake?—Yes; half a mile back from it.

9490. Do you say the crossing there is good for railway purposes?—Yes; high banks of limestone formation.

9491. How wide would it be?—350 or 400 feet; about 400 feet, I should judge.

9492. How is the line of country between Selkirk and the Narrows of Lake Manitoba?—Good grazing and agricultural country and good timber.

9493. Is it level?—Yes; very level. There would be no cuts or fills on it for a railway.

9494. Is it settled at all?—Twenty miles out there are some settlers.

9495. Is it settled at all up at the Narrows, on the east side?—No; but there is an Indian village there.

9496. From the Narrows out towards Fort Pelly are there any settlers?—There are no settlers. For sixty miles out there is a splendid grazing country—it would be a good country after it is cleared for

agricultural purposes, but it is timbered—that is, sixty-three miles west. Then Mossy River comes in, and about four miles west of that is good; and from that to the Apex—fifty miles—about Northcote, is a timbered country—first-class timber for railway purposes—pine and tamarack; it is fit for nothing but timber; it is all muskegs; but from the Apex to Fort Pelly, is a first-class agricultural country. The Swan River Valley is the best valley I ever saw.

**Railway Location—
North of Lake
Manitoba.**
First class agricultural country.

9497. What kind of land?—I do not know what name you call it, but I suppose it is rich alluvial soil, timbered in spots.

9498. Have you any knowledge of the way in which the line of telegraph east of Selkirk has been constructed?—Yes.

**Telegraph—
Construction.
Contract No. 4.**

9499. Have you been connected with that?—I am on that now.

9500. How far east comes under your immediate notice?—I have been to Lake Deception; I have charge of the line to Selkirk.

9501. But you have travelled further?—I have travelled east of Lake Deception about ten miles.

9502. How has the line been constructed there?—To Whitemouth it is put up in good shape; from Whitemouth to Cross Lake it was put up more carelessly; it was put up more on the cheap plan from Cross Lake over section 15. It is a very difficult country to put up a line on, unless it is put up in good shape. It has been put on trees and the tops of the trees sawed off; it makes a horrid looking line of it. I think that, over the whole contract, they were rather too penurious about the way they put up the line—they put it up too cheaply. From Selkirk to Whitemouth it has been put up first-class, but from Whitemouth through to two miles east of Lake Deception, it has not been put up right.

Line in good shape to Whitemouth; not so well from Whitemouth to Cross Lake; on cheap plan from Cross Lake over contract 15.

9503. What is the defect over that last-mentioned portion?—It must have been put up too cheaply; they did not expend enough money on it. They did not put up poles—the right kind of poles, or the right kind of insulators. Everything has been done by men who did not know anything about the work.

East of Lake Deception line put up too cheaply.

9504. What sort of poles have they used there generally?—Tamarack and spruce.

9505. Is the fault in the wood?—A great many of the poles are trees sawed off at the top. They lay on the insulator and saw the top of the tree off; that makes an inferior pole, because the roots rot and they tumble down.

9506. Do they kill the tree by that operation?—Certainly. The line to Cross Lake is run in good shape. Every pole is good from Selkirk to Cross Lake. I renewed the line last summer—all that wanted renewal.

Line from Selkirk to Cross Lake good.

9507. Is that renewed at the expense of the Government, or of the contractor's?—At the contractor's expense.

Maintenance.

9508. Who is that?—P. J. Brown.

P. J. Brown, contractor, representing Oliver, Davidson & Co.

9509. Is that one of the firm of Oliver, Davidson & Co.?—Yes.

9510. Does he take any personal charge of this matter himself?—I have never met him, although I have had orders to renew the line at his expense. I have renewed the line from Selkirk to Cross Lake, and it

**Telegraph—
Maintenance.
Contract No. 4.**

is in first-class order, with good poles and insulators. Further east I know nothing about.

9511. Have you had any experience of attempting to communicate over the eastern end of the line?—Yes; it is difficult sometimes, on account of railroad men using it exclusively. They use it for running trains; but as far as trouble is concerned I do not know of any.

No difficulty in communicating over eastern end of line by reason of defect in the maintenance.

9512. Has there been any difficulty in operating it on account of any defect in the maintenance of the line?—I think not.

Cannot say line between Thunder Bay and Selkirk well maintained, because the right men are not on it.

9513. Then is it your opinion, as far as you have been able to form an opinion, that the whole line, east from Selkirk to Thunder Bay, has been well maintained?—No; I cannot say that. I do not think they have the right men on.

9514. What is the trouble?—They know nothing about their work.

9515. How is that shown?—By their movements.

9516. What sort of movements?—They know nothing about telegraph lines; and it is like any other business: if they know nothing about it they cannot take care of it.

Men employed not the right kind of men.

9517. How would it show to a person going over the line?—I could tell it by the splicers, and the work they have done. I am a practical telegraph man; I have been at it all my life.

9518. Do you know what kind of splicers there are east of Deception?—I do not.

9519. How do you know they are not the right kind of men?—I know they are not.

9520. How do you know?—I have seen one of them.

9521. Who?—John Robinson,

9522. When you met him what did you find?—I had not any conversation with him, but my comrade had.

9523. What did he say to him?—He asked him to come down and see us work on the North-Western Telegraph line. He came down and looked at us. He said: "I have no business with you folks, I have got to leave." He was a good farmer, but no use for a telegraph line.

Line not working part of last spring

9524. Except from what took place at that time, have you any reason to believe that the work is not well done on the east of Deception?—I have; for the line was not working for a while last spring when it should work, and with proper men it would work.

9525. How long was it not working?—I cannot say that.

9526. Might that not happen through the fault of the operator?—No; it is the fault with the line.

9527. Why do you think it is the line and not the operator?—Because the line was down on the ground and everywhere else, and he came through once or twice, but could not find the trouble.

9528. Who did?—This head repairer they had there. He came through on the line—was supposed to—but could not find the trouble, and he had to go back before he found the trouble. A practical telegraph man never has to go over the line more than once before he finds the trouble.

Telegraph—
Maintenance.
Contract No. 4.

9529. You mean the place where the trouble exists?—Yes; he could not locate it.

9530. Who would be the best person to know about the time at which delays occurred in the operating?—H. McDougall.

9531. Why would he be the best person?—Because he is the superintendent.

9532. Does he superintend all the way from Thunder Bay to Selkirk?—I cannot say that; he is my superintendent.

9533. I mean of this line from Deception to Thunder Bay?—I think so. He is a first-class telegraph man, and if he had his own way about it, it would be all right.

9534. Do you know whether there is much business transacted over this line, from Selkirk to Thunder Bay?—There used to be. Extent of business done.

9535. Do you know if there is now?—There is not so much since the Government have taken hold of section 15.

9536. Does that affect the general business—public business?—Yes.

9537. In what way?—Because the business on 15 was paid for when Mr. Whitehead had it, but now, since the Government have taken hold of it, they have their own operators, and everything is dead-head.

9538. Do you mean the business is still done, but not paid for?—It is not paid for.

9539. Was that same business, for the work on 15, part of the business which you say used to be done and paid for?—It was paid for. Yes.

9540. Have you travelled over the country south of the located line of railway—I mean the line between Selkirk and Deception—so as to know what sort of country there is from Shoal Lake East to Winnipeg?—No; I do not know much about that country; but from what I do know I think the easiest line would have been south. There would not have been so much rock. Railway Location—
Contracts Nos. 11 and 15.

9541. You mean the easiest line for the railway?—Yes, there would not have been so much rock; but there would be other difficulties to contend with which, perhaps, would have made up for it: there are longer muskgs and higher hills. That is about all I can say. I think the line south would have been the easiest location they could have located it, from my knowledge of the country. Easiest line would have been south.

9542. Have you travelled personally over the country from Winnipeg to Shoal Lake East?—I have travelled from Winnipeg to Deception, both on this line and off it.

9543. How far south of the located line have you travelled it?—About seven miles at the furthest.

9544. Then this opinion applies only to that portion between the present line and the line seven miles south?—Yes.

9545. Have you any means of forming any judgment, from your own knowledge, of the line still further south than seven miles?—I have not; but I think, from what I have seen, the hills are higher, more difficult, and not so level.

**Railway Location—
North of Lake
Manitoba.**

Country north of
Lake Manitoba :
two lobes.

On southern part
of the northern
lobe good grazing
land.

Alkaline country.

Wells.

Southern end of
Lake Winnipegosis,
good grazing
country.

Fifty-five miles
west fresh water
country and rich
soil.

9546. Do you say the country in the neighbourhood of north of Lake Manitoba is good for settlement?—There are two lobes on it: south of the Narrows and north of the Narrows.

9547. In the neighbourhood of north of the Narrows and on the east side?—On the southern part of the northern lobe it is good grazing land, but I do not think it is good for agriculture; but on the eastern part of the southern lake it is good for agriculture and grazing purposes—first-class.

9548. Is the neighbourhood of the north of Lake Manitoba an alkaline country or not?—It seems to be alkaline and saline.

9449. Does that make a country good for settlement?—No; in some portion the land is worthless, the salt comes to crust right on the top of the earth. Take it in dry weather and you can see on the roads or trails a crystallized crust on the top of the earth, either saline or alkaline, I do not know which; the grass is poor but the country is good.

9550. Can they get fresh water there?—Yes; by digging for it.

9551. Do you mean that each time a person sinks a well he can get it?—No; they have to try in different places.

9552. How many times?—I tried it thirteen times before I got one well; I got twelve wells that were salt and one that was good.

9553. What sort of a country is it between Dauphin Lake and the northern lake: is that alkali?—It is a timber country, covered with spruce, but there is a considerable amount of alkali.

9554. Along the southern end of Lake Winnipegosis, how is the country?—There is some saline there, but not so much alkali.

9555. Is it a good country for settlement?—It is a grazing country; it cannot be called an agricultural country, because it is too wet.

2556. Then how much further is it necessary to go west, before you get into a country where there is plenty of fresh water?—At the Apex, about fifty-five miles west.

9557. And there you can get into a fresh water country?—Yes; it is a fresh water country, and it is good rich alluvial soil; what stone there is in the country there is limestone.

9558. Is that saline character of the water present in the lake waters of Manitoba and Winnipegosis?—Yes; very much so.

9559. Is there any other matter upon which you wish to give evidence?—Not particularly. I took notes of the soil for Mr. Farwell, in order to enable them—Sifton, Ward & Co.—to tender on the contract. I have got a book at home, and I could give more details if I had it, about the soil west from Selkirk to Fort Pelly, and about what the gradients would be.

9560. That was before the tender was made for the work?—They expected that they would have to tender for the railway line further west. I was working then on the telegraph line, and they wished me to take notes of the soil of most of the work out there, and I did so.

9561. You have not that book with you now?—I have not, but I think I could give you it pretty correctly. I also took notes of how much stone there would be on the line.

9562. That is supposing the line went north of Lake Manitoba?—
Yes. **Railway Location—North of Lake Manitoba.**
9563. Can you produce that book at any other time conveniently?—
Yes; I think so. I have it in my trunk, but I have not looked at it for a long time. I can show it on the map without the book. I put in three years in the country, and I know every part of it.
9564. Did you say that at the Narrows there was a bank further inland which rose another fifty feet, besides the bank immediately at the water?—There is no bank at the water, but there is a bank back of it. It is fifty-five feet higher than the level of the water. **At the Narrows a bank back of water fifty-five feet high.**
9565. That is the highest spot which would have to be overcome?—
Yes.
9566. How high is it on the other side of the water?—About fifty feet.
9567. How far is it between these two highest spots?—It is 2,700 feet across the water, 400 feet from the east shore of the bank, and 2,000 feet from the west shore to the bank. **2,700 feet across the water; 5,000 feet between the two highest points.**
9568. Do you make that something over 5,000 feet from the highest point on one side to the highest point the other?—I dare say it is about that. I never measured it, it is only a guess.
9569. Did you ever speak to any person about the state of the telegraph lines east of Selkirk, and as to their being properly maintained or operated?—Not particularly. **Telegraph—Maintenance. Contract No 4.**
9570. Did you not call Mr. Rowan's attention to it?—I think I did to the line east, as far as I knew anything about it—that is to Rat Portage—but east of that I do not know anything about it. I do not think they had a proper man east of that.
-
- WINNIPEG, Monday, 4th October, 1880.
- JOSEPH WHITEHEAD'S examination continued: JOSEPH WHITEHEAD.
- By the Chairman:—*
9571. You understand, Mr. Whitehead, that you have been sworn before, and that you are still under oath giving evidence?—Yes. **Contract No. 15.**
9572. Did you receive a telegram from me about the 23rd of last month asking you to appear again to give further evidence?—Yes; about that time. I could not speak positively to the day, but about that time.
9573. Look at a copy of the telegram dated 24th of September, now handed you, and say whether you sent a telegram to that effect?—Yes.
9574. Will you read it?—"Cannot be in before Wednesday, 29th." I would have been in on the 29th, but I missed my passage on the 29th, and could not get in.
9575. Were you subpoenaed the latter part of last week?—Yes; I was subpoenaed Saturday night.
9576. Is there any part of your evidence given upon any previous occasion which you wish to correct?—Yes; there is that matter about Cornwall; it was not at Cornwall it was at Prescott it occurred. **Tendering.**

**Tendering—
Contract No. 15**

9577. You mean the place where the money was paid by Mr. McDonald to Charlton?—Yes.

By Mr. Keefer :—

Money paid to Charlton not at Cornwall but at Prescott.

9578. You mean Prescott Junction?—Yes; Prescott Junction is the place. It was not Cornwall. I did not want to go into the thing at all, but he was anxious to go into it and pressed me into it; and I said: "Offer \$20,000 to Charlton, and get through it as soon as possible," and he paid the money, and I was not into the matter at all. I think I can find a letter that he wrote me to see Charlton and make some arrangements with him, if possible.

Witness suggested to McDonald to offer Charlton \$20,000.

By the Chairman :—

9579. Who urged you to do that?—McDonald, I think. I have the letter, but it is at Clinton.

**Helping News-
papers—
Alleged Impro-
per influence.**

9580. There was another matter to which you alluded on the previous occasion, that is, money or assistance in some shape given to Mr. Mackintosh?—Yes; Mr. Mackintosh got some assistance from me.

Remembers contract 15 being before the Committee of Public Accounts.

9581. Do you remember the circumstance of the matter of contract 15 being before the Committee of Public Accounts at Ottawa?—I believe so. I was not summoned, nor was I at the Committee, but I believe there was something about it before the Committee.

9582. Were you in Ottawa at the time?—Yes; I think I was.

Mackintosh told him what was going on before Committee.

9583. If you were not before the Committee, how did you know that it was going on before the Committee?—Mackintosh told me.

9584. What did he tell you?—I really hardly can tell you what he did tell me now; he said there was a committee going on, and some investigation about section 15, and he blamed Haggart, I think, for getting it up. It was supposed that section B people wanted to get it out of my hands. I think that is about the sense and substance of it. They wanted to get it out of me, that was the impression.

9585. Were you willing that it should be taken out of your hands?—No; by no means.

I led to understand that work might be taken out of his hands unless some influence was brought to bear.

9586. Were you led to understand that it might be taken out of your hands, unless some influence were brought to bear to prevent it?—Mackintosh gave me to believe that.

9587. How did he give you to believe that?—By telling me that there was a committee, and he blamed Haggart for getting this committee up to try to get the thing out of my hands.

9588. Did he suggest any way to you by which that might be prevented?—I do not know; I never thought much about it, and I could not tell you a straight story about it now at all; at least, I did not know that I would ever be called to account for it like this, and I do not recollect the conversation that took place between us. He told me there was a committee about it, and he blamed Haggart for getting it up.

Gave Mackintosh acceptances.

9589. Now after that, I want to know what took place on the subject between you and Mackintosh?—Well, I gave him some of those acceptances; I think I offered him some acceptances that Bain got from him.

Contract No. 15.
Helping News-
papers—
Alleged impro-
per influence.

9590. What did you give him those acceptances for?—He said he wanted some funds, and he thought that he could answer the parties, or something—I do not remember the words exactly.

9591. I do not want the words exactly, I want the substance. Do you not remember the substance of what he endeavoured to convey to your mind?—I do not remember which way he said he was going to work it, or how he was going to work it; but he said if he got some funds he could arrange the matter.

9592. Arrange what matter?—What he meant to do, or how, I could not tell you; but he said this committee was sitting, and Haggart was doing all he could to get it out of my hands, and if he had some funds he could arrange the matter; but how he was going to do it he did not mention further than that.

9593. Where were you living in Ottawa at that time?—I was boarding at Mrs. McLellan's. He came up to my room about 12 o'clock at night; I am not sure that I was in bed that night. He used often to come into my room; it is a private house, just opposite the City Hall.

Boarding at McLellan's where one night he gave Mackintosh these acceptances.

9594. What time at night?—About 12 o'clock at night.

9595. Was it upon that occasion that you gave him the acceptances that you have alluded to?—I think so. I think that was the time.

9596. To what amount did you give him acceptances in round numbers?—I could not exactly say. I do not remember. I suppose it was somewhere about \$11,000 or \$12,000. Mr. Bain got some of it back from him, but I think that was about the amount.

Amount of acceptances \$11,000 or \$12,000.

9597. Do you mean that you had not given him acceptances to a larger amount than that?—I had given him some before, but it was a long time ago, and he paid some of them and I paid some of them when they came due. He said that he was embarrassed—that his firm were not agreeing very well, and that he wanted some funds to arrange his own business in the paper; and I gave him some acceptances, as he had been friendly to me, and had always been willing to go my bond when I put in a tender, and would always find others if they were wanted.

Had given him acceptances before going, which were paid by him and some by witness.

Mackintosh always willing to go as security, and find bondsmen for witness.

9598. Do you mean that Mr. Bain got back for you the whole of the acceptances which you gave to Mr. Mackintosh upon the occasion which you are now describing?—I think so. I think that is about the amount, but I am not positive. I never paid any particular attention to it. I did not know the thing would be called into question, and I never made a memorandum of it.

Thinks Bain got back all the bonds given on that night.

9599. But do you not remember the thing without making a memorandum?—I have a good many things to remember about, and I cannot remember everything; I am giving you the best information that I know of at present.

9600. How much money had you given to Mackintosh, or promised to give him, before this evening, when your matter was before the Public Accounts Committee?—I really could not state; but I think the acceptances, including this \$11,000, would amount to somewhere upwards of \$25,000; but this \$11,000 coming off this makes it so much less. Bain got \$11,200 back. I think Mackintosh paid one or two acceptances himself when they came due.

Whole amount of acceptances given to Mackintosh about \$25,000.

Contract No. 15.

**Helping News-papers—
Alleged improper influence.**

The acceptances paid by Mackintosh not out against witness.

Did not give Mackintosh any money.

Two or three years since witness first gave Mackintosh acceptances.

If he wanted anything done in Ottawa used to write to Mackintosh, who would see after it for him.

Mackintosh surety for him and got him sureties.

Reason why he gave acceptance.

9601. Where are those acceptances which he paid when they came due? Have you them?—No, I have not; I may have some.

9602. Are they out against you, if Mackintosh paid them?—He would get the acceptances from the bank himself. Some of the acceptances are not paid.

9603. Those acceptances which Mackintosh paid, are they out against you still, as far as you know?—No; I do not expect they are.

9604. Where are they?—He has got them; but I do not intend to pay them.

9605. Have you and he talked over this matter, so that you could ascertain what acceptances he had taken up?—I do not know that we have. He told me he had some to take up, and he had sacrificed something to get them to satisfy the bank when they came due.

9606. But is it from what he told you only that you are under the impression that he took them up?—That is all I know about it.

9607. Then as to those acceptances which he did not return, and which you did not take up yourself, you have no knowledge whether they are in the hands of other parties, or in the hands of Mackintosh?—I do not know whether they are. I do not know anything about it.

9608. Did you give him some money at any time besides acceptances?—Well, he was going up to Toronto and there was a clerk who I had, and his family were in great distress, and I think I gave him \$200 or \$300. He carried it up to them. His wife and family were in great distress. His name was Norton, and they were turning him out of the house.

9609. Did you give him anything which you got from McDonald—a much larger sum than you name?—No; I think not.

9610. Do you remember the first occasion on which you gave him any acceptances?—I really do not. It is some time ago—two or three years ago.

9611. Do you mean that because it is two or three years ago you do not remember?—I do not recollect anything more definitely than I have told about it.

9612. Had he taken any part on your account in any other negotiations connected with your contract—15—besides this matter before the Public Accounts Committee?—No; not that I know of. If ever I wanted anything done in Ottawa I used to write to him, and he used to see after it for me; and whenever I went down different times and wanted sureties, he got them for me, and was surety for me himself, and that is all the benefits or assistance I had from him in any way. He was always willing to assist me and go my security, and always found another whenever I wanted it when I was filling up a tender.

9613. Were these tenders for work connected with the Pacific Railway?—Yes; I tendered for section B, and I tendered for section A, and for two or three different other things that I do not remember of; but it was all for Pacific Railway work for the Government.

9614. Did you say that these previous acceptances which you had given to him before that night which you have described, were on account of his assistance when you wanted to tender for the Pacific Railway?—Yes; from his complaints that he made that he was embar-

rassed about his paper, and that it was likely to go down, and because of his kindness to me on different occasions I tried to assist him.

**Contract No. 15.
Helping News-
papers—
Alleged improp-
er influence.**

9615. Do you know who were your sureties on these different occasions when you tendered for work?—I do not; James Goodwin was one, a Mr. somebody else, who is a merchant down on Wellington street, and I think Captain Bowie was one—I do not remember.

Sureties.

9616. Did Mackintosh lead you to understand that when you made these tenders, and he procured the sureties for you, that it was necessary for him to make any disbursements on that account?—No; he did not.

Mackintosh did not lead him to believe there would be any disbursements necessary.

9617. If it were not necessary for him to make disbursements why would you provide him with money?—I would assist him in his business. He stated his paper was going down.

9618. I understand you to say that you used to write to Mackintosh to help you in your matters?—Yes; if ever I wanted anything seen after in Ottawa I used to write to him and he used to attend to it.

9619. With whom would you want matters seen after, as you call it?—Perhaps with the Department of Public Works. I could not exactly say. Anything I did want in Ottawa I used to send to him.

9620. As a matter of fact was it with the Department of Public Works that you wished him to negotiate or do business for you?—Yes. There was no person else, or any other place else, that I had anything to do with in Ottawa.

Wished Mackintosh to do business for him in connection with Department of Public Works.

9621. Do you wish us to understand that you had given him these moneys or notes because he had been useful to you in your negotiations with the Department, or business with the Department?—No. I gave him this assistance purely for his own business. He was saying that the paper was going to burst up. He was embarrassed, and I tried to assist him in the way I have described to you; and if ever I wanted anything, he was willing to assist me in getting securities, and going my security when I was putting in my tender.

9622. You have told us of that before?—That is all I can tell.

9623. You say that he helped you by attending to matters for you?—Yes. If I wanted anything attended to in Ottawa, I used to write to him and he would see about it for me.

9624. Where would he see about things for you?—In the Public Works Department.

9625. Was it because he had done this sort of work for you that you gave him this assistance?—No. I told you before, when he assisted me, I thought one good turn deserved another.

9626. Were these negotiations with the Department one of the good turns which you say deserved another?—No; I did not give him money for that at all. I gave him money just to assist him because he was always willing to do anything he could for me.

9627. Did any person connected with any of the Departments lead you to understand that it was not agreeable to the Department, or to any one connected with the Department, that you should continue to do business with Mackintosh?—I think it was the last time I was along with Sir Charles Tupper, when I bade him good bye, he said: "Push on the work, and if you want anything write direct to me, and

Led to understand it was not agreeable to Department that he should do business through others, and Sir Charles Tupper told him to write direct to himself.

Contract No. 15.**Helping News-
papers—
Alleged impro-
per influence.**

I will see and give any assistance I can in any matters or things that you want, or any information that you want."

9628. Was Mackintosh's name mentioned on that occasion?—No; I do not remember that it was. I do not think it.

9629. Was anything said to you, at any time, by any one connected with the Department, upon the subject of your having engaged Mackintosh to look after matters between you and the Department?—Not that I remember of.

9630. Were you led to understand by Mackintosh, or any one else, that he had any influence with the Department, or any Member of Parliament, which he could use to your advantage?—I do not know that he did. He had no more influence that I know of than any one else in his capacity.

Mackintosh did not lead him to understand he had any special influence with Department.

9631. I am not asking you whether he had influence, but I am asking you whether he led you to believe that he had?—I do not know that he did.

9632. Concerning this matter which was before the Committee of Public Accounts, was the name of any other Member of Parliament mentioned to you except that of Mr. Haggart?—I do not think it.

9633. Did Mackintosh at any time assist you in filling up your tenders for other works?—No; I made all my tenders up myself.

Kind of service Mackintosh rendered him.

9634. Please describe the sort of assistance that he gave you in connection with tenders?—He never gave me any assistance but he was my security, and if I wanted security he found one for me. That was all the assistance he gave me with my tender.

Sureties.

9635. Do you not remember who was your security on these occasions?—I think he was one; Goodwin was one, and McGillivray, down Sparks street, and Capt. Bowie.

9636. Is that the Bowie that is connected with the second 100 miles west?—He is the man who runs the boat down to Montreal.

9637. Who else was surety for you?—I do not remember, Sometimes I used to take sureties with me from Clinton.

9638. For which of these works did you use his assistance in tendering or getting securities?—I really could not tell you, as I do not remember.

9639. Were these tenders made in your own name?—Yes.

9640. In the Blue Book of 1880, concerning tenders for works on the Canadian Pacific Railway, I find on page 16 that your name is mentioned as one of the parties tendering for section B, Eagle River to Keewatin, and the names of sureties given for you are Patrick Kelly, E. McGillivray, and Alexander Bowie. Are these the parties, or any of them, whom Mackintosh procured to be surety for you?—I think it was Bowie and McGillivray, they are Ottawa men; Mr. Kelly is here himself.

9641. Mr. Kelly, the other one, is here?—Yes.

Two out of three sureties provided by Mackintosh.

9642. Did Mr. Mackintosh procure all of these sureties for you, or any of them?—Two of them, I think, out of the three.

9643. Did you procure Kelly yourself?—Yes.

9644. By your own influence?—Yes.

Contract No. 15.
Helping News-
papers -
Alleged impro-
per influence.

9645. Do you remember whether you tendered for the whole section of 185 miles besides section B?—Yes.

9646. Do you think you tendered for contract A?—Yes.

9647. Did you say who your sureties were on your tender for the whole 185 miles?—I did not.

9648. Were they procured for you by Mackintosh?—I could not say; would you read the names for section B? I remember I got Kelly myself, and Mackintosh got me the others.

9649. I am speaking of the tender for the whole line?—May be the same sureties were there for it also, but I could not say.

9650. Upon the previous occasion you referred to the fact that you had given assistance to some other paper besides Mackintosh's?—Yes; that is to this one here, the *Times*; I gave my assistance to it and I took a chattel mortgage for \$11,000 on it. Assisted the Winnipeg *Times*, and took a chattel mortgage on it for \$11,000.

9651. Was that the whole amount of the assistance that you gave?—No; I do not think it was. I gave him some more in the way of helping him with the paper. Gave some more.

9652. Do you wish us to understand that it was an amount which was not included in the chattel mortgage?—Yes.

9653. And for which you had no security?—Yes; there was some French paper for which I gave my assistance. A loan to a French paper.

9654. Was that assistance in the shape of a gift or a loan?—No; it was a loan.

9655. A loan without security?—Yes.

9656. How were you induced to make that loan or gift?—I do not know; we had only one paper here at that time, and I had some reasons which I explained before, and that was the reason why that thing came into existence.

9657. With whom did you negotiate about that matter?—With Tuttle. Money for *Times* given to Tuttle.

9658. Where does he live?—He is in town here.

9659. Did he live here for any time before you had that transaction with him?—No; I met him either in Toronto or Ottawa. He was publishing a book in Ontario, and he was publishing books in the United States at different times, and he was a smart sort of a fellow, and that is the reason I got hold of him. Reasons for giving Tuttle money.

9660. Where do you say you met him?—I think it was in Toronto or Ottawa. He came from Montreal previously.

9661. Were you induced to make the loan or advance to him by any understanding that he would be of assistance to you in your matters connected with the Pacific Railway?—No; not at all. I do not know any assistance I could get out of him any way.

9662. Had you any reason to believe that he could influence any Member of Parliament, one or more of them?—No. No reason to believe Tuttle could influence any Member of Parliament.

9663. Are you aware of any rumour to the effect that your help to him was to obtain his assistance by influencing any Member or Members of Parliament?—No.

Contract No. 15.

**Helping News-papers—
Alleged impro-
per influence.**

No foundation for rumour that his motive was to influence some M.P.; wanted influence of paper.

9664 Are you not aware of any such rumour?—Not that I know of.

9665 Was there any foundation for such a rumour?—No, I do not think it; of course every paper has its influence, and that is all that I wanted.

9666. I am not speaking of the influence of the paper but influence through the man?—No; there was nothing at all of that kind.

**Agreement with
McDonald.**

9667. Upon a previous occasion you spoke of a letter or agreement which had passed between you and Mr. Senator McDonald in reference to the partnership on section 15, and you said then that you thought it might be with Mr. Ruttan, who had been your engineer; have you searched for it since?—No; I do not think I have seen Mr. Ruttan since.

9668. That is referred to in a very indefinite way in the longer articles of agreement which you produced, and we informed you that we would like you to produce that letter or some copy of it?—I do not know anything about the letter; and you have those papers, too, which I want to get back.

9669. We will discuss that again?—That paper refers to some letter, but I really do not know where it is or what it is.

9670. Will you be good enough to make a search for it and let us have the original or a copy of it; you remember you told us the substance of your agreement with McDonald?—Yes.

9671. And when you produced the formal articles of agreement between yourself and Mr. McDonald, it alluded to a former letter or agreement which contained the substance of your understanding?—It is quite likely that Mr. McDonald may have that letter himself if there is such a thing. I know I haven't, unless it is with Mr. Ruttan, and I think it would be with Mr. McDonald himself; I do not know what it contained, it was the beginning of the transaction, the substance of which you have in that agreement.

KELLY.

PATRICK KELLY, sworn and examined:

**Tendering—
Contract No. 15.**

By the Chairman :—

9672. Have you had any business connection with any matter concerning the Pacific Railway?—Nothing personal directly with the road.

9673. Have you been a surety for any person who tendered?—Yes.

**Surety for
Whitehead.**

9674. For whom?—For Mr. Whitehead.

9675. Upon how many tenders?—I could not possibly say now, I rather think on two or three tenders. I would not exactly say, I have not kept note of it. There are two or three, or even more.

9676. Did you sign your name to any of these tenders?—Yes.

9677. Where were you at the time?—I was in Ottawa, I think, on two occasions.

9678. Who else signed those tenders with you?—When I was signing them there was no other of the sureties present.

Tendering—
Contract No. 15.

9679. Who were present?—I do not remember now, Mr. Whitehead was present for one, and I could scarcely say who was present for the other parties.

9680. Were there many present?—No, there were not many present; I think there were one or two.

9681. You cannot remember now?—The names I do not; for I did not know their names, and could not mind them ten minutes after I saw them, for they were strangers to me.

9682. Did you not learn at the time who they were?—I might have learned the names at the time, but instantly forgot it.

9683. Did you hear any negotiations as to the mode by which their securities were to be procured?—No.

9684. Have you any means of knowing how other sureties signed for Mr. Whitehead, or why?—Nothing that I can say from personal knowledge.

9685. Did Mr. Whitehead tell you?—Yes; he has told me once or twice, I think.

9686. What did he tell you?—That he was going to get other parties. He told me the names of the parties, at least, that were going as sureties.

9687. That is not how he was about to procure them to be sureties; I am asking you what he told you as to the arrangement?—He told me that Mackintosh was going to get one at least, either one or two sureties for him on one occasion.

9688. Did he mention to you the condition on which Mackintosh was to procure the sureties?—No.

9689. Have you any means of knowing whether Mr. Whitehead made a promise or gift to any one in order to procure any sureties besides yourself?—No; I have not. That I knew nothing about.

Whitehead did not mention to him the conditions on which Mackintosh was to procure sureties.

BAIN.

JOHN F. BAIN, sworn and examined:

By the Chairman:—

9690. Where do you live?—Winnipeg.

9691. What is your occupation?—Barrister.

9692. Were you at any time interested in any transactions connected with the Canadian Pacific Railway?—Yes; as solicitor for some of the contractors only.

9693. For which contractors?—For Mr. Whitehead, McDonald, Manning & Co., Upper & Willis, Upper & Co., and John Ryan.

9694. Besides acting as solicitor, did you act as principal upon any occasion by virtue of any rights acquired from any of the contractors?—I undertook, on behalf of Mr. Whitehead, to arrange a settlement with his creditors, or to obtain for him an extension. In that capacity, of course, I had a good deal to do in connection with his business generally; but, after all, it was as his solicitor.

Contract No. 15.

Financial Management.

Lives at Winnipeg.

Barrister.

Solicitor for Whitehead and others.

Undertook to arrange a settlement with Whitehead's creditors.

Contract No. 15.**Financial****Management.**

9695. Did he transfer his rights to you?—To a certain extent, yes connected with the financial management of his contract.

9696. In what shape was that transfer made?—By an assignment, or sort of trust deed.

Whitehead assigned to witness his assets in connection with contract 15.

9697. Was it a general assignment of all his assets?—No, not a general assignment; it was only his assets in connection with the contract. I believe there were also some lands assigned to me, but it was not a general assignment.

9698. Do I understand that he assigned particular properties to you, for the purpose of enabling you to negotiate with other persons on his behalf?—For the purpose of securing payment to his creditors.

9699. Then were you a trustee, as you understand by that document, for his creditors?—Had the arrangement proposed been carried out I would have been.

For a certain time trustee.

9700. During the time for which you held this property in your own name, did you understand that you were trustee for his creditors?—Yes; while the document did not take effect until all the creditors had become parties to it, some of the creditors would not agree to it, and the whole arrangement fell through before it really took effect.

9701. Was the property re-conveyed by you?—The whole thing was to be void, failing the assent of all the creditors. Some of the real estate was conveyed absolutely to me for the purpose of convenience.

9702. According to your idea, could any person other than a professional man have received that transfer, or taken that position, as well as a barrister or an attorney?—Certainly.

9703. Then whatever position you occupied at the time was not because of your profession?—No. I suppose I was selected trustee because of my professional connection with Mr. Whitehead.

9704. But your actual position was not that of a professional man?—No.

Helping Newspapers—
Alleged improper influence.

9705. While you occupied that position had you any communications with Mackintosh, of Ottawa?—Yes.

Communicated with Mackintosh on subject of notes and acceptances of Whitehead.

9706. Upon what subject?—Some notes and acceptances of Mr. Whitehead that he held—or that I understood he held.

9707. Where did you see Mackintosh?—In Ottawa; also in Toronto afterwards.

9708. Was there any understanding, either expressed or implied, between you and Mackintosh as to the basis of the transaction upon which he got those notes or acceptances?—No.

9709. Did you not allude, either directly or indirectly, to the mode of his getting them?—No. I had no occasion to.

Mackintosh gave back bills and notes at once.

9710. Why not?—My only object in seeing Mackintosh was to get back from him those of the bills and notes that were still in his own possession, and he gave them back at once, or, at least, expressed his willingness to give them back at once.

9711. In making the request to get them back, was it not expressed or implied that he had got them without value? Without that how would you ask any man to give up acceptances or notes which he held?—I do not think I had to make a direct request to Mackintosh. On

**Contract No. 15.
Helping News-
papers—
Alleged Impro-
per influence.**

my first seeing him in Ottawa, if I remember right, he volunteered to give them back—a certain number of notes that he still held.

9712. Did he lead you to understand that he held them, and was still willing to give them up?—No; he did not.

9713. Then do you wish us to understand that there was no allusion by him or by you, to the basis of the transaction?—No; there was certainly not on the part of either of us.

9714. Were you led by him to understand that in consequence of a communication from some one else he was prepared to do what you say he offered to do?—Yes. Mackintosh, when I went to him, evidently knew beforehand the object with which I went.

9715. Why do you think he evidently knew it?—From what he said to me.

9716. Do you remember what he said?—Not particularly; more than that we talked about Mr. Whitehead's affairs, and then he expressed his willingness to give back the notes and bills.

9717. Was there anything said between you which would lead you to understand that the consideration for the notes had failed—that whatever they had been given for had not been accomplished?—No; nothing at all.

9718. Do you remember whether he stated that he had had a communication from any person on the subject, and was therefore aware of the object of your visit?—I knew that he had had a communication on that subject from his own book-keeper.

**Knew that Mack-
intosh had had
a knowledge of
the object of his
visit from his
(Mackintosh's)
own book-keeper.**

9719. Did you know it from his book-keeper, or did you know the communication was from his book-keeper?—I had reason to believe that he had had communication from his book-keeper.

9720. Could you say how you knew that?—I knew that Mackintosh's book-keeper had come to Winnipeg shortly before I went down to Ottawa; that he had come to Winnipeg in connection with these notes and bills, and had returned to Ottawa a day or two before I had got there.

9721. Had the book-keeper occasion to see you in your capacity of trustee, in the way you have mentioned?—Yes.

9722. So that the book-keeper had had communication with you on the same subject?—Yes.

**Dealt as a prin-
cipal in the trans-
action with book-
keeper.**

9723. At the time of those communications you understood yourself to represent all of Mr. Whitehead's interests?—Yes.

9724. By virtue of having had this conveyance?—Yes.

9725. So that between yourself and the book-keeper you were dealing as principal in the transaction?—Yes.

9726. In speaking to Mackintosh himself, did he give you to understand that the book-keeper had been authorized by him to come up here and negotiate—I mean, have you reason to think that the book-keeper had the authority which he represented he had?—It was certainly by Mackintosh's instructions that he came here; but I do not know what authority he had to negotiate, as I understood he just came here to enquire.

Contract No. 15.

**Helping News-
papers—
Alleged impro-
per influence.**

9727. Was it from the book-keeper or from Mackintosh that you got the idea that Mackintosh had sent an authorized man here?—I knew, of course, in the first instance, from the book-keeper here; but in talking with Mackintosh he referred to his book-keeper having been here.

9728. In communicating with the book-keeper, did he mention the amount of the whole claim which he stated Mackintosh then had?—No; I do not think he did.

**Book-keeper of
Mackintosh when
in Winnipeg,
referred to notes
and bills.**

9729. Did he not mention the amounts which he expected to be settled by Whitehead, or his estate?—I do not think it; I have no recollection that he did. He simply referred to it as the notes and bills.

9730. Without remembering the amounts, do you remember whether it was a larger sum than that for which you afterwards obtained the acceptances?—I cannot say.

**Book-keeper
endeavouring to
collect accept-
ances.**

9731. Then, at that time, the book-keeper representing Mackintosh was not proposing to give up the acceptances, but endeavouring to collect them?—He said nothing to me about giving them up. He spoke about collecting. He enquired about Whitehead's ability to pay some of them.

9732. Was not the whole object of your meeting and communication to ascertain whether these notes were likely to be paid by Whitehead's estate?—Yes; I think it was the main object for which Smith came to me.

**Told Mackin-
tosh's book-
keeper that he
would refuse to
pay those notes.**

9733. Then the proposition to give them up must have come from some thought or intention subsequent to that?—I think that in discussing the matter with Smith, I told him that on behalf of the creditors, from what I heard, I should feel it my duty to refuse to pay those notes, those of them that were still held by Mackintosh. Some of the other creditors—some of the local creditors here—in discussing the whole position had referred to these notes—to some notes of Mr. Whitehead—as being held by Mackintosh, and expressed their strong desire that I should not allow Mackintosh, the holder of those notes, to come in as one of the creditors.

9734. In other words that Mackintosh's claim on any notes held by him should be resisted by Mr. Whitehead or yourself, as representing the interest of the creditors?—Yes.

9735. And did you intimate that intention to resist to the book-keeper?—Yes. I think I did.

**About a fortnight
after this,
interview with
Mackintosh took
place.**

9736. Was it after that intimation to the book-keeper that you met Mackintosh in Ottawa?—Yes, about a fortnight after that.

9737. And then, as I understand you, he at once proposed to return the acceptances which he held?—Yes.

9738. And it is from your previous communication with the book-keeper that you understand Mackintosh to have been fully informed as to the position which Mr. Whitehead proposed to take with his creditors? It was not necessary to go over the ground with him?—No; I think Mackintosh seemed fully to understand the position that I had intended to take before I went to him, and I inferred that he had learned that from his book-keeper.

9739. Was there any condition attached to Mackintosh giving up the paper which he then held?—Mackintosh stated to me that he had heard that Mr. Whitehead had been reporting that these notes had been obtained by Mackintosh improperly, and had been otherwise speaking very harshly of Mackintosh's conduct to him. He said that he felt very much annoyed at this; that it was untrue that he had ever taken any advantage of Whitehead, but, on the contrary, he had always tried to assist him in every possible way, and that before giving up the notes he would like to get a letter from Mr. Whitehead contradicting some of the reports that appeared to be in circulation concerning Mackintosh's connection with Whitehead. I told him that was a matter between Mr. Whitehead and himself, that I had nothing to do with that. He then, I think, drafted a letter and showed it to me, and said that on that letter being returned to him, signed by Mr. Whitehead, the notes would be handed over—the \$11,000 which he still retained. I told him that if he would send the letter to Mr. Whitehead—he was then in Winnipeg—and if he sent the letter up to Winnipeg to Mr. Blanchard, my partner, that he would see Mr. Whitehead and see whether he was willing to sign the letter or not.

9740. Do you know whether the condition was fulfilled?—I know that the notes were returned, and I understood that the letter was signed and returned.

9741. Were the notes returned to you?—Yes; they were returned to the office of Bain & Blanchard.

9742. You have seen the notes yourself?—Yes; I saw the notes answering the description of those which I asked for, amounting to \$11,000.

9743. Have you a copy of the letter which Mackintosh dictated?—I have not.

9744. Do you know whether any copy was kept of it by Mr. Whitehead, or any one on his behalf?—I know no copy was kept in the office, and I never asked Mr. Whitehead if he had a copy.

9745. Is there any other evidence connected with this which you think ought to be given, and which would help us in our investigation?—No; I think nothing else that I know. Really I know scarcely anything else of my own knowledge.

9746. Do you know anything else besides that which has been communicated to you in your professional character?—No; what is the object of the Commission?

9747. The object of the Commission is to enquire into all facts connected with the Canadian Pacific Railway, from its inception to the 16th June, 1880. First of all, I will ask that question only as to Joseph Whitehead's matter?—It is so hard for me to distinguish anything I know, whether it came to me professionally as Mr. Whitehead's solicitor or not, that unless there are some particular questions which the Commission wish to ask me, there is nothing that I feel it necessary for me to mention. I was acting in the double capacity, both as trustee and solicitor all the time.

9748. The Commissioners have no wish to encroach upon professional privilege, but they are anxious to learn any facts which ought to be made public. Have you any knowledge of the titles of land near the

Contract No. 15.
Helping News.
papers—
Alleged Impro-
per Influence.

Mackintosh makes a condition that Whitehead shall sign an exonerating letter.

Notes returned to office of Bain & Blanchard.

No copy of letter.

Object of Commission.

**Railway Location—
Red River Crossing.**

Has heard rumours that location of crossing to be attributed to interest of persons having lands in that locality.

neighbourhood of Selkirk, other than in a professional capacity?—Yes; as solicitor for different parties, and as the owner of lands down there. I have had a great deal to do with lands at Selkirk.

9749. Are you aware that there has been any rumour that the location of the crossing is to be attributed in any degree to the interests of persons having lands in that neighbourhood, and not entirely for railway reasons?—I have certainly heard that report from the very first time the line was spoken of as crossing down there—that is, just hearing the rumour.

9750. I am speaking just now only of the existence of the rumour?—Yes; I have heard that rumour.

9751. I understand that you say you have held titles of land in that neighbourhood in your own name?—Yes.

Has not held titles of land in the locality in which an engineer or Member of Parliament is interested.

9752. Have you held them upon any understanding by which any Member of Parliament or any engineer is interested in the proceeds of them?—No; not at all. No Member of Parliament or engineer is in any way interested with me, or ever has been, neither have I ever obtained any information from either one or the other that induced me to purchase there.

Schultz and Bannatyne the only Members of Parliament holding land down there.

9753. Are you aware, otherwise than in your professional character, of any Member of Parliament or any engineer being interested in the lands in that locality before the site was fixed?—The only Members of Parliament, as far as I know that owns any lands down there, are Dr. Schultz and Mr. Bannatyne.

9754. They would be able to speak for themselves?—But I do not know whether they got them before or after. I know of no engineer that got any down there. I do not know whether it was before or after the site was fixed that Dr. Schultz and Mr. Bannatyne got lands down there.

No knowledge of any trust not expressed in titles by which an engineer or Member of Parliament would be advantaged.

9755. Are you aware, otherwise than in your professional capacity, of any trust, not expressed in the titles registered, by which any Member of Parliament or any engineer of the railway was interested in the land in that neighbourhood before the site was fixed?—I have no knowledge of such a trust either professionally or otherwise.

Refuses to speak of other matters as known to him professionally.

9756. Are you aware of any other matter, except in your professional character, upon which you could give evidence to the Commission concerning matters referred to them, so as to assist them in their investigation?—There are some matters that I suppose come within the scope of the Commission, but my knowledge of them came to me first professionally, and that afterwards as trustee I have had to follow them up; but my knowledge of them, in the first instance, I may say was gathered professionally, and there are others of which I can only speak by hearsay. It places me in rather an embarrassing position, having acted as solicitor, to have to speak of such matters.

Professional privilege.

9757. We wish you fully to understand that we have no desire to encroach upon your position?—I do not think it would be proper for me to speak of any other matters than those of which I have spoken?

9758. Then we are to understand that, as to any other matters, you claim the privilege that your profession gives your clients?—Yes.

9759. You made allusion to matters of which you obtained knowledge at first in a professional character and of which you learned more after-

wards; do you wish us to understand that what you learned afterwards was while you occupied a fiduciary character?—Yes; in the first instance some matters came to my knowledge acting professionally, afterwards while acting as trustee, and during all this time I acted as solicitor too, and in my own mind I am not able to separate what I learned professionally from what I learned as trustee. During all the time I acted as his solicitor and I am acting as his solicitor still.

**Railway Location—
Red River Crossing.**

M. M. THOMPSON, sworn and examined :

THOMPSON.

Fort Frances Lock.

By the Chairman :—

9760. Where do you live?—I live now at West Lynne.

9761. Have you lived there long?—About a year.

9762. Before that where did you live?—I was living at Clear Springs, thirty miles east of that, before that.

9763. And before that?—Before that I lived at Fort Frances.

9764. For about how long?—About two years and a-half: from the spring of 1876 to the fall of 1878.

At Fort Frances from spring of 1876 to the fall of 1878.

9765. Were you at that time connected in any way with the Fort Frances Lock?—Yes; I was foreman in charge of the works there.

Foreman in charge of works on Fort Frances Lock.

9766. Before that time had you any connection with the Pacific Railway or any works connected with it?—No.

9767. What was your duty while you were foreman?—I was Mr. Sutherland's assistant on the Locks, on the work connected with the Locks.

9768. Had you before that had any practical knowledge of that sort of work?—I had handled a good many men before that, but not particularly on rock work.

9769. In what business had you handled men before that?—In lumber business, and also in connection with the Dawson route.

Previously employed on lumber work and on the Dawson route.

9770. Could you describe more particularly your duties in connection with this work; for instance, did you keep yourself any particular book or books? Did you engage any men, and if so, in what capacity did they work, and other particulars?—I had not the keeping of any kind of books. I directed the work there according to instructions received from time to time, and I directed the work generally both in connection with the canal and transporting of supplies.

9771. Had you any charge over the stores?—Yes; I was in charge of all the stores and plant, and as assistant superintendent.

Book-keeping.

9772. Are we to understand that in the absence of Mr. Sutherland you were responsible for the proper management and disposition of all the Government property?—Yes.

In Hugh Sutherland's absence responsible for management of all the Government property.

9773. Had you any personal knowledge of the books that were kept?—Yes.

9774. Had you a separate set of books for the works as distinguished from that of the stores?—The stores were kept from month to month. We did not pay so much attention to the store-book, only at the end of

System of book-keeping.

**Fort Frances
Lock—
Book-keeping.**

each month there were statements rendered from the stores to the general office and they were incorporated in the general books.

9775. Then these store-books kept in the store itself were intended only to show the transactions of the store during the period you have named?—That is all; just the receipts and deliveries.

9776. In so far as this transaction affected the general business it was shown by the books at the general office?—Yes.

9777. Do you know whether there was a set of books kept in connection with the works?—Yes.

9778. Who kept those books?—James Sutherland.

9779. Was that what you call the general business, the general set of books?—Yes; the general books.

9780. Was there a subsidiary set of books kept for the works alone?—Not to my knowledge. I know there was not.

**Under witness
were the foreman
for timber work,
and the foreman
for rock work,
the store keeper,
time keeper and
book-keeper, the
rest labourers.**

9781. What officers had you under you, controlling the men?—We had a foreman on timber work, a foreman on rock work, and the store-keeper, and time-keeper—book-keeper.

9782. Were the other persons employed labourers or men of that class?—Yes.

**Pay-rolls includ-
ed all wages paid.**

9783. Do you remember whether your pay-rolls included the names of these officers as well as of the labourers?—Yes; the pay-rolls included all wages paid out.

9784. Yours among others?—Yes.

**Management of
work.**

**Witness checked
wages and time;
James Suther-
land prepared
the pay-rolls.**

9785. Who had the responsibility of preparing the pay-rolls from time to time?—I had the responsibility of checking the wages and seeing that the time was correct. James Sutherland prepared the pay-rolls.

9786. Who employed the labourers and fixed upon their pay?—I employed a good many. Mr. Sutherland employed men just as they happened to be required, or whoever was authorized, or wherever the men could be got. Sometimes we wanted men at Thunder Bay and some parties would be employed to hire them there.

**Hugh Sutherland
or witness em-
ployed men just
as it happened to
be convenient.**

9787. Do I understand that, as a matter of fact, you or Mr. Sutherland employed the men just as it happened to be convenient?—Yes.

9788. Was there any one else who employed them?—Yes; in particular instances where they were authorized by us.

9789. Can you say now whether, as a matter of practice, the pay-rolls were carefully investigated at each period?—Yes.

9790. And certified?—Yes.

9791. Did you take part in these certificates?—I took part in the checking of the pay-rolls and seeing that the men's accounts were properly extended, and balances properly carried out, and Mr. Logan and Mr. Sutherland certified to the pay-rolls.

9792. Did you certify to them under your own name?—I will not be positive about that; it is some time since and I have almost forgotten. I remember checking the pay rolls and helping to prepare them. I think I did though.

Fort Frances
Lock—
Management of
work.

9793. Upon all the works who would be the person most likely to know whether the pay-rolls were correct or not, as to time and pay?—I would; that is as far as the time and wages and everything in that way was concerned.

9794. Then have you any doubt that the pay-rolls were certified by you to be correct before they were settled?—I either certified to them verbally or in writing. James Sutherland will know as much about the pay-rolls as I did; only the time and wages he would learn from me in a great many cases.

9795. Then have you now a doubt in your mind whether the pay-roll, as finally settled and acted on, was certified by you?—That is, you mean certified in writing?

9796. Yes; I mean in writing?—Yes; I have a doubt. I do not remember whether I certified to all the pay-rolls in writing or not. However, they were all prepared with my help. The time-keeper's time was checked over by me, and that was handed into the office and entered to the men's credit. The same sheet was handed to Logan, the paymaster, and entered in his books, and when the pay-rolls were finally made up it was handed in every month. Then I went over the wages and the men's time, along with James Sutherland, to see if they were correct.

Manner of check-
ing pay-rolls.

9797. At the time that you looked at these pay-rolls you certified to them, as you think, sometimes only verbally?—I will not say that I certified to any in writing positively.

9798. Can you say whether they were always completed and added up?—Yes; they were always completed. I saw them completed.

9799. Then it would not be possible after you had verbally stated them to be correct to add other names and amounts to them?—No; it would not. I could refresh my memory about certifying to those pay-rolls, but it would not be possible to add to them without my knowing it. You see they would not compare with our monthly returns in Mr. Sutherland's books.

9800. Did you make monthly returns of the men whom you had employed to any one excepting Mr. Sutherland?—We returned them to the office. All statements went into the office, either of stores, or time, or anything, and were entered in the books there.

9801. And was it upon those statements that the pay-rolls were made up as you understand?—Yes; I know it was.

9802. Were the men employed by the Government principally white men or Indians?—There were a great many Indians employed at times.

9803. About what proportion of Indians would be found among the persons employed?—At times we might have nearly as many Indians as white men, and other times we would have no Indians.

Proportion of
Indians to white
men employed.

9804. Was there any kind of work that they were better adapted to than white men?—Sometimes we had them handling small rock. They are better adapted for some purposes: such as canoeing or anything of that kind.

9805. Do you remember the wages that were given to Indians?—I do not just now.

**Fort Frances
Lock—
Management of
work.**

Indians paid the same as white men.

9806. Do you remember what relation it bears to the wages of white men?—The same thing, as far as labouring men were concerned. I remember that those we had in the pit for a while we paid them the same wages as to white men.

9807. Do you remember the system that was adopted in payment of labourers, when they were partially paid by goods, and the means by which that would be kept track of?—We had nothing to do with keeping track of what they were paid by goods. We paid none of them by goods.

9808. You paid them when they were taken out of the Government stores?—We did not pay them out of the Government stores. Shortly after I went there they were paid out of the Government stores, but the store was afterwards parted with.

When men paid in goods from Government store the goods appeared on pay-roll.

9809. While they were so paid out of the Government stores, do you remember the system that was adopted?—The amount of goods was shown on the pay-roll.

9810. Was there a separate column for goods and for money?—Speaking from memory, I believe that they were separate.

9811. But you think, at all events, the pay-roll does exhibit the proportion of goods and money?—Yes.

9812. After the Government ceased to pay them in stores, do you remember what system was adopted as to debts that they would run in other stores?—We would not become responsible for debts at all. Let the persons that trusted them look out for their own pay.

9813. Had you control of any of the modes of transportation to and from the Locks?—Yes; I had of all.

In no private business while under Government pay.

9814. Were you in any business while you were under pay of the Government on your own account?—No.

9815. Did you remain at the Locks as long as the works were being carried on?—Very nearly.

9816. About how long before?—I came out about the 1st of November, and I do not know how long they did work after that.

**The Boiler
Transaction.**

Rumours that witness had received advantages, because of his connection with Government works; boiler; lathe.

9817. Are you aware that there were some rumours that you had obtained some advantage on your own account, because of your connection with the Government works?—Yes.

9818. Can you explain generally the substance of the rumours, and what account you give of it?—I have heard some of them. I may not have heard them all. In the first place, I was reported to have got some machinery for nothing. Some boilers—one of those boilers, I believe, is charged to my account in the Fort Frances Lock accounts. The other boiler and the spring waggon I bought from Mr. Bethune, the purveyor of the Canadian Pacific Railway, and gave him a cheque on the Ontario Bank, Winnipeg, for them. I also had a small lathe made at Fort Frances by the engineer or machinist there, which he agreed to make me on overtime, for which I agreed to give him a bag of flour, which I bought in Mr. Fowler's store; and the blacksmith, for doing what was necessary on that, I gave him a \$10 overcoat for that and some other little jobs he did for me, working overtime. I bought that of Mr. Fowler. I had a little account with him. I believe these are about the only things I heard.

**Fort Frances
Lock—
The Boiler
Transaction.**

9819. It is said that before you bought this boiler or engine you had it repaired at the Government's expense with the view of purchasing it?—No; that boiler had never been touched. There was a small engine and lathe which did not belong to the Government at all before I got it, and he took some little time and cleaned it up and made some portions of the lathe. The only articles from the Government were two boilers and the spring waggon.

9820. One of these boilers was taken from the boat, was it not?—No.

9821. To what use had it been previously put?—It had been used in the boat on Red River.

Boiler had been used on Red River.

9822. Not in your time?—It had been used when I was running the Red River route, and it was lying at Fort Frances when I went there.

9823. It had been detached from the boat?—Yes.

9824. For how long?—I could not say, for these boilers were sometimes changed around from one place to another as they were required. It was not detached with any intention of my buying it.

9825. Had it been repaired shortly before it was detached?—No; neither of the boilers had been detached by the machinist for repairs, to my knowledge.

9826. Had you a farm of your own about the time you went to the works?—Yes; before I went to the works I had a farm.

9827. Did any property go from the works to your farm?—Yes; this property that I got.

9828. Is there now any property on your farm got from the Government?—No; not that I am aware of.

9829. Were the prices paid full value in your opinion?—Yes; if they had charged more, I should not have taken them.

9830. As to the transportation of that property by Government means of transportation, what do you say?—I sent them to the Angle when the men were going out. I put them in the Government boats myself and took them out at my own expense, and I paid Charles Nolin for the transport of that stuff from the North-West Angle to Pointe du Chêne.

Paid for transport of these articles from North-West Angle to Pointe du Chêne.

9831. In the purchase of the property, was there any understanding that you should have it transported at the Government expense?—No, I think, more than to the North-West Angle.

9832. Was it understood that you should get that transport to the North-West Angle?—Yes; to the North-West Angle, as it did not cost the Government anything.

9833. I am not sure, but I think there is a charge against you of \$20 for that transportation, in the books, which you allowed?—If it is, it is the whole cost of the boiler. It may have been part for the boiler and part for transport. However it was put at a lump sum.

9834. Do you remember what the sum was?—I do not remember distinctly—it was somewhere between \$135 and \$140.

\$135 or \$140 paid for boiler.

9835. Where had that boiler been before you bought it from Mr. Bethune?—It was down on Pine Lake.

**Fort Frances
Lock—
The Boiler
Transaction.**

9836. Where is Pine Lake?—Half-way between Fort Frances and Thunder Bay.

9837. Was that property over which you had charge in your official character?—Yes; I had had charge of it. I will not say that I had charge of it just at that time. I think Mr. Bethune had charge of it just then.

9838. Was it property that had been placed in his charge before you bought it?—He had never used that boiler. I suppose it was part of the Red River route plant which had been placed in his charge, but this boiler he did not use at all.

Price of another boiler \$80 or \$85.

9839. Do you remember the price of that one?—I think the boiler or waggon was \$80 or \$85.

9840. What was the power of the boiler?—I think between three or four horse-power, it was a very small boiler.

Made bargain about boiler with Hugh Sutherland

9841. With whom did you make the bargain about the other boiler?—Mr. Hugh Sutherland. Mr. Bethune left me instructions for Mr. Sutherland to sell any of the plant that he could. He left me verbal instructions at Fort Frances in Mr. Sutherland's absence to sell any of the Red River plant that he could sell, and I told Mr. Sutherland, and bought this boiler from him.

Took part in delivery and transfer of goods at Government store, and priced them when turned over to Wilson.

9842. Did you take any part in the arrangement with Wilson as to the purchase of the Government stores?—I took a part in the delivery and transfer with Mr. Logan, and I priced the goods that were turned over to Mr. Wilson.

9843. Was the arrangement of the transfer made with you or with Mr. Hugh Sutherland?—With Mr. Hugh Sutherland.

How prices arrived at.

9844. In the prices fixed upon that occasion on the goods that Mr. Wilson got, do you know the basis that was adopted—on wholesale or retail prices?—We made no discount. We fixed them at whatever they were worth there according to invoice. We did not go according to invoice in all cases, because there was a lot of old stock there. We fixed whatever price we thought the goods were worth, having in view the original cost and the cost of transportation.

9845. Had you any other dealings on your own account about Government property?—No other; not to my recollection.

9846. Did you take any part in fixing the price at which Mr. Wilson returned goods to the Government stores?—Yes; I was the one that Mr. Wilson had to agree with in reference to those prices.

9847. I mean of his goods?—Yes.

9848. Can you say upon what basis those prices were fixed?—They were fixed at a lower rate than goods were usually sold for on the portage on account of being taken in quantities. I do not remember any rates in particular, but I say they were at a lower rate than they were usually retailed for.

9849. Upon all the transactions had between Mr. Wilson and any one there upon the Government behalf, do you know whether he got any marked advantage?—I know he did not.

Large boiler : eight to ten horse-power.

9850. What was the size of the larger boiler?—About, I should say, from eight to ten horse-power. Probably ten horse power.

Fort Frances
Lock—
The Boiler
Transaction.

9851. Was it flue or tubular?—Flue.

9852. What was it used for afterwards?—It was not used at all. I bought it on speculation and it turned out bad. I calculated to take it out on my farm.

9853. Do you remember the different books which were kept in the general office?—Yes; I would know them if I was to see them. **Book-keeping.**

9854. Do you think you could describe the sort of books that were kept?—Yes; we had a day-book. I think a day-book and journal were opened, if I remember right, ledger, cash-book, large time-book, letter-book. I think those were the principal books which were kept at that time. **System of book-keeping.**

9855. Was James Sutherland, the book-keeper, considered to be under your control?—Yes; that is I never interfered with his book-keeping. I consulted with him and he consulted with me on all entries that were made—prices and all that sort of thing—although I never took any control over his style of book-keeping.

9856. Were you next in command over the whole business under Mr. Sutherland?—Yes; I acted for him in his absence.

9857. Do you remember whether there was an original book in which entries were made before they appeared in the journal or day-book—whichever that may be?—No.

9858. For instance, was there any blotter from which entries would be taken to be made in the day-book?—No; the entries were made direct in the day-book, from statements from the store, statements from the time-keeper, and so on.

9859. Do you remember whether payments made at odd times would appear for the first time in the cash-book, or would any record of those be kept in a preliminary book such as a blotter?—It appeared in the cash-book.

9860. You think the entries first appeared there of payments made in small sums?—Yes; I think if you examine the cash-book you will find all those in detail in the cash-book. I might say that the cash was entered up from Logan's statements—the paymaster's statements.

9861. Would Logan have the control of moneys before the record was kept in the general office?—No: any money that Logan had was charged to him; but Logan would have to pay out the money before the record could be made in the general office.

9862. Then, do you remember—according to your memory—was it the system that he would be charged in a lump sum with whatever money he got, and that he would ask credit on account of wages?—For small amounts, during Mr. Sutherland's absence, there would be a small amount drawn and left with Mr. Logan and charged to Suspense Account, which he would have to account for afterwards. **System of paying money.**

9863. Then he would have the preliminary record of small payments?—Yes; and he would hand in the vouchers for them with his statement.

9864. Do you remember how it was managed when Mr. Hugh Sutherland would get sums to be disbursed afterwards on account of the Government?—In the same way. They were charged to his Suspense Account, and he would account for them and hand in his state-

**Fort Frances
Lock—
Book-keeping.**

**Statements of
disbursements
made by Suther-
land and Logan
entered in full in
cash book.**

ment along with the vouchers for the items. That will all show in the books.

9865. Do you remember whether these statements which were handed in by Mr. Sutherland on his behalf, and by Mr. Logan on his behalf, will be entered in full in the cash-book, or only the result of them?—In full in the cash-book—the items will appear in the cash-book.

9866. The full details of each of these items?—Yes.

9867. Is there any other matter which you think would assist our investigation, or regarding which you wish to make some explanation?—Nothing that I remember just now. There are rumours of affairs there which you have not touched upon.

9868. If you can assist us in the investigation we will be glad to hear of them?—There is nothing in which I can assist you in showing that there is anything wrong in reference to the management of the works at all.

9869. Besides the management of the works do you think the interests of the Government and the public were properly protected?—I think so.

▲ Claim.
Responsible for
\$16 which Gov-
ernment refuses
to pay.

9870. Is there anything further which you wish to say?—Nothing further in connection with that. I do not suppose it would come under that business. I wish to ask a question. After I left Fort Frances there were two horses sent out here for supplies which had to be taken in there for that winter. I had to become responsible for some toboggans and shafts to get these supplies in. As that account has not been settled and the man threatens to-day to sue me if it is not paid, I would like to know if the Government would settle it, or what is to be done?

9871. We are not empowered to do anything connected with it, but I have no objection to hear your statement if it is connected with the canal works?—The account was sent in to the Department, but no notice was taken of it, at least so the party informs me.

9872. Do we understand that you have made yourself answerable for an amount which the Government refuses to pay?—Certainly.

9873. What amount?—\$16.

9874. To whom is that due?—To Thomas Lusted. It is a small affair, but I do not wish to pay it when I have no benefit from it.

9875. Is there any other matter on which you wish to give evidence?—No.

JOSEPH

WHITEHEAD. JOSEPH WHITEHEAD'S examination continued :

**Railway Con-
struction—
Contract No. 15.**

By the Chairman :—

9876. Besides the transactions which you have described, between yourself and the Government, was there some transaction by which you got back part of your percentage, which had been retained on the contract?—Yes.

Government
made advances to
witness from the
10 per cent. on
\$1,800,000.

9877. What was that?—They made advances from time to time out of the 10 per cent., both Mackenzie's and the present Government.

9878. Can you say in round numbers what all those advances would amount to?—10 per cent. on somewhere about \$1,800,000.

**Railway Construction—
Contract No. 15.**

9879. Originally the arrangement was that the Government should retain one-tenth of that?—Yes, 10 per cent.

9880. How much of that \$180,000 has the Government retained?—I think they have about \$25,000 yet.

Of the \$180,000
Government
retained \$25,000.

9881. So that you have received from time to time, out of those advances, something like \$155,000 more than your contract called for?—Yes; more than my estimates, that is as near as I can tell.

9882. With whom did you negotiate to have that return made?—I asked Mr. Mackenzie, and he ordered Mr. Trudeau to tell the accountant to make advances out of the 10 per cent. money, and likewise Dr. Tupper has done it.

9883. Were you present when each of those gentlemen told his subordinate officer to do it?—No. He spoke to the messenger out of his office. I spoke to Mr. Mackenzie in his office, when he was in power, and likewise to Dr. Tupper. He would ring the bell and give instructions to Mr. Trudeau, his deputy.

9884. Were these amounts returned to you in consequence of a general arrangement, first of all with Mr. Mackenzie and afterwards with Sir Charles Tupper, or were you obliged to make an application from time to time for each advance?—Mr. McDonald got it two or three times for me; he used to look after the finances.

Senator
McDonald who
looked after the
finances got
advances two or
three times for
him.

9885. Then each time that you wanted any favour of that kind, you had to make a separate application?—Yes.

9886. There was no understanding at any time that the arrangement should continue for future periods?—No; there was one time, I think, Sir Charles agreed not to take any percentage off for three months, but to give me full amounts.

Sir Charles
Tupper agreed
not to take any
percentage off
for three months.

9887. Was this made with you, yourself?—Yes.

9888. Did any person assist you in any of those arrangements with the Government, by which this favour was granted to you?—No; I do not know that anybody knew of it; not that I know of.

No one assisted
him in any of
those arrange-
ments.

9889. It seems that the assistance which you have described as being rendered by Mackintosh, would not account for your having given him such a large sum, and we are anxious to ascertain what other reason there was?—There was no other reason, only just what I have told you.

Notes given to
Mackintosh.
No other reason
than that already
stated for giving
Mackintosh
money.

9890. Are you still of the opinion that at the conversation, when your matter was before the Committee of Public Accounts, there was no larger sum than about \$11,000 given?—No; nothing else, at that time.

9891. And you say that the whole amount was about \$25,000?—But this \$11,000 is to be deducted off it.

Whole amount
about \$25,000.

9892. Then that would leave something like \$14,000 or more, which he got for other reasons?—He paid some of the notes and acceptances himself when they became due.

Mackintosh paid
some of the notes
when they
became due but
did not give them
up

9893. But were they given up to you?—He paid them and kept them.

9894. But you do not know, do you? They may be outstanding, so far as you know, in the hands of some other party?—I do not know but they may; I have not heard anything about it.

**Railway Construction—
Contract No. 15.
Notes given to
Mackintosh.**

Mackintosh got security for him and was in difficulties and he helped him.

Mackintosh undertook to get acceptable sureties.

Put up a cheque for \$5,000.

CONKLIN.

Nixon's Paymaster and Purveyors' Book-keeping.

Has had books formerly kept by him for purpose of looking through them.

9895. Do you mean now that I should understand that you gave him those notes, originally amounting to something over \$14,000, besides what Mr Bain got back, only because he had helped you in making out tenders and getting security for you?—He never helped me to make a tender.

9896. Well, to get security for you?—Yes; that is the way I got into it, and I went further than I intended that he should have gone. He said he was embarrassed and I tried to help him.

9897. Is there any other reason that you can give us for having given such a large sum as that?—No; I have told you all I know. There is no other reason.

9898. At the time that you say Mackintosh procured some sureties for you, had you any impression whether they were persons of standing, pecuniarily, I mean men of sufficient means to be of any help?—I do not know what they were, but the Government accepted them, and as long as the Government accepted that is all I wanted.

9899. Did you then have no impression about it?—No; I had not.

9900. Was your arrangement with Mackintosh that he should find good and sufficient security for you?—There was no arrangement of that kind; I told him I wanted good persons. There were more than those that you recollect this morning. I kept no memorandum of them.

9901. Did you say that as long as they were accepted by the Government they answered all the purposes Mackintosh undertook to supply?—That is all; he undertook to do it, and got satisfactory persons that the Government would accept; but I did not get the contract, and the question never came up as to the other.

9902. Those sureties were to be persons who were to be answerable in case the contract would be awarded to you, and not that the contract should be open?—Provided I got the contract these sureties would have to stand until the contract was finished.

9903. Besides that undertaking to be surety for you if you got the contract, it was necessary for you to put up some security at the time you tendered, was it not?—To the Government?

9904. Yes?—I would have to put up 5 per cent.: I put in a cheque for \$5,000. Mackenzie used to ask for a \$1,000 cheque to be put in, but this Government asked \$5,000 cheques.

9905. Was any part of that kind of security paid by Mackintosh?—No; it was my own.

9906. So that the only benefit he did, was to find some person who would become answerable in case you got the contract?—Yes; that was willing to do it.

ELIAS G. CONKLIN's examination continued:

By the Chairman:—

9907. Have you had the books which you kept for Mr. Nixon, in your custody for some time past?—I got them on Saturday afternoon.

9908. For what purpose?—For the purpose of looking through them, and I looked at them on Saturday night for a short time.

**Nixon's Pay-
master-and-
Purveyorship
Book-keeping.**

9909. Are you better able now to explain the system than you were on a previous occasion?—Yes; I can recollect it better.

9910. Will you now explain the system upon which the day-book was kept, for instance?—All transactions as they occurred were entered in the day-book, excepting, of course, the giving of cheques, and they went into the cheque-book or bank cash book. Explanation of system.

9911. When you say cheque-book or bank cash book, do you mean that there were two books, or that they were all in one?—They were all in one.

9912. Did you say that all the transactions as they occurred were entered either in the day-book or in the cash-book?—Yes; of course. There were requisitions, but they were put into the requisition book. An engineer gave a requisition and it was entered by Mr. Nixon in the requisition book.

9913. That was not a transaction but a request?—Yes.

9914. But when a transaction occurred, do you say it appeared in the day-book or in the cash-book?—Yes.

9915. Then if supplies were furnished according to any requisition, an entry would be made concerning that?—When the supplies were furnished there was no entry made until the account came in. No entry of supplies furnished until account came in.

9916. What account?—The account from the merchant. For instance, Mr. Nixon gets a requisition from the engineer; that requisition is kept in the requisition book, and Mr. Nixon fills the order. It may take some time; and at the end of the month the account comes in and it is checked over from the requisition book.

9917. Then when an account comes in from the merchant to the effect that he has furnished some supplies for some work, some survey, or some party, you understand that that furnishing of supplies would appear in your day-book?—That would appear in the invoice book. All those were kept or pasted into the invoice book, so that that would not appear in the day-book.

9918. Would that be the only record of that transaction by which the merchant had furnished supplies to some party connected with the Pacific Railway?—That would be the only entry.

9919. And what would that entry be: would it be a pasting of the invoice on the leaf of the book?—It would be a pasting of the invoice on the leaf of the blank invoice-book. Entry of supplies merely invoices pasted in a book.

9920. Would there be any entry of that in any of your set of books?—No.

9921. Then no charge would be made to any work on account of that supply?—No.

9922. Do you think that was the right way to keep a set of books: to file away invoices and make no entries concerning them?—In ordinary business transactions, if I were keeping a set of merchants' books, I would not do that; but when these books were opened I had no knowledge of what these accounts would be charged to, we had no knowledge of what the items were to be charged to. We were not posted regarding the divisions and had no instructions from Ottawa. What I understood, we merely forwarded at the end of the month a list of the cash statements with the vouchers accompanying them. In ordinary business witness would not keep books in this way.

**Nixon's Pay-
master-and-
Purveyorship
Book-keeping.**

When witness
took charge of
books he did not
know how to
proceed.

Kept no account
in ledger to which
supplies forward-
ed by various
merchants were
charged.

Apart from cer-
tain detached
papers, &c., books
did not show the
transactions in
which supplies
were sent in by
merchants from
whom they had
been purchased.

Invoice book : a
collection of
invoices.

Animals and
other supplies
which were only
recorded in de-
tached invoices
sometimes
returned.

Of these witness
kept no record.

Books even with
invoices would
not show the state
of affairs.

9923. But did not your requisitions upon which these supplies were furnished, show you to what account they might be charged?—They did in some cases, but not in all. I had no idea when I went there what to open out. I opened first an account for the Pacific Railway. I then understood that we were to keep no general ledger; that these entries were to be forwarded to Ottawa, and charged up there to the respective accounts.

9924. Then are we to understand, as a matter of fact, that you had not to keep any account in your ledger to which supplies, forwarded or supplied by different merchants, were charged?—No; that is correct.

9925. The only way of ascertaining that information would be apart from your books and looking at the detached papers?—Yes.

9926. And if one of those detached papers should be mislaid or lost there would be no record of it?—The vouchers were taken in triplicate—that is, after they were paid.

9927. I am speaking of the other end of the transaction?—That would be the only thing that we could fall back on, to find what these accounts were paid on.

9928. Then did your books, apart from the detached papers, show the transaction of that branch of the business or of that office?—They could be arrived at, of course, from the detached papers.

9929. Do you know the meaning of apart?—Yes.

9930. It seems absurd to say that your books would show it, apart from the detached papers, if you look at the papers?—I mean that you would require the detached papers along with the books.

9931. I am asking you would your books show it without the papers?—No.

9932. I suppose some articles not procured from merchants were obtained: such as horses, or cattle, or animals of any sort.—Would there be any entry in your set of books, independent of detached papers, to show that transaction?—Except in the invoice-book.

9933. The invoice-book is, as I understand, a collection of detached papers?—A collection of all invoices of goods furnished.

9934. It is not an account of them, but the papers themselves?—Yes.

9935. The invoice-book has no part of it which shows a current account evidencing the whole amount of the transactions?—No.

9936. Were things of the kind that you describe, either animals or supplies, which in the first instance were got for parties, and the particulars of which would be pasted into the invoice-book sometimes, returned either in whole or in part?—Yes; of course.

9937. Did you keep any record of such returns?—The store-keeper had an account of it.

9938. Did you keep any record of such transactions?—No.

9939. Would any invoice-book or any book in your set of books show the transactions of those returns, without showing the value or quantity of things returned?—No.

9940. Would your books alone, or with the invoice-book, show the real state of affairs?—Yes; I think that they ought to.

**Nixon's Pay-
master-and-
Purveyorship
Book-keeping.**

9941. Will you explain to me how they ought to, if you say the returns were not entered in them?—Of course, they would not. I misunderstood the question before.

9942. Now can you say, as a matter of practice, whether the store-book which you told us was kept by Mr. Parr, shows a current account exhibiting at any time the amount of stores that were then on hand?—I do not know, I am sure; I never went over his book.

Never went over Parr's store-book, but positive it did not show the value of stores on hand.

9943. Then are you any better able to tell whether that book showed the value of the stores on hand?—It did not, I am positive of that.

9944. Then going to the system of keeping accounts with sub-agents, can you say whether an account was kept with the sub-agent as a personal account, or was it charged to the party with which he was connected, or work with which he was connected?—It was a personal account.

Accounts with sub-agents personal.

9945. What would form the debit side of that account against sub-agents?—Amount of cash advanced.

9946. Would anything more than cash be charged to him?—Cash sales; that is all I think.

Sub-agents charged only with cash sales.

9947. Would you charge to any sub-agent supplies which you forwarded to him to be dealt out in any way or to any of his party?—I kept account of it on a separate sheet.

9948. I will repeat my question: Would you charge to any sub-agent supplies which you forwarded to him to be dealt out in any way or to any of his party?—They were charged, but not in his account.

9949. Of course I am asking you as to your set of books; I am not speaking of detached memoranda scattered about the office. Do you understand that I am now speaking about your system of book-keeping?—Yes.

9950. Then I will repeat that question making it apply only to your system of books?—No.

Sub-agent not charged with supplies forwarded to him to be dealt out; nor credited with amounts he had paid labourers with supplies.

9951. Would you credit to any sub-agent's account amounts which he had paid labourers by any of these supplies?—No.

9952. Had you any account in your books, either with individuals or under any general name, showing the whole amount of supplies which you forwarded to different sub-agents or the whole of your sub-agents, and the mode in which those supplies were dealt with?—No. There was not such an account.

No general account showing history of supplies.

9953. Then is there any method in your books by which we can ascertain now whether supplies which were forwarded had been fully accounted for?—None, except by going through the books.

9954. But I understand you to say that they were not shown in the books?—I was referring to the ledger when I said there was no account kept.

9955. Do you mean that there is an account kept for such supplies in any other book than your ledger?—There were entries in detail of them.

9956. But no collected statement?—No collected account.

**Nixon's Pay-
master-and-
Purveyorship
Book-keeping.**

9957. Are there memoranda, even detached, in your day-book showing how these supplies were accounted for by the sub-agents?—Yes; I think there are.

**Day-book would
not show the
history of
supplies.**

9958. Do you think that your day-book will show, by going through the different entries, enough particulars to make up a ledger account on that subject?—No; the day-book will not.

9959. Then if one wished to make up a lodger account to ascertain the debit and credit side of that subject, where would one get the information?—From the invoice-book and from the day-book.

**Invoice-book and
day-book and
store-book.**

9960. Would that be sufficient without the store-book?—If there were any goods returned or repayments made they would be entered in the store-book.

9961. If the invoice happened to be detached from the invoice-book and no longer forthcoming, would it be possible to make up that account correctly?—Not from this office. Of course the duplicate would be found in the Department at Ottawa.

9962. Do you know whether invoices were carefully kept in the invoice-book, or were they sometimes absent?—I believe they are all in the invoice-book.

9963. Did you take the invoice-book with you?—No.

**Invoice book does
not contain all
the invoices.**

9964. Look at pages 58 and 59 of the invoice-book, and say whether there are invoices which ought to be there, or whether there are some memoranda instead of them?—The invoices are not there.

9965. Do you find a memorandum?—There is a memorandum showing, I presume, in whose favour the cheque was.

9966. In whose writing is that memorandum?—It is in my own.

9967. Are you of the opinion now that the invoice-book contains all the invoices?—No; I am not.

9968. Do you find others on pages 63 and 65?—Yes.

9969. Do you find another on page 66?—Yes.

9970. Amounting to \$6.53?—Yes.

9971. Do you find another on page 45?—Yes.

**The history of
supplies could not
be had from
books even by
going through
them.**

9972. Without going through or looking for blanks, do you say now that there are materials to make up that amount if not included in the invoice-book in the Winnipeg office?—No; I see there are several items there that have been left out. I think I can remember the reason of some of them now when I come to see it.

**Entries of moneys
coming into
Nixon's hands on
account of Gov-
ernment.**

9973. I am not at present finding any fault, or saying that there is not a good reason for leaving it out. Understand my examination is at present to ascertain whether there is a sufficient mode of investigating the transactions of the office. That is the only subject that we are dealing with at present; because you can easily understand that if the materials are not here to investigate, it is useless to try to investigate. Did you know whether there was any record kept of money or moneys which would come into Mr. Nixon's hands on account of the Government?—Yes; it would be entered in the day-book.

**Not carried for-
ward to a collect-
ed account in
ledger.**

9974. Is there any entry made in a subsequent book taken from that entry;—in other words, were entries of that account carried forward to a collected account in the ledger?—No.

**Nixon's Pay-
master-and-
Purveyorship
Book Keeping.**

9975. Then there is no account in the ledger which would show the whole amount of those items?—No; there is no such account.

9976. Is there any entry showing you how those moneys would be disposed of by Mr. Nixon?—There would be an entry in the day-book.

9977. Would there be any entry in any subsequent book made from that entered in the day-book?—Excepting in the letter-book. I think there is a regular system of where the money was deposited and received. A regular report was sent down to Ottawa.

9978. You would hardly call that a part of your books?—No.

9979. I am speaking now of your set of books there, the financial statements of account?—No; there is no such account in any book.

No account showing how these moneys disposed of.

9980. Would the money which was received by Mr. Nixon on account of the Government pass through your individual control, or would he tell you of the items so that you might make an entry?—He would tell me.

Nixon would tell him of moneys received by him from Government.

9981. Have you any means thus within your own knowledge of knowing whether the entries in the day-book show a correct statement of those moneys?—No; of course I cannot say that.

Cannot tell whether entries in day-book were correct or not.

9982. You have every reason to believe that they do?—I have.

9983. What reason have you to believe that they do?—Nothing except my confidence that Mr. Nixon would not do anything of the kind.

9984. It is from that confidence?—Yes; of course I had no means of telling.

9985. That would not help your system of book-keeping?—No.

9986. Did you personally take part in the management of his own personal bank account with the bank?—No; I do not think it. I do not remember of having taken any part in it.

Does not think he took part in management of Nixon's private account.

9987. For instance, if you made deposits to his individual credit in the bank, would you afterwards take control of that account and deal with the bank respecting it as an officer of the Government?—No.

9988. Have you any means of knowing whether the moneys which you deposited to his private account were all included in the statements which were afterwards furnished to the Government as containing a correct statement of that matter—I mean, are you in a position to verify the correctness of those statements which were forwarded from time to time by Mr. Nixon?—I have no means other than the letter-book.

9989. I am speaking of verifying them before they were sent off. Had you yourself a personal knowledge of his personal affairs or of his bank account sufficient to enable you to show whether the statements that he sent to the Government were strictly correct, or whether they contained mistakes?—Thus far: that whenever any money was received on his account by the Department I made an entry in the day-book, and when the deposit was made of course I could then tell by referring back whether the deposit covered all the receipts or not.

9990. Then those remarks, I suppose, you mean to apply to the receipts which you had knowledge of?—Certainly.

Nixon's Paymaster-and-Purveyorship Book-keeping.

Could not say whether in all cases before Nixon's statements were sent off, compared item with detached memoranda in day-book.

Does not know whether bank had a book in which the sums received on account of Government and deposited to Nixon's private account were entered.

No means of explaining the way accounts such as those of John Brown's were balanced.

Explanation from memory.

9991. Are you able to say now whether before those statements were sent to the Government you did look over the detached memoranda in the day-book so as to be able to decide whether the statements which Mr. Nixon sent were absolutely correct or otherwise?—In some instances I know I have done it. I could not say whether I did it in all cases or not.

9992. Did you have any account in your books of those receipts that were admitted to have been had on account of the Government, and another side of the accounts of the moneys which you deposited with the Receiver-General, so as to show a collected statement of that account?—No; there is no such account.

9993. Where is that to be found if there is such a thing?—That would be found merely from the day-book and letter-book.

9994. Do you know whether a bank-book was kept in which the bank entered those sums which had been received on account of the Government and which were deposited to Mr. Nixon's private account?—I never saw such book.

9995. You know that it is a common thing for private individuals to have what they call a bank-book—a small memorandum-book?—Yes.

9996. Do you say whether you ever saw that?—I do not remember having seen it.

9997. Did I ask you about several accounts that were balanced in your books: John Brown's, for instance, among others?—Yes.

9998. Have you arrived at a means of explaining that balance?—No; I think I understand it although I can see no trace of it. I can recall the transaction to my memory.

9999. But the books show no trace of it?—It is shown on that account correctly, but still you cannot trace it.

10000. You mean that what the book says is the correct statement but you are not able to trace it from entries in the books?—No; I cannot. From memory the result shown in the books is the true one, that is what I mean.

10001. You say that from your memory?—I remember the transaction to a certain extent. I remember this amount was placed to his credit in one of the banks to draw on as sub-agent at Edmonton. For some reason he did not draw, the people would not take cheques, and the amount was afterwards deposited to the account of the Receiver-General.

10002. Is that your recollection of the way in which it was settled?—Yes.

10003. Then if your recollection is right he never really drew the money from the bank?—I think he never drew the money.

10004. If he did draw the money then your recollection would be wrong?—Yes; unless it was handed to Mr. Nixon and deposited to the credit of the Receiver-General.

10005. Look at the entry in John Brown's account and see the date of it?—15th December, 1876.

10006. Do you find in this statement by Mr. Nixon (Exhibit No 104) any evidence that any amount of that kind was deposited to the credit of

**Nixon's Pay-
master-and-
Furveysorship
Book-keeping.**

the Receiver-General then or anywhere about that time, the amount being \$2,861.28?—No; I see no such amount.

10007. I understood you to say that if the money was drawn upon this cheque to John Brown it would be correct only in case there was some evidence, or in case it had actually been put to the credit of the Receiver-General?—When I said that I could recall the transaction—that part recording the credit to the Receiver-General—of course I am not exactly satisfied on that, but I knew such cases occurred, and I think it is in John Brown's account.

10008. Can you explain this credit in any other way except upon the basis that that cheque was not actually taken by Brown?—The cheque was not taken by Brown; that is the conclusion I should arrive at.

10009. If it was would that entry be correct according to your idea?—No.

10010. Look at the cheque now handed to you, and say if it was drawn by John Brown from the bank?—Yes; I see by the explanation given on the cheque it was deposited to reimburse him for cheques on private account.

10011. Do you now say that your first explanation that it was not drawn from the bank was a correct statement of the transaction?—No; it was not correct. Explanation wrong.

10012. You think the explanation which you considered from memory to be correct is not correct?—No.

10013. You say now that there is another explanation?—Yes.

10014. What is the other explanation?—I can only trace it by the explanation of the cheque that Brown must have given cheques when he was out there on his own private account up to this amount. Another explanation of Brown's account.

10015. Is that a matter which is exhibited by that set of books, or must we go to John Brown's private account to find that out?—This cheque appears in his account does it not?

10016. Can we ascertain the correctness of your last explanation without going to John Brown's private account?—No; unless we go to some of the statements or some of the detached papers.

10017. Then your books do not show the explanation of this transaction?—No. Books do not show explanation

10018. About the other accounts which I mention—for instance, Valentine Christian's, and other persons who were sub-agents, have you looked at them to see if you can give a better explanation of them than you gave before?—No.

10019. Upon the whole, what is your opinion now, as a book-keeper—for I understand that you have some reputation as a book-keeper—upon the set of books as they were then kept? Do they exhibit the business of the office in a satisfactory way?—No; I believe not in the same way that I would keep them if I were in charge of them at the present time. Witness's opinion as a book-keeper, that the books do not exhibit the business of the office in a satisfactory way.

10020. Is it true that you have some reputation as an accountant, and that matters are referred to you on the subject of book-keeping?—Yes; of course the explanation I gave before recording it was as I understood it.

**Nixon's Pay-
master-and-
Purveyorship
Book-keeping.**

10021. That is from memory?—Yes.

10022. That would show that the books might mislead one?—The other explanation I made was, I considered I had only to keep the accounts of the men and accounts that had to be settled here, but that the accounts of the Department were kept in Ottawa.

10023. Is there any other matter which you would like to say by way of evidence or explanation upon this subject?—No.

NIXON.

THOMAS NIXON'S examination continued:

**Paymaster-
and-Pur-
veyorship—
Book-keeping.**

By the Chairman:—

10024. You have been present at the last examination of Mr. Conklin?—I was present.

10025. Can you give us any elucidation of the account showing the moneys which were received on the part of the Government, and which passed to your private account in the bank?—No.

10026. Are you willing, or do you wish, that your private account with the bank, including those items among others, should be investigated by us?—I have no objection.

10027. Will you please produce your private bank-book?—You had better get it from the bank.

10028. And will you produce your private bank-book?—Yes. There are three or four. I was dealing first with the Merchants, and I do not know whether I can put my hand on the book, but I believe I can.

Conklin knew of
all the money
witness received.

10029. With regard to those matters on which I have questioned Mr. Conklin, and which practically showed the inefficiency of the manner of keeping books, will you explain what you think necessary to explain on that subject?—I have nothing further to say than this: that Mr. Conklin was cognizant of all moneys which I received. I received no moneys without his cognizance. For example, a sale would be effected, the account sales would be handed to Mr. Conklin; or horses would be sold, but my accountant would always know about it.

10030. Did you not think that it was wise to suggest to him to keep a collected statement of these moneys?—I may say to you frankly that whenever the moneys were sent by me to Ottawa, I called to Mr. Conklin and said: "Give me a statement of the amount of moneys for the past month." Therefore you see at once that he must have been cognizant. I am speaking now in general terms. It was from my accountants, both the one now in the office and Mr. Conklin, that these statements were, I may say, verified by being handed to me.

Never instructed
Conklin to keep a
collected account
of these matters.

10031. The question I intended to ask is this: whether, as superior officer to Mr. Conklin, you thought it expedient to direct him to keep a collected account in his books of these transactions?—I did not do so. I must say that one would naturally suppose that the accountant in the office would naturally put down all the moneys that came in, but he appears to say that he did do so through the day-book.

10032. But from what he says he had no means of checking the correctness of them. For instance, if you omitted by accident to mention that you yourself had personally received such a sum he had no

**Paymaster-
and-Pur-
veyorship-
Book-keepin**

control over the books or the balance which would appear at some future time so as to correct your memory about it?—No other than this: if the transactions came under the cognizance—as I say they did—of the accountant, he would know all about it.

10033. But if he had kept a collected account showing the debit and credit of any particular party or work, then he would have been enabled to show by the balance whether there had been some error or omission, and so be able to remind you, or call your attention to the circumstance?—I think he would.

10034. But do you think that that would have been the more perfect mode of recording the transaction?—Yes; it would decidedly.

10035. I think I asked you before whether you were aware of the basis upon which Parr made up his statements from time to time—whether it was from the actual goods on hand, or what his books showed ought to be on hand in the store?—I cannot tell you exactly how that was. I would not like to speak with positiveness as to it. I think returns were made to the Government yearly of the amount of goods in store specifying the articles, but not their value which we could not do of course.

Could not say the base on which Parr made up his statements.

10036. Do you remember this matter of Brown's yourself so as to be able to explain it more fully than Mr. Conklin?—No; I do not.

Cannot explain Brown's account more fully than Conklin.

10037. Do you think that your private account in the bank, to which some of these Government moneys were deposited, would show to any one a distinction between those moneys which you had of your own, and those moneys which you had belonging to the Government?—I do not think it.

Private account in bank would show no distinction between Government moneys and moneys properly private.

10038. Would the production of it enlighten us upon that subject?—I do not think it. Suppose that horse, say \$25—you remember the transaction—I might that day deposit \$40 or \$50 to my personal credit in the bank. If that were the case—of course I am speaking entirely from memory—you could not discover the \$25 by itself. I do not remember banking always the exact sum. Of course, it is some years now.

10039. Do you think, speaking in a general way, that you had large amounts mixed up with the Government moneys or only small amounts?—They were large sometimes. For instance, I received moneys from the Archbishop during the time of the grasshopper plague—large sums—which I had to pay out for wheat and flour. The moneys were transmitted to him and by him given over to me.

10040. Can you suggest to us—I ask this because I know you are considered to be a very good business man—any method by which we can investigate the correctness of your statements to the Government from time to time of the moneys of theirs which you had in your hands?—No; I cannot.

Can suggest no way by which correctness of his statements to Government might be investigated.

10041. Do you think that this private bank-book would help us in the investigation?—I do not think it would, but I have no objection that you should have it. I have given full details of the full transactions to the Department; and then I may say it was about a month only, while things would be fresh in my mind.

10042. But of course you had immense sums to deal with?—No.

**Paymaster-
and-Pur-
veyorship-
Book-keeping.**

10043. I think you dealt in something over half a million on this Pacific Railway alone?—But none of that came to my hands. You must understand that that would not come into my control directly or indirectly.

10044. I am not speaking of the amount under your control, but of the amounts that passed through your mind. You suggested that those statements were made to the Government at short periods?—Yes.

**Explains why his
memory of
amounts could
not be at fault.**

10045. And I suppose you mention that to show that your memory for that short period would likely be so perfect that no mistake would be made by you. Is that your idea of mentioning about the short period?—Yes.

10046. Against that idea, I am suggesting to you that your mind had to carry such large transactions that it might possibly have overlooked some matter of your own?—No, that is where we differ; in this way: that I would not receive large amounts. I would be months, for instance, with only \$25—or might be months with only \$25. It is the cash which actually came into my possession only that I had to deal with, in the way in which we are now speaking of.

10047. But would your mind not be occupied with other transactions in which money would not pass through your books? For instance, the purchase of supplies—the dealing with merchants?—Of course; but I thought what you meant was that having such large sums of money I might inadvertently overlook some of them.

10048. No; I meant that your mind was so occupied with other subjects such as supplies and dealing with merchants, that a mistake might occur?—Certainly; but my accountants knew all the moneys that came in, and my storeman. No transactions were made without the cognizance of either one or the other.

10049. Now, as a matter of practice, would you not sometimes receive money and deposit it to your private account in the bank before your book-keeper was made aware of it?—I do not think it.

10050. Would you tell him while you had the money in your hand or pocket?—Moneys usually came through the accountant.

**Cases in which
Nixon received
money first and
told accountant
after.**

10051. He says not. I understand him to say that you would receive these moneys and would tell him of it?—In some cases I suppose that was the case. For instance, a sale would be effected—say through me, or through me and my storeman conjointly, and the man might come to the office and pay the money to me instead of to the accountant. Cases of that kind might occur. In the details you will find that there are a good many small sums from time to time—sometimes a dog would be sold, for example, or perhaps a dog-harness.

10052. What would be the practice on those occasions?—I would get the money personally.

10053. Would you deposit it together with your own private money?—Yes; I think so.

10054. And afterwards, from your recollection, you would tell the book-keeper of the transaction?—There and then; we would not allow a month to pass and then tell the book-keeper.

**Paymaster-
and-Pur-
veyorship-
Book-keeping.**

10055. I mean a day or two days afterwards?—No; I do not think it. I was particular about moneys that came into my hands, as you will see by my letter to the Department. I did not like handling any money.

10056. Do you think that this statement contains all the moneys deposited to the credit of the Receiver-General?—I think so. It is years since that was written.

10057. Have you any reason to believe that the statements furnished by you from time to time, both of the moneys received and the moneys placed to the credit of the Receiver-General, are substantially correct? I am, most positively.

10058. So that if there is a fault, it is a fault in the system of book-keeping, and not a fault in the transactions themselves?—I do not think there is a solitary dollar astray, and never did think so. I was very, very particular.

Does not think there is a solitary dollar astray.

10059. Is there any other matter connected with this subject which you would like to explain or give evidence on?—No; I do not know of anything.

10060. You found, I presume, a different state of book-keeping under Mr. Currie's administration?—Yes; Mr. Currie's book-keeping seems satisfactory.

10061. About those moneys, in like manner, he could have told you; because there are moneys deposited by you in that statement?—Those amounts were not put down at one time.

10062. Mr. Currie's books, I suppose you are aware, contain the account which I have been asking you about, and which was absent from your previous system?—Yes; I told you before I was not satisfied the way things were.

10063. Would you be good enough to look at your private bank-book, if you can find it, and see if that will elucidate the subject?—I will do so.

10064. If you find that they are made in such shape that they will help us to investigate this matter, we will be obliged to you?—I will.

10065. But if not will you please come and say so?—I shall do so frankly.

STRONACH.

JOHN STRONACH, sworn and examined:

By the Chairman:—

10066. Have you had an opportunity of judging of the efficiency of the telegraph lines connected with the Canadian Pacific Railway?—Yes; during the last three years I have.

Connected with line for three years.

10067. Where have you been during that time?—The first three months I was connected with the line, I was at Whitemouth on the Canadian Pacific Railway; the remainder of the time I have been in the Winnipeg office.

10068. In what capacity in the Winnipeg office?—Operator and book-keeper.

**Telegraph—
Maintenance.
Contract No. 1.**

Line between
Winnipeg and
Fort Pelly works
well at certain
periods.

10069. Can you say whether the line between Winnipeg and Fort Pelly has been generally sufficiently maintained to permit of its working well?—At certain periods of the year only. In the winter it works well; in fact, all winter. The line works well all the time right clean through, probably six months. Of course there would be occasional breaks.

10070. But that would happen on any other line?—Yes.

10071. No more breaks during the winter than might be expected on any other line of that length?—No.

10072. How is it during the summer?—It varies a good deal. There is a good deal of trouble in the summer. The line gets down; and there is such a long stretch of it and so few men to repair it that it takes some time to get it up. Generally when it does go down it is a pretty bad break.

Has been from
three weeks to
a month unworkable.

10073. How long does it generally remain in a state not to be worked when there is a break?—I have seen it stay three weeks or a month.

10074. What proportion of the time during the summer season do you think it is workable?—That varies a great deal too. I brought a check ledger with me (producing book). This is a book in which we keep the record of all our business with the office. It goes back as far as May, 1877. It shows just when the line worked with Pelly every month on Swan River.

10075. In this book you keep a record apparently of each day on which the line is working?—Yes; that is, every day we have business it is entered in here.

10076. These records are only for the work of the line upon which you made charges?—Yes.

10077. So that if there are blanks here, it would not necessarily follow that the line was not workable during that time?—Yes; especially in such a small space as four days. In March, 1878, I should say that the line worked the whole month.

Can judge from
check book probable
time of
breaks.

10078. Do I understand that from what appears in that book you can form some opinion of the probable time of the different breaks?—Yes.

Line works from
half to three-
quarters of five
months, May to
September.

10079. Will you please look at the book and say, for the past three summers, about what proportion of the time the line was not in working order?—During the last three years I judge the line has worked from between one-half and three-fourths of the five months from the 1st May to the 30th September, of the summer season.

During the rest of
the year com-
pares favourably
with other lines.

10080. And during the other months of the year, do we understand that you think it has been working without any more breaks than may be expected on any other line?—It compares favourably with our other line, the North-Western line, going to St. Paul in the winter season.

10081. Have you made this calculation which you now give us from looking over your book and counting the different periods during which no work was done over the line?—Yes; that is no paying work.

10082. Then have you charged the line with being down during the whole of the period for which you find there was no paying work, or have you made some allowance?—If there is business on one day, say the 13th of the month, but probably not until the 15th or 16th,

Telegraph—
Maintenance.
Contract No. 1.

would there be any more business, I would probably see one message on that day; but that is no reason why the line should be down during that time.

10083. After giving the line credit for being workable though not worked for the short intervals which you describe?—Yes. In giving this answer I have taken the three years and made an average of them. The above answer based on an average of three years.

By Mr. Keefer :—

10084. Is the line improving?—In 1873 it worked very well. In 1878, May and June, it worked a full month; in July, 1877, a month. For August I have no record which indicates that the line was down all that month. In September, 1878, it worked twenty-three days.

By the Chairman :—

10085. Is it improving now or getting worse?—I cannot say that it is improving any, but it maintains its average. Line maintains its average.

10086. What is your experience of the line west of Pelly?—I have had nothing to do with it. Contract No. 2.

10087. Do messages go over that line from your office?—Yes.

10088. They are repeated from Pelly to Edmonton?—Yes.

10039. Do you know any persons here who can tell you anything about this?—Yes; there is a repairer here named G. W. Wright, who worked out there.

10090. As to the line east of Selkirk, have you any experience on that?—Yes. Contract No. 4.

10091. How far east do you work at present?—At present we work through to Rat Portage. The business east of that is repeated. Work through to Rat Portage. Business east of that repeated.

10092. How have you found the line to Rat Portage?—Its average is very good. There is not a great deal of trouble, I think lately, since construction on contract 15 has stopped—that is, the blasting of rock has stopped. During the time blasting was going on the line was continually being blown up. That is what the repairer said. I have no means of judging further than that. Average of line to Rat Portage good.

10093. Do you mean that there were frequent interruptions during the period of construction on contract 15?—Yes; but the interruptions were comparatively short. There were repairers there, and they would go out immediately and fix it up. Very often the foreman of the gang who blew down the line would fix it up, and any interruptions were promptly fixed. Frequent interruptions during period of construction on contract 15.

10094. Then the line was not out of working order for any great proportion of the time?—No; there were very few days but what we could work through.

10095. Do these remarks apply to the three years of your experience?—About the blowing down of the line—that was when the rock work was being taken out on contract 15.

10096. Yes; but I am asking about this last answer of yours—when it was out of working order for only a short time?—Yes; that is as far as Rat Portage.

Telegraph—
South Pembina Branch.

Two different lines on Pembina Branch

1007. Who has control of the telegraph over the South Pembina Branch—I mean from St. Boniface southward?—There are two different lines. They both belong to the North-Western Telegraph Company, unless turned over to the Pembina Branch Company for their use.

10098. Do you mean the Railway Company?—No; the Government, I suppose. At least I do not know that the Government have; but there was an arrangement made with Swift, Upper & Co., when they had the Pembina Branch.

10099. And north of St. Boniface, on the Pembina Branch, is that a part of the railway telegraph system?—No; there is no line on the railway running to Selkirk. The line runs down on the west bank of the river, and crosses at Selkirk crossing.

Principal trouble with lines want of sufficient staff to maintain them.

10100. Is there any other matter which you can mention which would give us a better understanding of the way in which these lines are maintained?—The principle trouble with the lines, I believe, is the want of sufficient staff to maintain them properly, and a bad country to run them through. I have no means of judging of that only from hearing repairers and men connected with the line coming in and reporting these things. In my position in the office there I have had a great many conversations with different ones.

CADDY.

WINNIPEG, Tuesday, 5th October, 1880.

JOHN S. CADDY, sworn and examined:

Railway Construction—
Contracts Nos. 25 and 41.

By the Chairman:—

10101. Where do you live?—I am living at Fort William.

10102. How long have you lived there?—Since the spring. I lived at the Landing before that.

10103. How long had you lived at the Landing?—Since last September.

10104. And before that?—I lived at Fort William. I had lodgings at Neebing, in our office.

10105. How long had you live there?—I came up on the 11th May, 1879.

10106. Before that where did you live?—I was at Sarnia, County Lambton.

10107. Since you have lived near Thunder Bay have you been connected in any way with the Canadian Pacific Railway?—Yes; I had charge of contracts 25 and 41.

Appointed April, 1879.

10108. Were you connected with the railway before May, 1879?—No; I got my appointment in April.

10109. But your first knowledge of the affairs commenced in May, 1879?—Yes.

10110. Have you since that time been always engaged on the railway?—Yes.

Engineer in charge of works.

10111. In what capacity?—Engineer in charge of works.

10112. What staff have you had under you?—I have had three division engineers; I forget exactly the number of assistants. (After looking at a return handed the witness by the Judge): I see that the number of assistants now is seventeen altogether.

**Railway Construction—
Contracts Nos. 25 and 41.**
Seventeen assistants.

By Mr. Keefer :—

10113. That includes the division engineers?—Yes.

By the Chairman :—

10114. Three division engineers, and how many assistants?—Fourteen first and second assistants and subordinates. That includes the accountant and clerk.

10115. How far west have you yourself travelled over the line at different times so as to give a personal supervision?—I have been all over my division myself several times. I make a point of going over it every month.

Goes over division every month.

10116. How far west do the trains run?—They are running now to about the 150th mile.

Trains running to 150th mile.

10117. Does that include any part of contract 41?—Yes.

10118. About how much of it?—On Saturday, the day I left Fort William, I got a telegram that the track was laid to the forty-sixth mile on 41, to station 2550.

Work laid to forty-sixth mile on 41.

By Mr. Keefer :—

10119. Do the numbers begin at Fort William?—No; they begin at the end of contract 25.

J. H. FRASER'S examination continued :

FRASER.

By the Chairman :—

**Tendering—
Contract No. 42.**

10120. You have been sworn already on this enquiry?—Yes.

10121. You understand that you are now under oath?—I do.

10122. You described on previous occasions some of the negotiations which led to your associating yourself with Manning, Shields & Co. on contract 42: did you give us a description, as far as you knew then, of the negotiations about the security being put up for the person who had tendered lower than you?—I did, as far as I knew that they had failed in putting up their security, or did not put it up, or did not wish to put it up. The first parties were Nicholson, Morse & Co. They were the lowest.

Described on previous occasion, as far as he knew, the negotiations about putting up the security for the tenderer lower than witness's firm.

10123. Did you take part in any of the negotiations which led to one of their sureties not coming forward?—Nothing at all. Is that with reference to Mr. Close?

10124. Yes, with reference to Mr. Close?—The first notice I had of that was I was served with a legal paper after I got the contract, notifying me that Mr. Close had some interest in the contract. I enquired of Messrs. Manning and Shields what it meant, and they gave me some explanation that if they were to get the contract Mr. Close was to have a certain share, and I replied that I would have nothing to do with that at all; that they had the half of the contract and they might

First intimation of Close's interest

**Tendering—
Contract No 42.**

divide it up into as many shares as they liked, but that we held the half and intended to hold it, and would give a share to no outsider. Negotiations were made altogether with Shields and Manning with respect to Close. I had no conversation with him with regard to it before that whatever.

Took no part in procuring the withdrawal of Close from suretyship for any one.

10125. Then I understand you to say that you took no part in procuring the withdrawal of Mr. Close from any intended suretyship?—I took no part in it, and I did not know at the time that he was surety at that time.

10126. Did we understand you to say that Smith, who was a surety, or intending surety for the next lowest tenderer, had intimated that he would not come forward?—Not to me. Not to me.

General impression that Andrews, Jones & Co. would not be able to find any one to put up security owing to the bad shape of their tender.

10127. How did you get the idea that he was not willing to become surety?—The general report was that their contract was very badly arranged, and the opinion among us contractors was that no man of means would go into it, because their rock was only \$1.50. It was a very important item. Whitehead's contract, which was \$2.75, joined it, and it had a bad impression, Andrews, Jones & Co. being so low.

10128. Do I understand you to say that your impression was derived entirely from reasoning out in your own mind the probabilities of his coming forward?—Pretty much, until I heard it afterwards.

10129. When you say "pretty much," do you mean altogether, or not altogether?—I should think, altogether, that he was dissatisfied with the contract.

**Influencing
Clerks.**

McDonald introduced witness to Chapleau, and said he had interested himself in their behalf.

10130. Had you any other reason but that in your own mind for believing that he was not likely to come forward as surety?—Well, there was a good deal of talk that there were parties interesting themselves in getting the contract for section B. I do not know whether there was any reality in that or not. Mr. Shields was in Ottawa a good deal of the time; but whether he was in earnest in trying to get, as it were, influence from other parties, I could not say. I had forgotten when I was here giving my evidence about a little affair that I noticed in John J. McDonald's evidence—that is about Chapleau. John J. (I do not remember whether it was after the contract was awarded to me or at the time Smith was in New York) introduced me to Chapleau, and said that Chapleau had interested himself some way in getting the contract for us or for him, and I said that was all very good.

McDonald intimated that he had made a promise.

10131. Whom do you mean when you say "for him"—do you mean John J. McDonald?—He said for us, or company, and their company combined. Then he stated just as his evidence gave it, that he had made some promise. I said: "You should carry it out if you have done so." I was under the impression—on account of trying to get clear of the other company and taking James Goodwin in with me, who gave me the \$80,000 that I put up when I thought they were trying to throw me out of the contract—that I could get Goodwin in with me as a partner, and I thought they were trying to make their interest stronger by saying that they had helped to get the contract. But I could not say whether I put a great deal of reliance in this conversation or not. However, I told him that if he had made any arrangements he ought to pay them.

Understood there was a paper signed between Chapleau and McDonald.

10132. Was there a paper signed between them about it?—Not with me. I understood there was a paper signed, but I never saw it.

Tendering—
Contract No. 42.
Influencing
Clerks.

10133. Did you take no part in the arrangement by which Chapleau was to influence Smith, before it was accomplished—I mean by inducing Smith to withdraw?—Not anything but what was voluntarily spoken to me by John J. McDonald, and whether I had any conversation with Chapleau or not I do not remember; but I never approached any one or made any offers.

10134. Did you understand before this interview that an arrangement of that kind had been made between Chapleau and McDonald?—No; not that I remember.

10135. Was that interview after the time was up during which Andrews, Jones & Co. might get the contract, or was it before their time was up?—I think it was the time that Smith was away to New York that this interview took place.

10136. That is not answering the question?—That was the time that they were waiting for their securities.

10137. Then they had still a time during which they might put up their securities?—Yes; I was notified on the 5th of March.

10138. Please do not get away from what I am asking you, because you may confuse us all. At present I am trying to ascertain when the interview with Chapleau took place. Do we understand you correctly when we think you are saying that this interview between you, McDonald and Chapleau was before the time had expired, during which Andrews, Jones & Co. had the privilege of putting up their security?—Yes; I think it was before the time expired. It was when Smith was away.

Interview between witness and Chapleau took place before time had expired for Andrews, Jones & Co. to put up their security.

10139. Was not Smith away a month afterwards, and ever since has he not been away?—Yes.

10140. Then do you not understand that your telling me that it was while Smith was away, does not establish whether it was before or after the time expired?—It was before the time expired.

10141. Was it understood, between you and McDonald then, at the personal interview with Chapleau, that McDonald was to pay him the money, and that you would share in the payment of the money?—I told him as a matter of honour that he should pay him.

10142. Do you not understand that is not answering my question? I am not asking you whether McDonald was to pay it; but I am asking if it was understood that you should pay part of it?—There was very little talk about it. We sold out so shortly afterwards.

10143. What happened afterwards does not affect what I am enquiring about. You understand I am enquiring what took place at this interview—so that it does not help me when you tell me what took place afterwards. At that interview, or upon the same day, was it understood between you and McDonald that you should bear a share of the amount that was to be paid to Chapleau or not?—I do not think it was. It was to be left to the company. I do not think we made any promise to pay anything. I was there alone, and my partners were gone, and I do not think I made any promise at that time, until the matter was referred to the company.

What took place at interview between witness, Chapleau and McDonald.

10144. What do you mean by the company?—That is, my partners: Pitblado, Grant and Manning; and I do not think he was there. I do not recollect making any promise at all myself.

**Tendering—
Contract No. 42.
Influencing
Clerks.**

10145. At that interview what was understood to be undertaken by Chapleau in consideration for the money which was promised to him?—I could not tell you that it was anything. I did not consider that it amounted to anything myself. I did not know what he had done.

Chapleau being an intimate friend of Smith's, was to advise him that Andrews, Jones & Co.'s contract was low, and that it would be imprudent to risk money in it.

10146. What was described to you as the services which he had rendered, and for which he was to get \$4,000?—That Smith and he had been intimate friends, that they had been old acquaintances, and that he was going to advise Smith that it was a very low contract, and that it would be very imprudent for himself and his friends to invest and risk money in it. That is all I understood Chapleau did. That he was a personal friend of this Smith's.

10147. But did you understand that he was intending to advise Smith truly and faithfully as a friend at that time?—I could not tell you, because he was a stranger to me at that time. I was not acquainted with him, and I did not know whether he was doing it to serve Manning, McDonald & Co., or to serve me, or to serve Smith.

10148. I am not asking whether he was a friend or not. I am asking whether it was understood by you and McDonald at that time—you understand what I mean—whether your own minds were impressed with the idea that he was to perform some service as a friend to Smith, or whether his service was to be paid as a friend to you?—He had performed the services when I was introduced to him. I was introduced to him as the party who had done the service before that.

Service as performed by Chapleau.

10149. What was the understanding in your mind of the service he had performed?—That Smith considered the contract too low, and that he would not provide the securities—or his friends would not assist him in providing the securities.

10150. Did you understand in your own mind that what he had done in his interview with Smith was an act of friendliness to Smith?—I think it was now.

10151. You think that is your understanding now in your own mind?—At that time I thought it was. I thought that Smith was too low.

10152. I am not asking you what you thought about it in that view at all. I am asking you as to the character which Chapleau assumed in giving this advice to Smith—whether it was as a friend to Smith that he had advised him to keep out of the suretyship?—I could not answer that, because I could not say.

Witness's Impression as to service rendered by Chapleau.

10153. Had you no impression in your own mind on that subject?—I did not think much about it; because it was all new to me, and I did not think it was worth anything to me, as far as I was concerned, and I just listened to it and let it pass right along, because it was no benefit to me.

10154. Was it not a benefit to you to get the contract?—Unless I got the contract in a straightforward manner, I did not want it.

10155. Did you not think that the contract was a pecuniary advantage to you?—I did.

10156. Did you understand that you had that advantage in consequence of Chapleau's interference with Smith?—Not at all. I had no faith in what Chapleau had done for me. I did not think it was any benefit.

Tendering—
Contract No. 34.
Influencing
Clerks.

10157. Did you have any reason to think that Smith would not come forward whether Chapleau advised him or not?—I did not.

10158. Had you no reason to think on the subject?—I have no reason to give why he did not come forward and put up the money because they were all strangers to me.

10159. Do you mean to say now that you had no impression on your mind whether Chapleau's influence with Smith was of any pecuniary advantage to you or not?—Not to me.

10160. Had you, at the time of the interview, no impression in your own mind on that subject?—Not at all with regard to any pecuniary benefit to me. I did not want his influence and consequently I did not consider it any benefit.

10161. Was there any writing produced at that time?—Not a scrap; there was a telegram that he got from Smith, I forget what the purport of the telegram was; that was the way, he showed me the telegram and McDonald.

No writing produced at interview; but a telegram was produced from Smith, saying: his friends were advised not to put up money.

10162. Do you mean you forget the purport of it?—It was stating that his friends were advised not to put up the money. It is so long since that I forgot the purport of it.

10163. To whom was that addressed, to Chapleau or to McDonald?—I could not tell you that. The purport of it was that they considered the prices were low, and that his friends advised him not to have anything to do with it.

10164. Whose friends?—Smith's friends.

10165. Did that remove any doubt in your mind as to whether you would receive the contract?—Not any.

10166. It removed no doubt?—It removed no doubt.

10167. Had you not some doubt in your mind up to that time?—I had some doubt by the way they were acting.

10168. Had you any doubt after the telegram was explained to you?—I could not say, I am sure; I do not suppose that I had. I think I hardly remember when the telegram came indeed.

After telegram was read, had no doubt that his (witnesses) friends would get contract.

10169. Was it not exhibited at the time of this interview between you, McDonald and Chapleau?—Yes; that was the time it was exhibited.

10170. But was not that in effect informing Chapleau that there was no longer any danger of Andrews, Jones & Co.'s interfering in your getting the contract?—No; I do not think it.

10171. Was not that the effect of the information?—No; because I could not tell what the nature of that telegram was. I was not sure of anything then until I was awarded the contract. Contracting is such a peculiar business that you cannot tell until you are awarded what may turn up.

10172. Was there any other person besides Chapleau connected with any of the Departments of the Government in Ottawa, who took any part to help you or your friends in this matter?—None that I know of; not one, Sir, that I know of.

No person other than Chapleau connected with Department helped witness and his friends.

**Fraser & Grant-
Whitehead
Partnership-
Contract No. 15.**
Partnership with
Whitehead not
due to influence
of any person
connected with
Department.
Thinks it was due
to Cooper, Fair-
man & Co.

10173. Have you any reason to think that your partnership with Whitehead arranged at a later date was due to the influence of any person connected with any of the Departments in Ottawa?—Not with the Departments; but I think it was by other parties.

10174. What other parties?—I think Cooper, Fairman & Co. had a very large say in the matter.

10175. Was it due to any influence of any Member of Parliament?—No; because the arrangement went into effect before any Member of Parliament knew anything about it.

Not due to influ-
ence of any
Member of Par-
liament.

10176. Did you procure any Member of Parliament to interest himself in furthering the arrangement with Whitehead, as to your partnership?—No; none at all. I do not remember of having spoken to a Member of Parliament about it. I was in Nova Scotia at the time, and was not here at all, and was not in the country.

Grant made
arrangement
with Whitehead.

10177. With or without your procuring any such influence, are you aware whether any such influence was used?—I could not say what Grant has done. He was the party that made the arrangements. I did not make the arrangements. I never made any arrangements with Mr. Whitehead personally. I came into the contract after Grant had made the whole arrangements.

10178. If I remember correctly, you stated that the arrangement was completed at Winnipeg?—Yes.

10179. And it was completed through Grant representing your firm?—Yes.

Grant having
made arrange-
ments telegraph-
ed witness to ask
if he would go in
with him.

10180. He being here at Winnipeg at the time?—No; he did not represent the firm, as I need not have gone into it unless I chose. When Grant made all the arrangements he telegraphed me asking me if I would go into it with him.

10181. Then was that arrangement with Grant alone?—Yes.

10182. And you were offered the option afterwards to go in if you preferred?—Yes, after he had made the arrangements, because they were not certain I would go in.

10183. Then at the time of that arrangement, you were not actually interested?—No; although my name was embodied in the arrangement at the time, still it was optional with me to agree or not. Grant made that stipulation in the arrangement.

**Tendering-
Contract No. 42.
Influencing
Clerks.**
The Chapleau
matter.

10184. Have you anything further to say?—Nothing; only with regard to Chapleau. My own view is I feel there a kind of want of reconciling the facts. I do not know whether it was to make it appear to me that they had influence with parties in procuring the contract for our firm in introducing me to those parties in order to get into the contract, because I wanted to get clear of them, and to take Goodwin; but I did not altogether take in the situation of these parties; that they were saying that they were getting a good deal of influence.

10185. You mean the Toronto parties?—Yes; that is the impression. I had never anything to do with those parties myself. I never spoke to them.

10186. Were you present when the money was paid to Chapleau?—No; I never saw him get a dollar.

J. S. CADDY's examination continued:

By the Chairman :—

10187. Do you remember how far the trains had been running west, when you first took charge of the work?—They had been running to the end of contract 25 at the end of the 113th mile, about.

**Railway Construction—
Contracts Nos.
13 and 25.**

Trains running west to end of contract 25, when witness first took charge of work.

10188. What is your judgment now about the character of the railway as it was completed at that time—I mean over sections 13 and 25—if you were giving your opinion as to the manner in which the work had been finished and contracts fulfilled?—Over 13 it shows a good deal better over than 25, and they showed a good deal better at that time, because at that time it was only partly ballasted on 25, that is from the 35th mile west. That is the construction part of it. The ballasting of all of 13 was included in 25.

Character of railway as completed in spring of 1879.

10189. Do you say that section 13 had been well finished as a railway?—Yes.

Section 13 well finished.

10190. It seemed to be in a better shape?—Yes.

10191. Without comparing it with another line, what is your opinion of 13 as finished at that time?—I think it would seem to be in very good shape for a new road at that time.

10192. Had the road-bed been completed to the full width of seventeen feet?—On 13 I think it had, but not on 25.

Road-bed completed to full seventeen feet on 13 but not on 25.

10193. What do you say generally then as to 25 upon that subject?—The construction of part of 25 runs through very difficult country to get into shape at once. There was a great deal of muskeg, and it sinks very much and settles. It is very uneven.

A great deal of muskeg on 25.

10194. Do you mean it settles after the rails are upon it?—Yes; and before the rails are upon it. I never had any experience in that kind of work before, and it looked rather rough to me.

10195. What else about 25? Is there anything else noticeable about the character of the work?—There was a good deal of finishing-up to be done that I have done since.

10196. Was that finishing which was included in the original contract, in your opinion?—Partly.

10197. In what respects was it unfinished?—There was all the ballasting had to be gone over on 25; from Linkoping west it was not ballasted at all, and there was some ditching.

From Linkoping west contract 25 was unfinished.

10198. How far is covered between the points which you name?—From Linkoping west, about fifty-three miles, was the unballasted portion.

10199. Do you know whether that portion had been taken off the contractors hands as finished?—No; I do not think it had.

10200. Did the contractors do any work upon it after you took charge?—Yes, they did work; principally as days' work.

10201. Was it your duty to give certificates upon that subject?—Yes; for all the work that was done.

10202. Was this ballasting to be paid for under the original agreement, by the yard or by days' work?—By the yard principally, and some of it had to be done by days' work.

Ballasting by original agreement paid for by the yard; nevertheless some work was paid for as days' work.

**Railway Con-
struction—
Contract No. 25.**

10203. I am speaking of the original arrangement?—The original arrangement was by the yard.

10204. Was that changing in any way the original understanding?—Not that I am aware of.

10205. How did it come that the ballasting was partly done by days' work?—On the lower part of the contract on the eastern end, they had got out of their pits; they had left their pits on the eastern end and were working on the western end from Linköping west, and when they had finished the ballasting of the western end there was some places that had to be fixed on the eastern end, and consequently it put them to more expense, and part of it was ditching, part ballasting, and it could hardly be estimated in any other way than by days' work.

Work still in con-
tractors hands.

10206. Has that section been taken altogether out of the hands of the contractor now?—I do not think so; there is yet work to be done on it.

10207. What kind of work?—Just ditching and levelling up the ends of the bridges, in some places, where the banks have settled, making good slopes in the banks, and some rip-rap, retaining walls and things of that description.

10208. Do you still make periodical estimates of the work done towards finishing this section?—Yes.

10209. Has the contractor any engineer on the spot on his behalf?—Yes.

Section 25 though
run over may be
said to be still
under progress.

10210. So that the construction of section 25 is still under progress?—You may say it is; it is not yet finished in that respect; of course it is run over.

Not everywhere
of full width nor
now up to grade.

10211. Has the road-bed been made to the full width?—Not in every instance.

10212. Is it finished up to the grade generally?—It might have been at one time; but, as I say, it has settled.

10213. Do you think it has been finished up to the grade in all parts at any time?—I have no doubt it has.

Contract No. 41.

Work commencing
on 41 when
witness took
charge.

10214. What work had been done on section 41 when you first took charge?—They were just commencing 41 when I took charge.

10215. The contractors?—Yes.

Work let with
understanding
that line was to
be amended.

10216. What work had been done on the part of the Government? I mean had the work been let out? Had the location been completed at the time you arrived?—There had been a line run through there that the contract was let on, with the understanding that it was to be amended, and work was being laid out on the part that was finally located.

Work staked out,
centre lined,
cross-sectioned
and bench-marked
over those
portions finally
located.

10217. Was the work shown upon the ground in the usual way by being pegged out?—Yes, staked out.

10218. Centre line and also cross sectioning?—Yes.

10219. And bench-marks?—Yes; everything that was necessary for the work.

10220. Over the whole line, do you say, or only over portions?—Only over the portions that were finally located.

**Railway Com-
struction—
Contract No. 41.**

10221. As to the other portions which had been finally located, what had been done there?—Clearing had been done, but there was part of the line that had to be amended and had to be cleared yet. There was a line about two chains wide all the way through for the telegraph. In 1878, I think, Gamsby made some deviations from that line on which the contract was let. The line on which the contract was let comprised the old telegraph line and the deviations made by Gamsby.

10222. Upon the whole line of section 41, including these portions which were upon the original telegraph, and those which were upon Gamsby's deviation, had the line work been regularly laid out and marked so as to show the contractor where to do the work if he wished to do it?—Wherever they wanted to work it was laid out for them.

Whenever contractors wanted to work, line ready for them.

10223. Then as to the portions on which they did not want the work laid out, what work had been done by the Government?—There had been a line, as I say, run through on which the contract was let, but it was subject to improvement.

10224. That does not tell me what work they had done. I do not know, from what you say, whether cross-sections had been taken and at what distance?—No; they were not taken.

10225. I am trying to get from you what was done?—There was nothing but a profile line, a centre line, run through, on these deviations of Gamsby's and connecting with the whole telegraph line survey that was cleared out.

On other portions of line only a profile and centre line run through.

10226. Had there been cross-sections taken on the old telegraph line as far as it was adopted under the contract?—No; not for laying out work.

10227. What is the nature of the country over those portions of the line which had not been cross-sectioned and upon which quantities could not be correctly ascertained?—It is a very changeable country. There is no five miles of it alike. You run from one description of country to another. Some runs on sand plains, some on muskeg, some on rock, and some on clay.

Character of country over those portions not cross-sectioned, very changeable: sand, muskeg, rock, clay.

10228. Then, having that in view, can you say whether, at the time the contract was let, it was possible to give accurate quantities to any person tendering?—No; I do not think it was.

At time contract was let not possible to give accurate quantities to persons tendering

10229. Is there any probability, in your opinion, as an engineer, that the quantities finally executed will be approximately the same as the quantities which were estimated at the time of tendering, or is it entirely a matter of chance?—You see, the line now as finally located has reduced the quantities immensely and shortened the line. That was one of the first things I set my mind to, when I went there, was to improve the location as much as possible, and the quantities when the line is finished will not come up to the estimated quantity by a considerable amount.

Line as finally located reduced quantities and shortened line.

Quantities when line is finished will be much less than estimated quantities.

10230. Assuming that no change had been made in the location of the line, was it probable that the executed quantities would be approximately the same as the quantities estimated at the time of the tenders?—In some instances it would, it others in would not. Some classes of work would be very near, where it was earth-work for instance, but the rock work, loose rock particularly, and the muskegs, vary in character a great deal. They shrink to a greater or less percentage.

**Railway Construction—
Contract No. 41.**

If there was time line might be still further improved.

10231. What is your opinion now as to the line actually located? Is it still susceptible of improvement, or do you think it is the best that could be got?—I have no doubt, if we had got time, we could still have improved the line; but I was very anxious not to keep the contractors from their work, and got the best location that was possible in the time that we had.

Probable saving in cost by shorter location about \$500,000.

10232. To what extent in the cost do you think it is possible to improve the line, if time had been no object?—I could hardly tell you. I can tell you what would be the probable saving in cost now as located. I think it would be between \$400,000 and \$500,000, besides the saving in distance.

Four and a-half miles in distance saved.

10233. How much in distance?—There are about four and a-quarter miles saved in distance. Of course the capitalized worth of the saving in distance will be according to the traffic on the road.

10234. Take the working expenses as a basis, and calculating the capital from that?—Yes.

10235. Can you form any opinion to what extent the line might have been further improved if time had been no object—I mean, both in cost and in distance—or have you given that sufficient consideration to form any opinion?—I can hardly say, but I think a very great saving could have been made both in alignment and distance, if we had had more time to do it in.

Line not properly located when contract was let.

10236. Then, from an engineering point of view, do you consider that the contract was let too early?—Yes; I do not think the line was located properly. That is evident from what has been done to improve it in the short time that was at our disposal.

10237. Can you give any explanation of the reasons for letting the contract under these circumstances, at the time it was let?—No, I cannot; unless it was necessary to have the work in hand at once, and put it under construction.

10238. Do you mean that it might have been more important to the country to have it finished early, than to save the money which it would have cost to have finished it at a later date?—That might have been the understanding at the time. It is very likely it was.

Evidently had been thought necessary to put the work in hand even without approximately ample data; hence the clause that the location was to be improved.

10239. I am not asking whether it actually was; I am asking whether, in your judgment as an engineer, you can see any reason for it?—That is the reason I would give for it: that it was important to have the road made through as quickly as possible.

10240. Irrespective of the cost?—Yes; my idea was that it was necessary to have the road built through, and for that reason the contracts were let with that particular clause: that the location was to be improved; that the line was subject to improvement.

Better had there been more surveying before work was let.

10241. From what you know of the subject, have you any opinion whether a better general location than the one so obtained could have been obtained by putting on a larger staff to make the examinations and locations?—I think so. I think that if, before the work had been let at all, there had been more surveying done, it would have been better. I think that the line could have been improved before the contract had been let, if it were deferred for some time.

**Railway Construction -
Contract No. 41.**

10242. At present I am asking whether it could not have been done without deferring it for any considerable time by putting on a larger staff of surveyors?—No; I do not think that.

10243. So that time was absolutely necessary to have made this subsequent improvement which you describe?—Yes; it was necessary. You see the contractors were at work all the time that we were there, and we had to keep ahead of them with the location to keep out of their way. More time would have been necessary for this.

10244. Then the improvement of the line was not a question of numbers of men or surveyors?—No.

10245. You mean it depended entirely upon the time. Is that what you mean?—Yes; that is what I mean.

10246. Have you been over the country of section 42, or section 15, at all?—I have been over part of 42, about the first ten miles, or these last ten miles from here.

10247. How does the country over the worst part of 41 compare with this part of the country in 42, which you have seen?—As far as I have seen 42, it seems to be a pretty good country. Eastern part of 42 a very good country.

10248. That is the east end of 42?—Yes.

10249. It is an easier country than the worst part of 41?—Yes. Easier than 41.

10250. What is the general nature of the country over the worst part of 41?—Rock and muskeg.

10251. What proportion of 41 in your opinion is rock and muskeg, or country of that character?—About one-third of it. About one-third of 41 rock and muskeg.

10252. What is the general character of the rest of the line on 41?—Almost all the western thirty-four miles is clay, with very little muskeg on it. The middle part is muskeg, and sand, and rock, and the eastern part is about the heaviest muskeg work and rock—loose rock. Thirty-four miles west clay; middle part sand and rock; east part muskeg and loose rock.

10253. That last is the portion which has been finished, and over which trains are now running?—Yes.

10254. Can you form any opinion from your past experience, as to the probable time when 41 will be finished, so that trains can go over it?—I believe, unless there is some unforeseen cause for delay, the track will be laid over it next fall, so as trains can go over it. Trains will run over 41 in fall of 1881.

10255. Do you mean about a year from this time?—Yes.

10256. Will you describe, in a general way, about the force that is now employed upon the work by the contractors?—I think there is about 1,400 men. Force employed on work by contractor 1,400 men, and horses and machinery.

10257. And what machinery?—On the construction they have got dumping-cars and horses and carts.

10258. Steam shovels?—They have got no steam shovels on the construction, except ballasting; they have two steam shovels on the ballasting.

10259. Have you any idea, in round numbers, how many horses they have employed altogether?—That I could not tell just now.

10260. Would it be in the hundreds?—Yes; there are over 100.

10261. Is the character of the work done on section 41 to your satisfaction?—Yes. Work being done satisfactorily.

**Railway Construction—
Contract No. 41.**

10262. Are the contractors fulfilling the substance of their agreement, as far as you know?—Yes.

Disputes between contractor and Government engineer.

10263. Have there been disputes between you and their engineers and themselves upon the subject of the character of the work or quantities?—Yes; of course there are disputes.

10264. Lengthened disputes, or have they been easily settled?—Sometimes they are easily settled, and other times they are referred to the Engineer-in-Chief by the contractors.

10265. Upon what subjects are these disputes referred to the Engineer-in-Chief?—Now, about the work that I consider they ought to do, and that they consider that they ought to be paid for in a different way.

Subjects of dispute—quality of ties.

10266. What sort of work?—For instance, ties—that is one of the disputes in point now—they want to use spruce ties. I do not consider spruce a good kind of wood, and I will not let them use it.

**Contract No. 25.
Wasted ballast.**

10267. What other subject?—Then there was, on 25 for instance, a lot of the ballast that I consider was wasted, and that they consider was put on to widen the banks; but I ordered the assistant engineer in charge of the work to deduct this ballast from the amount returned; and that they have referred to the Engineer-in-Chief. Then, again, in some parts of the cuttings it was to their advantage to waste in some places, and I allowed them to waste in those places where they requested, but they were to replace it by an equivalent amount of borrowing. For instance, one end of the rock cutting they would want to strip, and waste the stripping, and they were to borrow it and put it into the dump at their own expense. Now they want to be paid for this waste in both cases.

Demand to be paid for waste and borrowing the same material.

10268. The understanding was, you say, that they should dump, from borrowed material an equivalent for the wasted material?—Exactly.

10269. And instead of that they claim for the borrowed material, and for the measurement of the material that had been wasted?—Yes; that is one of the things they have asked the engineer to grant, because I will not.

10270. Is there any further subject of dispute?—I cannot remember of anything just now.

Embankments over muskegs.

10271. Have you found in the estimated measurements of the embankments over muskegs, that there has been any serious mistake in the calculation; for instance, that the muskegs have subsided to a much greater extent than was allowed for, when tenders were asked?—I think that the percentage that was allowed in the original quantities was in some cases sufficient, and in others not enough; as I tell you the muskegs vary in character a great deal, some of them are more consistent and hold a much larger quantity of solid material, and others you can hardly tell when you commence to work the muskeg how it is going to turn out, unless you have a great deal of experience.

10272. Have you ever had any experience in testing, by boring, the depth of muskeg?—I never had anything to do with muskeg work until I came on here.

Bottoms of muskegs can be reached by boring

10273. Since you have come here, have you endeavoured to ascertain whether the bottoms can be reached, or tested by boring?—Yes; the

engineers sound them all as they go along; that is part of the duty of the leveller.

**Railway Construction—
Contract No. 25.
Embankments
over muskegs.**

10274. Do you employ cross-logging on the muskegs?—In very few cases on our work. Whenever we can drain it properly we do away with it.

10275. Have you noticed whether there has been much shrinkage after the line had been apparently made up to formation level?—Yes; it settles, and will settle for years' across muskegs. We have to cut down bridges as much as three feet on the contract. A great deal of shrinkage after line made up to formation level.

10276. To coincide with the adjoining road-bed?—Yes; to reduce the grade. I could show you, if you like, some cross-sections taken across contract 25.

10277. Have you any knowledge of the country north or south of the line near Lake Superior?—No; I do not know the country there except from seeing the profiles of work that has been gone through.

10278. You mean surveys?—The only information I have of the country is from surveys that have been made, the profiles of which I have seen.

10279. You mean surveys that have been reported in the books?—I mean McLennan's exploratory surveys.

10280. But you have no knowledge of your own?—No.

10281. Has any portion of section 41 been taken off the contractor's hands?—No.

Contract No. 41.

No portion of section 41 taken off contractors hands.

10282. Do you understand that the whole must be completed before any portion is taken off his hands?—Yes.

10283. It is upon that basis that you are proceeding in the matter?—Yes.

10284. Can you say without exactness about what proportion of the line, as finally located, was so located when you arrived?—There was about twenty-seven miles up as far as the Gull River on the east end.

10285. Have you ever given any consideration to the prices of the tender for this work?—Yes; I think the prices for the earth work was very low when I first saw the work, and the prices for the other work were fair.

Prices for earth work low; other prices fair.

10286. Did you consider whether the prices as a whole were proportionate or disproportionate?—To other work, do you mean?

10287. No; to each other. It is spoken of as consistent or inconsistent in some places?—The price for ballast I consider to be a fair price. The price for earthwork I consider low. The price for rock work, I think was just about as little as it could be done for.

10288. According to that there would not be the price of any of the work which would make it the advantage of the contractor to increase the quantities upon one classification, and decrease it upon another?—Yes; it would.

10289. That is the reason I am asking you about consistency of prices?—For instance, the muskeg. The contractors make more out of muskeg than anything else in the way of excavation. Contractors make most out of muskeg.

10290. You mean more in proportion to the price?—Yes.

**Railway Con-
struction—
Contract No. 41.**

Work measured in excavation and more is required of muskeg to make a bank than of other material. 150 yards of muskeg to 100 yards of bank.

10291. A larger percentage of the price is gain?—Exactly.

10292. For what reason?—It is easier work, and there is a great shrinkage in it. The work has to be measured in excavation and it takes more of it to do. You have to take more out of the pit to make up a bank. For instance, take a piece of bank that will have 100 yards in it. In some muskegs it will take 150 yards to make 100 yards of bank.

10293. Do you mean that the material which is taken out of these muskegs, and which shrinks in the way you describe, is taken out at less price to the contractor than other material?—Yes; that is exactly it. From that illustration I have given you, you will see that is exactly what I mean.

10294. Then wherever earthwork is required for purpose of filling in muskegs the price per yard for that sort of earth work ought to be less than other earth work?—Yes.

10295. And the tender that is based upon the same price for both of these kinds of earth work is not a consistent tender?—Unless the contractor expected to use this muskeg. For instance, the contractor might in making his tender know that he had a certain amount of sand or clay, and a certain amount of muskeg. He might make an average of the price, knowing that he could use this muskeg at a greater profit.

“Consistent”
tenders.

10296. Have you any understanding about the term or the word “consistent” which is often used by engineers when applied to the different prices in a tender of different kinds of work?—I do not understand it the way you say.

Contract 41 inconsis-
tent.

10297. I have assumed from what I have read and heard from other engineers that “consistent” means this: that a man will make about the same percentage of profit upon each kind of work, so that it is not material to him what kind of work is diminished or increased, for the same percentage of loss will apply to them all. An inconsistent tender, as I understand it, is this: that some works he will make a profit on, and others he will suffer a loss on, and that a change of the kind of work will be a benefit or loss to him, according to the classification of the quantities?—Then I consider that it was an inconsistent contract—contract 41. The prices were inconsistent.

10298. In what respect?—For instance, if some classes of work were reduced the contractor would lose more money than he would if other classes of work were reduced.

10299. Is there any other item besides this earth filling in muskegs to which that inconsistency could be applied to any extent in the case of contract 41?—No; I do not know that there is. I think that the rock price is just about as low as it possibly could be to get it done at all. I do not think the contractor will make much money on the rock work.

Less rock work
and more muskeg
best for contrac-
tor.

10300. Then the less rock work and the more muskeg filling this contractor has the better for him?—Yes.

10301. Have the deviations which have been made, and on which the cost has been diminished, been in the direction of saving rock?—Yes.

10302. So that the deviations have not resulted in any loss to the contractor?—I think not, in the percentage.
10303. If they have been in the direction of using more muskeg embankment than would have been used on the older line?—No, I think there is less; if anything less muskeg and less rock.
10304. Then the larger proportion of work has been in ordinary excavation?—Yes; ordinary earth excavation. All the western division almost is changed from rock into clay.
10305. Is there any other matter connected with the work under your supervision, about which you would like to give any explanation or further evidence?—No; I do not know of anything.
10306. Who has charge of the work of the telegraph lines over your section?—I think P. J. Brown.
10307. In what capacity?—I think he is manager of it.
10308. Where does he live?—I think he lives in Ingersoll.
10309. In what capacity has he charge of it?—I think he is manager of it.
10310. For somebody else?—Yes; for Oliver, Davidson & Co.
10311. Do any of the principals live near the line?—No.
10312. Is Brown living near the line any portion of the year?—He has generally been at the Landing once a year. He was once last summer and I believe this summer. I did not see him this summer.
10313. In his absence who has charge of the work of the line on the spot?—Neil Macdougall.
10314. Where does he live?—At Fort William.
10315. In what capacity?—I suppose he is manager of the line, as far as Eagle Lake, I think it is. That is the only one that I know of.
10316. Is he an operator?—He operates too.
10317. Are the messages repeated at Eagle Lake, or do they go on to Rat Portage?—I think they are repeated at Eagle Lake.
10318. That is the end of your section?—Yes.
10319. Who is the operator there?—I do not know.
10320. What is the arrangement about messages over that section of the line connected with the railway business?—They are supposed to take precedence of others.
10321. Are they paid for?—No; we do not pay anything.
10322. Are you enabled to send messages connected with the line without expense?—Yes.
10323. And without delay?—No; not without delay.
10324. Does it often happen that delay prevents you sending messages?—Yes; once you pass the end of contract 41 the line is very uncertain. Sometimes you do not get a message through for a month. I have had a message kept over that I did not get for a month afterwards.
10325. Is there any portion of the year when communication seems to be better kept up than at other portions of the year?—No; it varies.

**Railway Construction—
Contract No. 41.**

Deviations of line have resulted in no loss to contractor.

All western division changed from rock to clay.

**Telegraph -
Maintenance.
Contract No 4**

P. J. Brown,
manager.

Oliver, Davidson
& Co.

Neil Macdougall,
manager in P. J.
Brown's absence.

Messages repeated
at Eagle River

Canadian Pacific
Railway mes-
sages take pre-
cedence of others.

Not paid for.

Frequent delays.

Sometimes a
message not got
through for a
month.

**Telegraph—
Maintenance.
Contract No. 4.**

For a short time it may work very well; then it takes a turn the other way, and does not work for a week. You cannot get a message from Winnipeg for a week.

Line not better maintained in winter than in summer.

10326. Do you know whether the rule is that the line is better maintained in winter than in summer, or the reverse?—I do not think it is the rule.

10327. It has been represented that where there is much water upon the line in winter, the line is workable with less delay than in summer, for the reason that ice becomes an insulator; do you know whether that has proved so in your own experience?—Yes, whenever ice forms on the wire; but that is only occasionally through the winter, and generally at the beginning of winter, I know.

Delays arise from line being down.

10328. To what do you attribute these delays in the transmission of messages?—I fancy it is from the line being down—getting knocked down or blown down—the poles not being properly put up.

10329. Did you say that through the wooded portions the openings were two chains wide?—Yes; that is the width of them—two chains, I think.

10330. Do you know whether the poles are knocked down by trees falling on them, or is it from the defective construction originally?—It is very seldom the trees fall on it.

10331. What sort of poles are in use over that section?—All sorts—tamarack, spruce, and pine—that is about the principal woods they use.

Poles not put in properly where there is rock.

10332. Do you attribute the falling of the poles to the material of the poles, or the insufficiency of the support at the bottom?—I fancy that on 42 there was so much rock, the poles are not put in properly.

On 41 poles fall by reason of rotting; wood bad and insulators come off.

10333. But on 41 and eastward?—On 41 where it fails is from the poles falling down after rotting off. It is bad wood and the insulators come off. Sometimes a lot of insulators come off in the storms, and the wires drag on the ground.

10334. Have you seen them in that condition?—Yes; and have put them up.

10335. Often?—I have seen them often.

Insulators not properly put up in the first instance.

10336. Do you think they were sufficiently put up in the first instance—the insulators?—No; I do not think that they were properly put up.

10337. I understand you to say that the insulators would become detached, although the poles might remain firm?—Yes; when one pole falls down it knocks out a lot of insulators from the others.

10338. Do you mean that the insulator is put in with the grain at the top of the pole? Will a nail or anything hold as firmly lengthways in the grain as cross-wise?—No; it will not.

10339. Is that more decidedly the case in soft woods, such as you describe?—Yes; of course. The softer the wood is the less resistance there is and it will rot quicker.

10340. Have you noticed that the poles have fallen from rotting off?—Yes; in a great many instances.

Life of poles according to quality of wood: of tamar-

10341. Have you any idea of the average life of poles made of the wood which you describe?—For instance, tamarack—I think a tamarack

pole will last about ten years at the outside, before rotting off. I think a spruce pole will not last more than three or four. Pine poles last probably from seven to ten years, according to the character of the ground. It will rot quicker in sand than anything else.

10342. Have you formed any opinion of the proportion of these different woods used in the poles of this line 41, and eastwards?—No; but I say the greater proportion are either jack pine or spruce.

**Telegraph—
Maintenance.
Contract No. 4.**
arack ten years;
of spruce three or
four; pine from
seven to ten.

Greater propor-
tion of poles on 41
jack pine or
spruce.

10343. Since you have had experience on the line, over which you have charge, do you consider that the line has been efficiently maintained?—No. I do not think it has been looked after properly. I do not think it has been maintained properly. If it had been maintained properly we could have got messages through quicker.

Line not properly
maintained.

10344. Could you say, in a general way, about what proportion of the time, since you have been there, the line has been out of working order?—All the way through to Winnipeg?

Quarter of time
no message to be
got through.

10345. Yes?—I should think about one-quarter of the time that you could not get a message through.

10346. Have you any idea whether that is due to defects south of Selkirk, or east of Selkirk, as a rule?—I could not say that. I should fancy it was from the east of Selkirk, between Eagle River and Selkirk.

10347. South of Selkirk, over what country is the line constructed?—I am not personally acquainted with it, but I should say it is principally a flat prairie, or bush land.

10348. Assuming that it was altogether on the west side of Red River, have you any information of the character of the country?—No. I do not know it personally.

10349. Have you spoken at any time to any of the parties in charge of the telegraph work as to the delay, or the insufficiency of the maintenance?—I have spoken to the man in charge there.

10350. Who is that?—Macdougall; and I have also spoken to our head office.

10351. Where?—At Ottawa.

10352. Has this been frequently—I mean the complaining either to Macdougall or the head office?—I have complained to the head office once or twice, and written about it, reporting that it was working very badly.

Frequently com-
plained.

10353. Do you know whether there is much general business done over this line?—I think there is a good deal.

10354. I mean irrespective of the railway business—the Government business?—Yes; irrespective of the railway business there is a good deal.

10355. Do you know anything of the rates charged over the Oliver & Davidson portion?—No; I do not.

10356. Do you know what staff of men are employed in repairing or maintaining this line?—I only know of three men. I have seen three men at work on our division.

Three men at
work occasion-
ally.

10357. Are these men kept steadily at work, or only occasionally?—Only occasionally.

10358. Is there anything further that you wish to say by way of evidence?—No; there is nothing that I can think of.

**Nixon's Pur-
veyorship—
Stores Account.**

JOHN PARR, sworn and examined :

By the Chairman :—

10359. Where do you live?—Winnipeg.

10360. How long have you lived here?—Since the winter of 1875.

10361. Have you had any connection with the Pacific Railway?—
Yes.

Store-keeper from
spring of 1875 to
summer of 1880.

10362. In what capacity?—I used to act as stores' man.

10363. During what time?—From the spring of 1875 to about a
month ago.

10364. What were your duties?—In my relations respecting the
Canadian Pacific Railway?

Duties.

10365. Yes?—I used to fetch the mail down and look after the ship-
ment of all the goods; and if any of the engineers wanted anything he
sent me to do it; or if Mr. Nixon wanted anything he sent me to do it.

10366. Anything further; what was your principal duty?—I cannot
tell you.

10367. Did you not take charge of the stores?—I did.

10368. Was that your principal duty?—I was not the principal part
of my time in the store-house. I am there once a week, may be once
a day, or may be once in two weeks.

For most of time
absent from store.

10369. Then for most of the time you were absent from the store?
—Yes.

10370. Did you keep any books in connection with the business of
the store?—No books but the one in your hand.

10371. What do you call it: do you call it a ledger?—No.

10372. A day-book?—No.

10373. Can you give it some name?—I call it a store-book.

10374. Did you keep any other book?—No.

Store-book shows
amount of goods
received and
issued.

10375. What is this book intended to show?—To show the amount
of the goods that was received into the store and issued out.

Contains ac-
counts of Cana-
dian Pacific
Railway, Mount-
ed Police, Indian
and private stores

10376. Does it relate only to the Pacific Railway stores?—No; there
is more than that. There is some Mounted Police, some private and
some Indian.

10377. When you say private what do you mean?—Col.
Richardson used to send up goods here addressed to himself, and I
would have to keep track of them.

10378. No other private goods?—Yes; policemen's effects—packages
and bags and satchells, trunks and things like that.

10379. Did you make entries of all such goods as that in this book?
—Yes; to the best of my recollection, I did.

10380. Then this store-book was intended to contain entries of all the
goods from every source which went into the store?—Yes.

10381. Is that what you mean?—Yes; that is what I mean.

10382. Does it contain entries of goods that were issued out of the
store?—Yes.

10383. Are the values of the goods mentioned in the book?—No; I did not know anything at all about the values; there are some, I think, though.

**Nixon's Pur-
veyorship—
Stores Account.**
Values of goods
not mentioned.

10384. Was it a general practice to mention the values?—No; it was not.

10385. Besides ordinary goods were animals placed in your charge as store-keeper?—Sometimes; suppose a sub-agent brought them in, and he was retained on, he would look after the horses until they were placed away some place; but suppose a sub-agent came in from the west, and brought in forty horses, he and the man would be kept on to look after the horses until they were sent out to the Mennonite settlement, or some place like that.

System of store-
keeping elucidat-
ed.

10386. Would your book show any record of the transaction?—No; there would be a receipt in the office from the party who got them.

10387. Were you in the office as a rule?—No; I was principally on the street.

10388. How did you come to know that there would be a receipt in the office?—I have seen receipts.

10389. On every occasion?—No; I could not say on every occasion.

10390. Then why do you say there would be receipts there?—Because I have seen some.

10391. Do you mean you think there are receipts there, but you do not know?—No; I have seen some receipts from the Mennonites.

10392. What do you mean about seeing receipts in the office? You have volunteered some statement about that, and I want to see what the statement amounts to?—I have seen receipts in the office from parties who got the things.

10393. Do you mean to say that receipts were always given and left in the office, or not?—No; I do not.

10394. Therefore, it is better to confine your answer to my question. I was asking what happened under your knowledge. Would your books show any record of the transaction which you have described about the return of a large quantity of horses which were afterwards taken into the country?—The shipping-book would.

10395. Is the shipping-book your book?—I look after it occasionally.

10396. I made use of the words your book?—I do not understand you.

10397. I asked you a little while ago if you kept any book, and you said you did and pointed to the store-book, and now I ask you about your book. What book do you think I mean?—There would be no record of it in that book.

10398. Would there be any record of it in any book which you have any control of, or had then control of?—Unless the shipping-book.

10399. Had you a shipping-book?—Yes.

The shipping-
book.

10400. Where is it?—Some place here (witness looks for the book).

10401. Explain the nature of this book which you say you kept—which you call the shipping-book?—This was the account of the goods that parties got going out—surveying parties.

**Nixon's Pur-
veyorship—
Stores Account.**

10402. Would these books have reference to properties which you had under your control, or the supplies which other parties furnished for surveying parties or other books?—They would refer to both. They would contain entries of property which I had control of, and supplies of other people.

10403. Now would these shipping-books show the transactions which you have described—that is the receipt of numbers of animals returned from surveying parties?—No.

10404. Is there any book which would show that?—I think so (looking at the store-book).

10405. Of course, you understand that my question relates to the general practice, and not to single transactions?—I think the general transactions were put in this book.

No materials in book to show the animals which came into and left in charge of witness.

10406. If it was necessary to make up a statement now from these books for the purpose of showing all the animals which were in your charge at any time, and of the animals which left your charge, are there materials in this book to show that sufficiently?—No.

10407. Why not?—Well, there were horses died, horses lost, that I could not keep track of. There would be no track of them in that book.

10408. Then is it possible from these books which you had, to ascertain now the result of all the transactions upon that subject?—No.

10409. Were you asked from time to time to make up statements to show what property was left in your charge?—Yes.

10410. At what intervals?—About twice a year, I think.

About twice a year asked to make a statement showing stores in his charge.

10411. Upon what basis did you make up that statement; was it from what the books showed, or from what you found to be present in your custody?—From what I found to be present.

Made statement of what he found in stock.

10412. Did you ever attempt to ascertain whether what was found to be present in your custody would agree with the entries in the books which you had made, or did you rely entirely upon your sense of sight?—I think I relied upon my sense of sight.

10413. Do you know whether any receipt in writing was given by Mr. Nixon, or anyone else, when goods or animals were returned?—I do not know.

10414. For instance, supposing a surveying party would return thirteen animals?—Yes; I would give receipts for them.

10415. Did you keep any record of those receipts?—No; only what was in my books.

No receipt-book in store.

10416. There was no book out of which receipts were always cut?—No.

10417. No stub ends to trace them now?—No.

10418. Did Mr. Nixon sometimes give receipts himself for such property?—I could not say; I rather think not.

Witness's duties as store-keeper ended July, 1870; but in charge until he turned goods over to Scott in spring of 1880.

10419. When were your duties ended as store keeper?—A year ago last June or July.

10420. Was any store continued after that time?—Yes.

10421. Who took charge of it?—I had to take charge of it.

**Nixon's Pur-
veyorship—
Stores Account.**

10422. After your duties ended?—Yes; until I turned them over to Mr. Scott here some time last spring.

10423. Then your duties did not end until some time last spring as far as these stores were concerned?—No; perhaps I ought not to suggest anything.

10424. Yes, suggest anything?—Well, I got things in charge yet that no one would take over.

Things in charge that no one would take over.

10425. Have you offered them?—Yes.

10426. To whom?—Mr. Skead. He said I had no right to take them into the store.

10427. What sort of property is this?—A set of harness and a buck-board, and some tin pans, oil cloths and dishes, and things like that.

10428. Why did he say that you had no right to take these goods into the store?—He said he had sold these to Professor Selwyn last spring. These were Canadian Pacific Railway goods that he had sold to Professor Selwyn last spring, and he was in another Department, under the Minister of the Interior.

10429. Had you been performing any other duties besides those concerning stores?—I have been messenger for the Canadian Pacific Railway, and I generally look after the shipment of any goods they have to ship now.

Messenger and shipper for Canadian Pacific Railway.

10430. Do you remember the office of the railway being broken into at one time and papers disturbed?—Yes; I do.

**Tampering
with Papers.**
Office of Canadian Pacific Railway broken into.

10431. About what time was that?—I think it must be three years last April. I would not say for certain.

10432. How do you fix the time in your mind?—I have heard it talked about.

10433. Was there any other matter about the same time which you can recall so as to make it sure?—I remember what happened that day. Mr. Currie and I have talked the matter over in the office.

10434. You think it was in April, 1877?—No. I think it was in April 1878.

10435. That is only two years ago last April. Which do you think you mean?—I do not know whether it was in 1877 or 1878, but I know it was in the spring of the year, in April.

10436. What was the first knowledge that you had of it?—A messenger came up to my place in the morning—that is the first knowledge I had of it.

10437. Who was the messenger?—A man named Bailey.

10438. What then?—He told me the office was robbed. I said: "robbed of what?" He said he didn't know. I said there was nothing there to rob. He said it was robbed and asked what was to be done, so I came down.

10439. What did you see?—I saw the books and papers knocked around on the office floor.

Found books and papers on office floor.

10440. Did you see any means by which a person had entered?—I saw a screw-driver on the floor.

**Nixon's Purveyors—
Tampering
with Papers.**

10441. How did it appear that any person had entered?—It would appear that they had come in through the window of Mr. Nixon's office.

10442. Was any person else present besides Bailey and yourself?—There was Mr. Hespeler, Capt. Howard, Mr. Luxton, Mr. Smith, I think, and Mr. Pierce, and young Mr. Hespeler.

10443. What was done?—They looked around at it, and saw the books and papers there on the floor, and I do not know whether it was Capt. Howard or Mr. Luxton said there was no use in allowing them to lie there. I had better put them into a box, and I gathered them up and put them into the box.

10444. Do you know whether they have ever been assorted since?—Yes; I think they have.

10445. Did you take any part in the assorting?—Yes.

10446. Who else?—I do not know whether Mr. Currie did or not.

Nixon assisted
witness in assorting
papers.

10447. Did any person else assist you in assorting them?—Mr. Nixon did.

10448. Had he been at home, at Winnipeg, during the breaking into the office?—No; he was not home.

10449. Where was he?—I think he was down in Ottawa, or down east some place.

10450. Was it understood generally at that time that he was at the east?—I do not know; but I think it would be round town.

10451. Did you understand that he went down to visit some friends?—I do not remember whether he was called on business, or whether he went down to visit.

10452. One of the Blue Books printed in 1873 shows that he was under examination, on the 15th April, 1878, before a Committee of the House of Commons; do you know whether he was away on that occasion at that time?—I could not swear that that was the time unless I knew.

10453. In the assorting of the papers, do you know whether the papers were all forthcoming again, or whether any were missing?—I do not know. I do not know whether there were any books missing; but about papers and vouchers, I could not tell.

Some of the bundles of papers
open and scattered.

10454. Were they very much disturbed? Were they in bundles, or were any of the bundles open?—Some of the bundles were open and scattered around the floor.

10455. In detached pieces or in collected parcels?—Some of them in detached pieces and some in parcels, the same as monthly accounts would be.

10456. Do you know who took part in the breaking in?—I do not.

10457. Do you know whether any steps were taken to ascertain at that time who broke in?—Not that I know of. There was no one here but Mr. Currie and Capt. Howard.

10458. Is there anything further which you wish to say by way of evidence or explanation of your previous testimony?—About anything?

Nixon's Purveyership.

10459. Anything you wish to say connected with the Pacific Railway directly or indirectly?—No; nothing. Of course my opinion would not be anything anyway.

10460. I am speaking as to facts within your knowledge?—No; I want to tell you everything I know, and tell the truth as far as I know. I might think of things some other time.

COL. W. OSBORNE SMITH, sworn and examined:

COL. W. O. SMITH.

By the Chairman:—

**Railway Location—
Red River Inundations.**

10461. Where do you live?—Winnipeg is my headquarters.

10462. How long have you lived here?—Since 1871 with short exceptions.

10463. Have you had any official position here?—I hold the position of Deputy Adjutant-General in command of the forces in the North-West. Deputy Adjutant-General.

10464. Have you had any business connected with the Pacific Railway?—None.

10465. Have you informed yourself upon the question of inundations in this neighbourhood?—As far as I can, it is part of my duty as staff officer to make myself acquainted with the physical conditions of the country. Part of his duty as staff officer to make himself acquainted with physical conditions of the country.

10466. Have you made many enquiries in this direction?—I have made a large number of enquiries.

10467. Have you recorded from time to time the result of those enquiries?—I have not recorded the result except in my memory.

10468. Would you be able, without my asking questions upon the different features of the matter, to give us a general statement of it?—As to inundations?

10469. Yes?—I can speak more particularly as to information I have received with regard to the flood of 1852 and the flood of 1861. I have had many conversations with a number of persons who were residents in the country at the time and received a good deal of information from them. From the result of these conversations and from certain data I have taken, and observations I have made myself, I should say that the channel of the river had very much increased, so largely increased that I hardly think there is any danger of any serious flood again occurring. Channel of Red and Assineboine Rivers so much widened, little danger of inundations.

10470. Do you mean the Red River?—The Red River and the Assineboine. A memorandum of data I have, referring to the Assineboine. As I happen to live on the banks of it, within 500 or 600 yards of Red River, I have made observations on the rapidity of the current for two or three years, and I have data as to the enlargement of the river at that point.

10471. Do you mean the widening of the river when you say enlargement?—The widening of the river and the deepening of the channel, as there has been a considerable amount of scouring going on. When I was here first I had constantly to go up in boats to the Lower Fort where we had a detachment. Subsequently I have been in the habit

**Railway Location—
Red River
Inundation.**

Widened especially where banks are level, which extends twelve miles from Winnipeg; thence to Selkirk more gravelly and rocky.

1852 date of last great flood.

River widened by one-third even where the shores are firm.

of going down every year to the mouth of the river, and I have noticed that the river is very largely widened, more particularly where the banks are leveller.

10472. How far does that portion extend?—I should say about twelve miles.

10473. And from that point north what is the general character of the bank?—From that point north, nearly as far as Selkirk, it is more gravelly and more rocky. That portion also, from information I have received from old residents, must have widened very largely since 1852, which was the last serious flood. The flood of 1861 does not appear to have been anything like as large in extent.

10474. As to the widening of that portion which is bounded by firm banks, do you remember from the information of these old settlers, what judgment you formed as to the extent of the widening?—In one particular place I should imagine there was fully one-third of the river—that is at the point twelve miles away from here, where, as far as I can understand, the channel was very contracted and where a jam used to take place and throw back the water in this portion of the country.

10475. Do you mean that we should understand that you were under the impression that the river had thus widened one-third beyond what it was in 1852?—Yes; my informant is a man who lived on the point, which was then entirely washed away. In fact, as he expressed it, “a good sized farm had gone,”—a man named Joseph Monkman who lives at Poquis.

10476. From your own personal observation have you formed any opinion as to the natural progress of the widening of the portion bounded by the firm banks?—No; I could not say that because I have never lived down in that portion, and I have only noticed it from going up in boats. I can give you an idea, from data that I have extracted this morning from old memoranda, of the widening that is going on in the Assiniboine. Of course, that is level, and it rather surprised me. The two first I am going to mention were from actual chain measurements made under my own superintendence. One that was made this morning. I was not present at it because I had something else to do; but it was done as carefully as possible by carrying a cord across the river. The first measurement was taken from bank to bank in 1874 when the ice was in the river, that was 120 feet.

By Mr. Keefer:—

On the Assiniboine found by measurements that at one place between 1874 and 1880 river had widened 216 feet.

Rapidity of current from two five eighths to 2.78 miles per hour.

10477. Is that at water surface?—No; from bank to bank. The banks are very upright there. There is not more than a difference of ten feet of slope. In 1876 it had increased to 132 feet, and this morning the measurement given me was 216 feet from bank to bank, that is to say, it had increased from a chain and three quarters to a little over three chains in six years. I can give you the rapidity of the current taken from observations. In 1877 it was $\frac{5}{8}$ miles per hour, this was at the time of the breaking up of the ice, when the ice was rushing away and the current was at its strongest; in 1878 very nearly the same result was given, but I have not the actual figures. In 1879 I took them very carefully indeed, in conjunction with Mr. Graham, of the Land Office and the result was very nearly the same, 2.78 miles per hour.

**Railway Location—
Red River Inundations.**

By the Chairman :—

10478. Considering the data given, I mean the width at different times and the rate of the current, what do you consider to be the effect upon the probability of inundations in the future?—I do not think there is any probability of any great inundations in the future, not only from those causes, but from the fact that there is now so much cultivation and drainage that there will be more absorption and I should say less evaporation; that is, the land will absorb more moisture and gradually drain it off into the river. Although we have now an exceptionally wet season, I do not think that although the swamps are very full we will have any great flood next spring.

No probability of great inundations in future; not only the river wider but more land being cultivated there will be more absorption.

10479. Do I understand you to mean that before the land is broken up and cultivated, the water will flow more easily from the surface into the river?—Yes.

10480. But after it is cultivated, will it be absorbed into the ground and go off more gradually?—Yes.

10481. And the fact of that will be to diminish the probability of floods?—Yes; I should consider it so.

10482. I suppose you consider that that same reasoning would apply to the country on both sides of the Red River as well as of the Assiniboine?—Certainly.

The same reasoning applies to country on both sides of Red River

10483. As to the effect upon probable inundation by the widening of the river banks, have you formed any opinion whether the chances are materially lessened from that cause alone—I mean the widening, not the letting off the water from off the land?—Very materially lessened. We have a channel which is now generally admitted to be at all events double the capacity of what it was in 1861. But the rainfall is not double, and I should imagine that there would be no danger therefore of floods in the future.

10484. Have you taken notice of the character of the banks at different points down the river, with a view of considering the best locality for the crossing of the railway, or has that come within your jurisdiction?—No; not beyond having generally looked at it, and generally knowing the points from conversation and other things.

10485. Have you considered the effect of ice jams, and how they would probably affect inundations?—Yes; I have considered the ice channels very carefully, and I have failed to see that there has been any flood at all after the ice disappears. The ice goes away in a very peculiar manner. The river level is, of course, not only lower than the spring level in winter, but the channel is to a certain extent narrower as the banks are sloping. When the water rises the ice gets broken away from the shore and it floats to the surface of the water, twelve or fourteen feet higher than where it is held by the frosty season, and there it gradually rots to such an extent, that a dog will break through ice two or three feet thick. I do not think that ice of this character will ever cause any serious jam in the river.

No danger from ice jams.

10486. Does it get into that condition by gradual decay or by the sudden action of breaking up?—By gradual decay it gets thoroughly honeycombed, but of course the surface of the river is much wider than the ribbon of ice that is on it while it is getting into this honeycombed state.

**Railway Location—
Red River
Inundations.**

The surface of river increases while the ice decreases.

10487. The surface of the river widens more than the surface of the ice?—Yes; the ice decreases while the channel increases, and there is ample room for the ice to get out of the channel.

10438. Notwithstanding that, would not the ice formed where the river was wide as it went down to the narrower portions, become jammed and form a sort of dam?—I do not think ice of this character would jam. I doubt if any ice from Winnipeg ever gets down to the Lower Fort, and certainly not to the mouth of the river. I think the character of the ice would prevent a jam of that kind.

Ice here so brittle that if stopped it would crumble before the force of the current.

10489. Do I understand you to say that the character of the ice would be so brittle that the force of the current if it were stopped would crumble it?—Yes; striking against the bank would crumble it, and the force of the current would crumble it if there was a jam.

10490. So that it would find an escape on that account?—Yes.

10491. Have you considered the effect of artificial drainage of land upon the body of water in the river? For instance, would the draining of wet land, if generally carried out, enable the water to get more rapidly into the river than by the process of nature?—I consider it would.

10492. Would that have the effect of increasing the probability of inundation or lessening it?—I should think it would have the effect of lessening it.

Reason for believing that draining would lessen the volume of water.

10493. For what reason?—Because the swamps would not be kept full in the autumn of the year; they would be drained up to the time that winter would set in, and it would only be the snow fall that would have to be taken off in the spring by the drainage.

**Rise of Lake
Manitoba.**

10494. Is there any matter in connection with this subject which suggests itself to you as likely to be of any value?—I do not think there is. The question of the rise of the waters in Lake Manitoba seems to bear on the matter. From information I have obtained, I imagine that this is likely to occur from the gradual silting up of the outlet of Lake Manitoba towards Lake Winnipeg. I fancy that this may have occurred, but of course it is but theory, from the fact that Lake Manitoba, which is a shallow lake, freezes over in winter time, and the ice, floating through with a south wind in spring, carries away portions of earth and gravel towards the outlet, and there, in gradual process of decay, deposits them, which forms a bar. I think it probable that if the bar were cut it would lower the waters of Lake Manitoba, and make a large portion of the country which is flooded towards Portage la Prairie dry up.

By Mr Keefer :—

Lake Manitoba six feet higher than a year since.

10495. Has it been observed that Lake Manitoba is rising?—I am told so. I am told by a gentleman from Shoal Lake that it is fully six feet higher than it was last year.

10496. Is the rising of Lake Manitoba supposed to be the cause of the water coming on the low lands?—I am told so.

By the Chairman :—

The rising of Lake Manitoba would increase water in Assineboine.

10497. What effect do we understand you to say that the rising of the water of Lake Manitoba will have upon the probable inundation of the country?—That it would overflow to the southward and increase the volume of water coming down through the Assineboine.

**Railway Loca-
tion—
Rise of Lake
Manitoba.**

10498. Then notwithstanding the diminishing of the chances from the causes which you first explained, you are of the opinion that there are other chances which would increase the probability of an inundation?—No; not increase the probability but which would militate against the security from inundation.

10499. Do we understand that that danger could be obviated by keeping the outlet open between Lake Manitoba and Lake Winnipeg?—I think so. You would in fact lower the level of Lake Manitoba.

10500. Do you know if the bar at the outlet is composed of material that could be easily removed?—I could hardly say that, as I have never examined it myself; but I imagine that it could be dredged through.

10501. I gathered from what you said that it was material that had gathered there by ice principally?—Yes; it is my theory, and I think a very general opinion.

10502. Is there any further matter which you think desirable to state?—No.

JAMES H. ROWAN, sworn and examined :

ROWAN.

By the Chairman :—

Surveys : 1871.

10503. Where do you live?—In Winnipeg.

10504. How long have you lived here?—I have lived off and on here since 1871—the latter end of October, 1871. I am permanently resident here since 1875.

10505. What is your official position here now?—I am District Engineer in charge of one of the districts of the Pacific Railway.

District Engineer in charge of one of the districts of Canadian Pacific Railway from Rat Portage to 100 miles west of Red River and Pembina Branch.

10506. What is the extent of your district?—The present extent?

10507. Yes?—The present extent of my district is from Rat Portage to 100 miles west of Red River, including the Pembina Branch.

10508. When were you first connected with the Pacific Railway?—I think on the 5th of May, 1871, was the first I had. Mr. Fleming sent for me and asked me if I would assist him.

Engaged by Fleming, May, 1871.

10509. Where were you then?—I was in the Department of Public Works at Ottawa.

10510. Will you describe in your own way the manner in which you were engaged from that time forward, concerning the Pacific Railway including that service at that time?—Commencing at that particular date, and up until about the 10th of June of that year, a little over a month, I was engaged in collecting all the information that it was possible to obtain with reference to the country between Ottawa and the Rocky Mountains. I made a digest of all the information I obtained, and sketched an outline of the manner in which I thought it would be advisable to carry on the surveys, which Mr. Fleming had been instructed to make, and I submitted the whole matter to him. He took the matter into his consideration, and made certain alterations, and the work was organized, and I started from Ottawa—I think it was on the 10th of June—with some twelve or thirteen parties to start them at the various points that had been decided on between Lake

Sketched outline of plan for carrying out surveys.

Left Ottawa, June, 1871, with twelve or thirteen parties to start from various points.

Surveys : 1871.

Superior and here. From that time forward, after I had got the parties to the points on the coast where they were to endeavour to commence to penetrate into the interior, I was engaged going backwards and forwards visiting the parties, and the duty then devolved upon me which I did not contemplate at all, of being a kind of general commissariat officer as well as engineer.

10511. I understand that you are speaking at present of the first season?—Yes.

10512. And were there thirteen parties between Lake Superior and Red River, the first season, as far as you remember?—I think thirteen parties were all the parties I had under my charge—that is between Mattawa on the Ottawa, and Red River. I think it was twelve or thirteen parties altogether.

Survey commenced at Mattawa.

10513. You first mentioned between Lake Superior and Red River, but you mean from the Mattawa?—Yes; that is where our surveys commenced.

Each party to make a survey of seventy-five miles. Plan on which parties were to work described.

10514. Were those parties distributed over the north part of Lake Superior?—They were distributed over distances of from seventy-five to hundred and fifty miles each. What we contemplated was that each party would be able to make a survey of seventy-five miles for one season. Some parties were placed back to back and going from each other; and some were facing, working towards each other. The object I might mention, and then you can see for yourself: one party started at the mouth of the Mattawa River, on the Ottawa, to work northward and westward. Two parties were sent up the Michipicoton River, that flows into the eastern end of Lake Superior, one worked eastward and met the party coming from the east. The other worked westward. A party was sent up the Pic River, with instructions to work both westward and eastward—westward as far as Long Lake, and then to go back and work eastward to meet the party working westward from the Michipicoton River. A party was sent in at Nipigon to work eastward towards Long Lake. Four parties were taken to Thunder Bay. Two of them were to go up to Lac des Mille Lacs, or somewhere in the neighbourhood of it, if I remember rightly, one to work eastward towards Nipigon, the other to work westward, about seventy-five miles. The remaining two parties that were sent to Thunder Bay, were to make their way over the Dawson route to the Lake of the Woods, to start on a point at the north-eastern end of that Lake. It was then shown on the maps of those days and called Whitefish Lake, but it is now expunged. One was to work eastward and the other westward. Those were all the parties.

10515. In the westward course of one of the two last-mentioned parties, was there any objective point indicated to you?—No; they were to work forward to Red River. My impression is, it is a long time ago, that there is a map with one of the earlier reports of Mr. Fleming that lays down the line approximately the way they were to follow.

Witness in whole charge under Fleming. Direct charge of parties east of Red River. Arranged for exploratory parties towards the Rocky Mountains

10516. Do we understand that for that first season that the ground to be covered under your direction ended at Red River?—In one sense yes; but not in another. I had the whole charge at that time under Mr. Fleming, and while I took direct charge of all those east of Red River, I had the general arranging and fitting out of the general explo-

Surveys: 1871.

ratory party that was to start out west towards the Rocky Mountains, in so far as seeing to its being started off and fitted out.

10517. Did you undertake to direct them as to the country which they were to explore, or only as to the fitting out of the parties?—As to the country they were to explore; the direction that they were to take; where they were to start, and how they were to start; the course that they were to pursue in order to effect the object. The process we took was we took certain points on the map, as I have described, and determined from the best maps we could get what latitude that lay in. Longitude was an uncertain thing altogether, but latitude we thought we could ascertain pretty nearly. Each party was started off with a given latitude that he was to reach, and the streams were named as the means by which he could get there.

10518. As to the portion of which you have just spoken, that is east of Red River, and over which you detailed about thirteen different parties, do you remember now the nature of the examination which each of these parties was to make? Of course you have noticed that Mr. Fleming describes the different examinations by technical names, such as Explorations, Exploratory Survey, Instrumental Survey, Location Survey, &c.; now what was the nature of each of those examinations in the first season?—The first season it was to be an instrumental survey; that is to say, a line was to be run with a transit, and what is technically called a "traverse line" was to be run through the country, over which levels were to be taken, the engineer in charge of each party using his judgment, and was to endeavour to follow a tract of country through which a line of railway has subsequently to be laid out; but he was not to go to this trouble of laying out a line.

Thirteen parties east of Red River and directed to make an instrumental survey.

10519. An instrumental survey?—Exactly; with a line of levels run over it as a basis on which future location could be made.

10520. Had that portion of the country been previously explored by bare explorations?—No; not to our knowledge.

The country not previously examined by bare exploration.

10521. Was it considered expedient at that time to start those different parties upon instrumental surveys, without the country being previously examined by a simple exploration?—It was, in order that any exploration that was made might not be lost. If we had nothing to fix it by, or tie it to, or state positively that then we have discovered so and-so, it would have been all lost, and we would not know how to fix it. If an engineer came back and said: "I have found a very favourable tract of country," we would otherwise have no means of laying it down on this map, or seeing that it was in the general route, that it was proposed to be followed by the railway.

An instrumental survey adopted in the first instance in order that any exploration made should not be lost.

10522. What size of party as a rule was necessary to make such an examination as you describe as having been made, for the distance which you gave to each of those parties?—There was an engineer in charge of the party, a leveller, an assistant leveller, a rod man, two chain men, and I think, two picket men, with probably six axe men. That was about the strength of the engineering staff, and the balance came more probably under the head of transport and supply, cooks and men that carried the provisions. We had to convey all the supplies on men's backs.

Size of party.

Surveys : 187h

Thirty-five to forty men.

10523. Including men of all classes, what do you consider the whole party would be?—I think the whole parties averaged somewhere between thirty and thirty-five, sometimes as high as forty men.

10524. If it had been considered that a bare exploration would have answered the purpose at first, what size party would have been necessary, in each instance, to cover the same length of ground that these parties covered?—That is a difficult question to answer. The main difficulty was the transporting of supplies. Two men, I suppose, or one person could have made the exploration, and could have gone through the country and said what he saw; but he would have had no means of fixing it.

10525. I am asking what would have been the size of a party if only a bare exploration had been considered necessary?—It is very difficult to say. Of course I could only say that it could have been considerably smaller.

10526. For instance, you say that the average distance for each of these parties was seventy-five miles?—Yes.

Three or four men could make an exploration; but a considerable number required to move supplies.

10527. Now if you wished to make a bare exploration of seventy-five miles, how many men do you think you could safely start out on that expedition, including every branch of the service: commissariat, transport, and everything that you consider necessary?—I am entirely at a loss to answer that question, for this reason: to get the supplies to the place where the party would start from would involve a considerable amount of labour and transport; as, for instance, a man to commence an exploration of any kind from a point seventy or eighty miles north of Lake Superior, in the Michipicoton River, would require a canoe or canoes to transport his supplies to the point from which he was ordered to start to make the exploration. The moving of those canoes, and the supplies that they would contain, up these rapid streams and portages, would require a number of men before he could start on his exploration proper at all. To merely start from that point and go over seventy-five miles, without making any survey, would not require I should think more than three or four men.

10528. It was necessary to ascertain the number of the whole force required to make such a survey as you did make, with all these difficulties that you now speak of?—Yes.

10529. But that did not make it impossible to arrive at some conclusion?—No.

10530. Is it not possible to form some conclusion, whether the number of the men employed on the engineering service should be increased or diminished?—Yes; that I can answer you at once.

One engineer could make an exploration.

10531. How many men would it require to make an exploration only, who would be engaged in the engineering portion of the work?—One man to make the exploration.

10532. How many men would be required to transport and carry all the supplies and all the necessaries for one man?—They would have to carry for themselves also.

Say two engineers; then there should be a party of from ten to fifteen.

10533. Including that and including every possible contingency, just as you have included it when you calculated on six or eight engineers?—I take it, assuming the point I have made, to have started two men, because you could not get one man to go over the woods by

Surveys: 1871,

himself. To take two men and transport all the supplies necessary, I think it would require a party of ten or fifteen men.

10534. Then is it your opinion now that if a bare exploration had been considered necessary, and nothing more than that, the party to effect that, including transport and all other branches of the service, would be composed of about ten or fifteen men?—Yes; the party would consist of about fifteen men.

10535. How many of an engineering staff are required to make the survey as it was made?—About eight.

An engineering staff of eight required for an instrumental survey.

10536. Then do I understand you to say that a party of eight engineers would require a whole party of about thirty to do all that was necessary, and that a party of two would require from ten to fifteen of a whole party?—Yes; only if you would add to that when the party came back, there would be nothing to show for what they had done.

10537. Will you explain to me why a party of two engineers would require so large a party as fifteen, when eight engineers could be supplied by a party of thirty?—Because the eight engineers helped to supply themselves. They form part of the force that are utilized in the transport.

10538. Would not the two, if they were alone, form part of the force in supplying themselves?—They would; but not to the same extent.

10539. Would they not in a proportionate extent?—No.

10540. Why not?—Because you must have a canoe to start them into the country of a certain size, and that requires a certain number of men to manage it.

Canoe with a crew of seven men required no matter how small the surveying party.

10541. What is the size of a canoe party?—Seven men.

10542. So that no matter how small a party it would require seven canoe men?—Yes; that is my judgment. You must have a canoe of that size that it would take seven men to take it through, with the supplies.

10543. The seven canoe men would only be required on that portion of the line where there was water?—Exactly; to take in supplies.

10544. From the point at which they commenced their exploration, would the canoe men be required, or could their services after that be dispensed with?—No; they would be required still.

10545. For what purpose?—Crossing the lakes that they would meet on the way, unless you lost a great deal of time in making your way around them.

10546. If there were eight men employed in the survey or engineering, how many canoes would be required?—They generally had two small canoes along with the engineering party, and then they had a number, which varied, bringing in and along their supplies: three to five canoes, I suppose.

With an engineering staff of eight they had two small canoes with five others bringing supplies.

10547. And how many men would be required for each of these canoes for the larger party?—From five to seven men.

10548. For each canoe?—Yes.

10549. And how many canoes?—I think there would be about three or four canoes.

Surveys: 1871.

10550. Three altogether?—Three or four large canoes. The engineer and his assistants, his axe men, and leveller, and transit man could wield a paddle, and they would help to paddle the canoe.

10551. Of course as far as the muscle force is concerned the two men would contribute their share just as well as the eight men in the larger party?—Yes.

10552. But if it is a necessity in every case to have seven men to manage one canoe, then I can understand that that would add to the small party a larger force in proportion than would be required to be added to the large party?—Yes; that is just it.

A canoe not absolutely necessary for a bare exploration.

10553. Is it a necessity to have a canoe to cross waters upon bare explorations? In your opinion is it a *sine qua non*?—It is not a *sine qua non*, but it would greatly expedite matters.

10554. Then besides the seven canoe men, who would be necessary in every party to examine the country, what other men would be required so as to make up the balance of the fifteen?—I do not think that one set of seven men would carry in enough supplies. You could not carry in supplies enough for the men who were taking in the supplies, and the party who were going to start to make the exploration, and go back again with one set of men. You would have to have two canoes and establish a depot.

10555. I am endeavouring to get your mode of calculation as to what is necessary to supply a party for the smaller exploration?—Would it not be simpler if I were to describe what I would do under those circumstances, and then you could see?

What witness would do if planning a bare exploration party.

10556. Will you say what you would consider it necessary to do if you were planning a bare exploration at the smallest possible expense, so as to make it efficient, and through the country over which those examinations took place?—I would go to a point of the coast where I could penetrate to the interior, by steamer, taking with me one assistant besides myself, and two canoes to carry our provisions, probably a small canoe besides—what is called a two-fathom canoe. I would then take with me these canoes, and men and provisions, up the stream to the point from where I was to start my exploration.

Two canoe loads: fourteen or fifteen men and himself.

10557. When you say these men and provisions, I do not know how many you mean?—Two canoe loads: fourteen or fifteen men and myself. Seven men are considered a crew for a three or four-fathom canoe.

Would not undertake such a survey with a smaller force.

10558. Do you think that a bare exploration over this country could not be made except in the way you have described, and with a force as large as you describe?—I do not know; possibly it could, but I would not undertake to do it.

When an exploration is made the direction can be recorded by the compass and distance can be paced for.

10559. When a bare exploration is made, is there any means of recording the direction, by the compass for instance, and the extent of the country examined, so as to make it intelligible to another person?—Certainly, you could with the compass take your direction you travel in, and you could pace for distances. In any ordinary country that could be done, and you could get a very fairly approximated idea of what you had done. In the country we are speaking of you could not take a bearing of where you were going for six feet, for it is so densely covered with timber and brush in many places that you could hardly penetrate through them. It would be a perpetual winding in and out

But this could not be done in the country surveyed.

Surveys: 1871.

among trees. We had to chop out a line before we could get through at all.

10560. Then was it on account of the character of that particular country that it made it expedient to have a more elaborate survey than a bare exploration?—I think so.

10561. If the country had been of a different character—prairie, for instance, or principally prairie—would a bare exploration have been sufficient?—I think it would. I think you could have done very well indeed with a preliminary exploration over this prairie country.

Over prairie country a preliminary survey would have done very well.

10562. Do you know whether it sometimes happened, in making the examination such as was made, that obstacles would be reached which were insurmountable—for instance, a lake—so that it would be afterwards impossible to locate on the line of examination?—Yes.

10563. You think from the nature of the country that the existence of that obstacle could not have been ascertained efficiently by a bare exploration?—The extent of the obstacle or how it could be overcome could not have been ascertained.

The extent of an obstacle such as a large lake and how it should be overcome, could not be ascertained by a bare exploration.

10564. But the existence of such an obstacle?—You could not have placed it with sufficient accuracy, but you could have stated generally that there was an immense lake. If a man came to a lake like Nipigon, for instance, on the exploration, you could say that a considerable distance north of Lake Superior there was an immense lake that would render it necessary to go seventy-five miles further before you could get around it.

First Season.

10565. Do you remember how many parties, during the first season, were started under your direction?—Thirteen to the best of my recollection.

Thirteen parties started first season under direction of witness

10566. Alluding again to the sufficiency of a bare exploration, I think I understood you to say that there would be great difficulty in recording the general direction in consequence of continual obstructions; is not the general direction sometimes ascertained by taking a bearing from the tops of trees or hills, or something of that kind?—Yes; but you would have nothing to record the distance with. We could get to the top of a tree on one hill and take a bearing of a tree on the top of another distant hill, but you would have nothing to give the distance, except you made guess at it.

General bearing can be taken from tops of trees or hills, but a bare exploration would not give distances.

10567. Where were your headquarters during the first season?—Everywhere; all over. I had no headquarters; I was perpetually travelling.

10568. Who had charge of the commissariat branch of the surveying parties?—Mr. Wallace was the head commissariat officer.

Wallace, head commissariat officer at Ottawa.

10569. About what point?—At Ottawa.

10570. Were these officers under him at the different points on the shores of those lakes, or some other convenient distributing points?—I think there was a commissariat officer with each party; a kind of subordinate officer.

10571. But would he be obliged to communicate with Ottawa always if he wished to send any message upon the subject?—Whenever he could, it would be necessary to communicate with Ottawa.

**Surveys—
First Season :
1871.**

10572. In fact, was there not one stationed at the mouth of the Pic River?—There was one at Michipicoton, and I think also at the Pic River. There was one at the Pic; but while that might be called his headquarters, he was constantly going back into the interior with supplies.

Field operations ceased in those cases where they did cease, about the end of October

10573. About what time of the year did those field operations cease that first season?—Any of them that did cease, ceased about the end of October; most of them continued on through the winter.

When engineer had completed his seventy-five miles he returned with his party and plotted his work.

10574. Were particulars concerning the field work sent by the engineers in charge of the different parties to the head office at Ottawa, so as to let the office work be done; or, if not, how would the office work be done?—The office work was done when the party completed his work and came in. When he performed his seventy-five miles he came home with his party and plotted his work.

10575. Might that be in the summer?—The following year most of them got home.

10576. About what time in the following year?—I think about March or February. Circumstances varied very much; some of them got home earlier than others.

10577. Were you still travelling from point to point during the winter, after the first season, I mean the winter of 1871-72?—The winter of 1871-72 I was frozen in on the Lake of the Woods on my way trying to get through here. I was detained there for some days, and reached here about the latter end of October or beginning of November, having been frozen in on an island in the lake.

Witness remained in Winnipeg until December

10578. Did you pass that winter in Winnipeg?—I remained in Winnipeg until about the middle of December.

10579. And then where did you proceed?—Then I went to Ottawa.

Thence to Ottawa where he remained until spring of 1872, compiling information and working up details.

10580. How long do you think you remained there?—I remained there until the following spring.

10581. Still occupied in engineering for the Pacific Railway?—Yes; at office work, compiling the information that came in, getting it into shape and working out the details of it.

10582. Can you say what was the general result of the work of that year—the first season—did it establish any important facts or data for future operations?—I could not say without referring to the report. The report, I think, shows all the results that were arrived at.

Made report.

10583. Did you make a written report embodying the information obtained as to the result of those operations?—Yes.

Explorations of first season did not result in finding a line north of Lake Superior.

10584. Do you remember whether the explorations of that year resulted in a line being laid down as the one which would probably be finally located north of Lake Superior?—No; I think not. I think that the result, if I remember right—I am speaking entirely now from recollection—was that we came to the conclusion that a line would not be practicable from Pic River to Nipigon, south of Long Lake, and that from the Pic River, eastward from the Michipicoton River, we would have to try in some other direction for a line. That is my recollection of what was discovered the first year. Also that a line from Mattawa to the head waters of the Montreal River was very unfavourable, and that it would be desirable to endeavour to find some other line through that section of country.

10585. Have you any reason now to think that the result of those operations, as reported by you, was not correct? Are you still of the same opinion as that which you expressed in your report?—As well as I remember, I am. I think so; I do not know that I know of anything that would lead me to change it.

10586. Then, in 1872, what operations were undertaken under your directions?—In 1872 we tried for a new line from Mattawa via Lake Nipissing to the Valley of the Sturgeon River, crossing the Moose River somewhat further north than our line of 1871, and endeavouring to reach the head of Long Lake. We also started in at Nipigon with a view to thoroughly exploring the country lying between Red River and Nipigon, and more particularly in the section of country lying all around Lake Nipigon for fifty miles.

10587. Were the examinations and surveys of the same character as those of the year preceding?—Yes.

10588. And about the same sized parties?—Yes; just about.

10589. Was there any particular change made in the management of the affairs of the survey parties that year?—I think not.

10590. Were the explorations west of Red River under your direction?—No; not under my direction.

10591. Did you make a written report of the work of that year?—I think so.

10592. Have you any reason to change your opinion now as to your judgment stated in that report?—I think not.

10593. Do you remember at what time the field work ceased that year, or did it cease?—I think for the most part of that year it terminated with the close of navigation on Lake Superior.

10594. Did the engineers proceed to Ottawa, or were they discharged as a rule?—No; they proceeded to Ottawa and plotted their work.

10595. Did you remain out during that winter of 1872-73, or did you go to Ottawa again?—I went to Ottawa.

10596. What operations were undertaken for 1873, under your directions?—It would appear as if, during that year, we had been carrying on further explorations with a view to getting further knowledge of the country lying between Red River and Lake Nipissing, generally all through, but more particularly the country lying between Red River and Lake Superior.

10597. Was there the same number of parties employed, or about the same number?—No; there were eight parties employed.

10598. So that in 1873 the survey force in this section of the country was considerably reduced?—Yes; very considerably reduced.

10599. Were the examinations of that year confined to preliminary surveys, and not final locations?—No; not final locations.

10600. Nor trial locations?—No; portions of them were merely exploratory surveys with the instrument referred to by Mr. Keefer: a Rochon micrometer made by Mr. William Austin.

**Surveys—
First Season :
1871.**

**Second Season :
1872.**

A new line tried for from Mattawa via Nipissing to Valley of Sturgeon River. Attempt to thoroughly explore country between Nipigon and Red River.

Surveys of this year like those of last—Instrumental.

Exploration west of Red River not under witness's direction

Reported on work of year 1872; opinions the same to day as those in that report.

Engineers proceeded to Ottawa and plotted their work.

Witness also was at Ottawa during winter of 1872-73.

**Third Season :
1873.**

During 1873 further explorations in country lying between Red River and Nipissing.

Only eight parties as compared with thirteen during the two previous years.

Examinations of 1873 also preliminary surveys.

Portions purely exploratory work with a Rochon micrometer.

**Surveys—
Third Season :
1873.**

10601. Up to the end of 1873 were the surveys in the region of the Ottawa and Georgian Bay under your direction?—No; none of those were ever under my charge particularly.

10602. Who had the control of those operations?—I think Mr. Hazlewood was the gentleman. Mr. Ridout was also out there too, and Mr. Murdoch.

Made report on work of 1873; no reason to change opinions then formed; adopted line not that advocated by him.

10603. Did you make a report of your judgment of the result of the operations of 1873?—Yes.

10604. In writing?—Yes.

10605. Have you any reason to change your opinions expressed in that report as far as you know now?—I think not; the line does not follow the line that my report advocates.

**Railway Loca-
tion.**

Advocated going direct to mouth of Nipigon.

10606. What do you remember as the line indicated in your report?—I favoured going direct to Nipigon, instead of turning south to Thunder Bay.

10607. Do you mean to the mouth of the Nipigon?—Yes.

By Mr. Miall:—

10608. To Red Rock, was it not?—Yes; to the south of the little lake called Lake Helen, a few miles up from the mouth of the Nipigon.

By Mr. Keefer:—

10609. Would we find that map in the office below?—Yes; I think so. I think we have a copy of it here—a tracing.

10610. Of the preliminary instrumental survey?—Yes.

By the Chairman:—

Fleming frequently discussed with Rowan the best line, &c.

10611. Did you and Mr. Fleming consult together at this time, or anywhere up to this time, upon the general policy to be adopted concerning the railway from an engineering point of view?—Yes; he frequently spoke to me upon the subject and asked my views as to the best route—the best line to follow and various other matters in connection with the construction of the railway.

10612. Do you remember whether there were any important matters on which you and he differed concerning the railway?—No; I do not. I think that most of the views he expressed on the matter I fully concurred in. The matter that I have just referred to in reference to the line to Lake Helen, the respective routes were submitted to the Government for them to decide which they chose to follow.

**Line north of
Lake Mani-
toba.**

Thunder Bay as a terminus decided spring of 1874.

10613. Do you remember about what time the adoption of Thunder Bay as the terminus was decided upon?—Yes; I think so. It must have been in the spring of 1874, I think. Mr. Mackenzie was the Minister of Public Works at the time it was decided.

10614. Do you remember whether—it was about that time that the general course of the railway across Red River in the direction westerly and north of Lake Manitoba was settled—there had been at one time an intention of running the road south of Lake Manitoba?—Yes; that was the line that Mr. Fleming laid down in his first map as the general line the railway should follow, and on that line the first exploration was made, I think, by Mr. Frank Moberly.

10615. My question is now to ascertain if you know about what time the change was adopted, fixing the route by the Narrows of Lake Manitoba?—I think it was in 1875—the spring of 1875—that I was instructed to have the survey made that way.

**Railway Location—
Line north of
Lake Mani-
toba.**

Spring of 1875 intention to run south of Lake Manitoba changed.

10616. Then during 1874 what operations were carried on under your direction?—In 1874, I think, we were engaged in re-surveying what is now contract 15—making a re-survey of the country between Rat Portage and Red River.

**Surveys—
Fourth Season :
1874.**

Principal work in 1874, re-surveying country between Rat Portage and Red River.

10617. Would that be the principal portion of the work of that season under your direction?—I think it was.

10618. Do you remember about how many parties were engaged on it?—I think there was only one party.

10619. Had you only control of one party in the season of 1874?—We were making surveys to the west on the northern line. It must have been in that year, too, I got orders to make a survey north of Lake Manitoba.

Also ordered to survey north of Lake Manitoba.

10620. So that that route must have been adopted also in 1874?—Yes; I think so. My duties I see now from the Blue Book were confined principally to this country up here. I had nothing to do with the country east of Lake Superior at all.

10621. Where had you your headquarters?—At Winnipeg.

10622. Had you supervision of the operations west of Red River?—Yes; my district at that time was not the same as I answered you in one of the first questions you asked me.

10623. Then for 1874, what was the extent of your district?—My district for 1874 was from Rat Portage westward to Fort Pelly, including the Pembina Branch.

Witness's district for 1874 from Rat Portage to Fort Pelly and the Pembina Branch.

10624. Between Rat Portage and Lake Superior who had the control of the operations?—Mr. Hazlewood.

10625. Were his duties over the section similar to yours for the section westward?—Yes; we occupied exactly similar positions—district engineers.

10626. During that year did you proceed to make surveys with a view to construction—I mean, had you determined on the location of the line near enough to begin to prepare for construction?—Yes; I think we began then to make the actual location surveys at the Rat Portage end.

Began to make actual location surveys at Rat Portage end.

10627. Who was the engineer in charge at the Rat Portage end?—Mr. Carre.

10628. That part of the line is generally spoken of as section 15, is it not?—Yes.

10629. And between that section and Red River is known as section 14?—Yes. It was during that year also I might say that the exploration was made from Red River eastward to Rat Portage, north of the present line.

Exploration made from Red River to Rat Portage north of present line.

10630. Who made that survey?—Mr. Brunel made a portion of it—a track survey—and a portion of it was done under Mr. Carre's supervision.

**Surveys—
Fourth Season :
1874.**

10631. That was not over the line since adopted?—No; one north of it.

Track survey.

10632. What do you mean by a track survey?—A track survey was, he went through with dogs and snow-shoes, and paced the distance and took bearings as you spoke of with the compass.

10633. Something in the nature of an exploration?—Yes.

10634. Not an instrumental survey?—No. The reason of it was Mr. Hazlewood, District Engineer on the Thunder Bay District, reported great difficulty in getting through by Rat Portage on the line as at present adopted.

**Reason why
north line not
adopted—had
crossing Winni-
peg River.**

10635. Was this northerly line undertaken with a view to escape Rat Portage?—With a view to trying to escape going down to Rat Portage from the east; but the country to the west of the Winnipeg River so far north as where he indicated it would have to be crossed that is the Winnipeg River—was so very unfavourable as to render it impossible to utilize that route for the railway.

10636. Was there another survey during 1874 of the line of section 15, about where it is at present constructed?—Yes.

**A second survey
of section 15 by
Carre.**

10637. Who made that survey?—That was made by Mr. Carre. Our previous line that had been surveyed in 1871 was burned when our office was burned. The record was destroyed.

**Railway Loca-
tion and Con-
struction—
Pemb. Branch.**

10638. You mean the plan of it?—The plan was burned when our office was burned out in that year; also the construction of the Pembina Branch was deemed advisable.

**Contract No 5.
Located under
supervision of
witness.**

10639. Was the location of the Pembina Branch made under your supervision?—Yes.

10640. By what engineer?—I went over the ground myself first and made a preliminary examination, and then an actual location was made by Mr. Brunel. I think he was the engineer in charge.

10641. Was it cross-sectioned?—No.

**Ground so level
not necessary to
cross-section.**

10642. Was the character of the ground so level that it did not require cross-sectioning to get at the actual quantities?—Yes; and even the longitudinal section was so level that there are but very slight variations between one point and another.

10643. Were data sufficiently ascertained to form a fair estimate of the quantities so as to invite tenders upon some reliable information?—I really could not answer that question at this moment. I will give you an answer to it when I refer back to the papers.

10644. Do you remember, as a matter of fact, whether the executed quantities exceeded largely the estimated quantities?—I do not; but I remember that the contractor complained that the executed quantities as returned are very much smaller than what he had actually performed.

10645. Is there any existing dispute on that subject between the contractor and the Government?—I am not aware of any. I do not know whether he was settled with or not. I was under the impression that he had been finally settled with.

**First contract on
Pembina Branch
embraced from
nine miles south
of Winnipeg to
first township**

10646. Did the first contract embrace the whole line from St. Boniface to the boundary line of the Province?—No; it did not. The first contract embraced from a point about nine miles south of Winnipeg, to about

the first township north of the boundary line. Speaking from memory I think he was allowed to do the balance at the same price.

10647. Did he do the balance or did not some person follow him and finish it?—No; I think he did the work. There was a subsequent contract entered into with Upper & Co., for the nine miles next to St. Boniface.

10648. Did the Upper contract include the ballasting as well as finishing at the north end of the Pembina Branch?—No; Mr. Whitehead constructed the north end to Selkirk. The Upper contract was to finish the grading from one mile south of St. Boniface Station to where contract 5 terminated, about nine miles south of St. Boniface, and to track-lay, ballast, put in bridges and culverts on the portion which had been graded under contract 5.

Railway Location and Construction—Pemb. Branch.

north of boundary line.

Upper & Co. did grading nine miles south of St. Boniface Station.

WINNIPEG, Wednesday, 6th October, 1880.

WILLIAM F. LUXTON, sworn and examined:

By the Chairman:—

10649. You have been summoned to appear before the Commissioners because we were informed that you wish to give evidence, concerning some matter which you thought affected you; is that correct?—Yes.

10650. What is the subject?—It is the matter of Mr. Whitehead's evidence. On the 14th, Mr. Whitehead is reported as having said, among other things:

"I also helped the newspaper here. When I first came I knew the *Free Press* was working hard against me, and I was bound to have the help of another paper, so I assisted Tuttle in starting the *Times*. We had no other paper here at the time but the *Free Press*, and they used to get things in the paper about a man being killed on section 15, and then there would be an account of another melancholy accident on section 15, and the paper used to contain sarcastic remarks, so I thought I would get another paper here to advance my own interests. It was not on account of his influence with the Government that I assisted Tuttle, the proprietor of the paper. It was not promised that he would be of any assistance to me in the Departments. In compensation for helping his paper I was not led to expect anything of the kind."

Mr. Whitehead is reported as having given that evidence on the 14th September, and the day before yesterday he was reported, when the matter was more closely enquired into, and he then referred to the same thing: "We had only one paper here at that time, and, for the reasons I gave before, I gave assistance," thereby re-affirming what he had already affirmed. Now I appear before the Commission to contradict Mr. Whitehead in this respect. He says: "I knew that the *Free Press* was working hard against me," and that is the reason that he assisted this other paper. Now I have the files of the paper here, from the time that Mr. Whitehead took the contract—that is, contract 15—up until after the time of the starting of the *Times*, and since Mr. Whitehead gave that evidence I have examined the files very closely, to see if there was any justification whatever for his evidence. I was persuaded there was none, because I knew it was not in accordance with the policy of the paper to do as Mr. Whitehead said we had done. However, to satisfy myself upon the point, since Mr. Whitehead gave that evidence, I have carefully gone through the file, and I have here a

LUXTON.

Contract No. 15. Helping Newspapers.

Complaints of Whitehead's evidence of the 14th September, as containing incorrect statements regarding the *Winnipeg Free Press*.

**Contract No. 15.
Helping News-
papers.**

reference to every allusion made to Mr. Whitehead in that time; and I find that up to that time, that wherever an opinion was ventured the opinion was favourable to Mr. Whitehead. The facts relate to news items and that sort of thing. When we mentioned that a man was killed on contract 15, and another man killed on the contract, we did it in the ordinary course, and, as a rule, without any observation one way or the other; and I find in several places Mr. Whitehead spoken of in commendatory tones. I have the references all marked here, and I will just refer to a few of them.

Instead of ad-
versely comment-
ing on White-
head's work, *Free
Press* ready to
help him and it.

10651. You may refer to any notices in your paper of Mr. Whitehead or his affairs, at such length as you think proper?—I have stated on my oath that instead of having up to the time that the *Times* was started, instead of animadverting on Mr. Whitehead's work, whenever we commented we commented in the opposite direction, I swear positively to that. A case in point—of course they are not all like this: on the 18th December, 1878, Mr. Charles Whitehead and Mr. William Macdougall, the latter a clerk of Mr. Whitehead's, came to my office with some manuscript. Mr. Charles Whitehead intimated to me that if I would publish it, I should be paid for it. I merely mentioned to Mr. Whitehead that so far the *Free Press* had never published anything in its editorial columns for money, and would not do it this time; but if he would leave me the article I would look it over, and in case it was acceptable I would publish it. He said: "If you can spare a little time I will read it to you now, and you can pass on it now." So, without altering it, Mr. Macdougall read the article, and after hearing it I said: "I will publish it." The article is in favour of Mr. Whitehead. We could not publish it the day that Mr. Whitehead was in, but we published it the next issue. (The witness here read the article at length.) That article is simply two columns of eulogy of Mr. Whitehead.

Published an
article eulogistic
of Whitehead.

10652. Have you a detached number of the paper in which that appears that you could furnish to us?—I have not.

10653. You produce a book which I assume to be the year's file of your paper?—Yes.

10654. And you find that article in your book?—Yes

10655. Would it be convenient for you to leave that book with us?—I do not wish to leave the book as it is the office file.

10656. We think that a general allusion to the tone of the article will be sufficient, but if you wish to leave the book as a matter of evidence you can do so?—I will just simply state that the article is two columns of eulogy of Mr. Whitehead's work. I may say this: at the time I took that article I supposed it was true in point of fact. I had reason to change my mind afterwards. However it was published in good faith. Now I say that so far as prior references to Mr. Whitehead's work are concerned, so far as after references to Mr. Whitehead's work are concerned, at least up to the time of the starting of the *Times*, they were all in accord with that article, so far as the opinions that were offered.

Free Press made
seventy-four
favourable refer-
ences to White-
head up to end of
March, 1879, since
which time, when
the *Times* was

10657. Can you say, in round numbers, how many editorial references you have made to Mr. Whitehead or his affairs, in connection with the Pacific Railway?—Seventy-four references up to the end of March, 1879. Of course that is as far as Mr. Whitehead refers to. After that time I

Contract No. 15.**Helping Newspapers.**

started, spoke severely of him and his work.

may state in evidence we have spoken very severely of Mr. Whitehead's work.

10658. Have you lately perused those references, or most of them?—I perused most of them yesterday.

10659. Do you find them in substance to be of the same tone as the article you have alluded to?—Where we ventured an opinion the opinion has always been in accord, but otherwise we simply stated a fact as a matter of news only. We mentioned the accident just the same way we would mention that he had brought in a new locomotive. Whenever we ventured an opinion, up to the end of March—until after the *Times* was started—it was always of a complimentary nature to Mr. Whitehead and his work.

10660. Besides what you say in these articles do you remember well the spirit in which the remarks were made at that time, because of the paper being under your control?—As far as I know, the remarks were always made sincerely; they were not intended to be sarcastic nor were they intended to be ironical.

10661. Do you consider that you have a good memory of the spirit in which you dictated those articles?—Yes.

10662. Then from your memory now of the spirit, and from your having perused the articles lately, what is your opinion of the reason which he has given in evidence for the assistance he offered Tuttle?—My opinion is that it was simply the easiest way he could get out of it.

10663. Do you consider that it was truthfully describing his motive for affording assistance to the *Times*?—No; I do not think that it was truthful.

10664. Do you consider then, knowing what you know about it, you have reason to believe that he mis-stated his motives?—Certainly; I may say, at a certain time there was a strike on the road, and we mentioned simply that there was a strike, and it was stated that the reason was, low wages and bad board. That was simply stated as a matter of fact; but the day following we stated that the men had resumed work. I mentioned that because it might be construed into something else from what I stated. We spoke of the strike, and that is the only thing that might seem hostile during the whole time; we did not give it as a hostile opinion, but gave it simply as a fact.

A strike on road; the fact stated in *Free Press* with motive of it—low wages

This the only thing which could seem hostile during the whole time up to March, 1879.

10665. Did you publish a rumour that the men had left because of bad board and low pay?—Yes.

Published a rumour that men had left because of bad board and low pay, which was found to be true in point of fact.

10666. Was it true?—It was true in point of fact.

10667. Do you mean that it was found to be true afterwards?—Yes.

10668. I produce the article about the strike:

"Intelligence was received this morning that considerable dissatisfaction has prevailed on contract 15, Canadian Pacific Railway, during the past week or so, owing to the reduction of wages having been made, and to the discontent which was increased owing to the inferior quality of the food supplied, culminating in the strike on Friday. It appears that on the 15th instant, the reduced rate of wages came into operation, 25 cts. being struck off the pay of each man. Those formerly getting \$3 a day being paid \$1.75, and those who used to get \$1.75 being paid \$1.50. The men, it is stated, were not so much dissatisfied with the reduction of pay as with the inferior quality of food which it is alleged was supplied them, and for which they were compelled to pay \$4.50 per week. The complaints were, that the pork was at times musty, and the supply of grub inadequate. Failing to secure better terms, the strike commenced at both ends, and quickly spread over the whole contract, until the whole

Article on strike.

**Contract No. 15.
Helping News-
papers.**

force of 1,500 men were implicated. No violence was offered. There was only an entire cessation of labour. Since writing the above, news has been received that the men on the eastern end resumed work to-day, but on what conditions have not been obtained. The other strikers, it is said, were also expected to return to work."

Three days after publishing above published the fact that the strike was over.

10669. What date is that?—This appears in November 23rd, 1878. Three days following that, we said: "All the strikers on contract 15, Canadian Pacific Railway, have gone back at the reduced rate of wages," that is on the 26th November of the same year. Those two are the only two that can be by any possible means construed as hostile, and I deny that they are hostile or that they were written in a hostile spirit at all. We simply related the fact and ventured no opinion, and just to show how we dealt with Mr. Whitehead. The dissatisfaction was becoming more general about this time, but I did not know it at the time. I, myself, had frequently had the men about this time coming to remonstrate with me for not saying something about the way in which Mr. Whitehead was ill-treating his men. I remember going down to Mr. Norton, Mr. Whitehead's book-keeper, to see about it, and the men were very much annoyed at my not saying something about it. However, I did not get much satisfaction out of Mr. Whitehead; though I believe he had a good deal of trouble with his men. I stated that on 6th March, I republished a paragraph from the *Globe*, favourable to Mr. Whitehead.

10670. That article about the strike appeared in November, 1878?—Yes.

The article about strike appeared before Whitehead's arrangement with Tuttle.

10671. Was that before his arrangement with Tuttle, as you understand it?—Before; and it was before the lengthy article that I have read you, as the strike article appeared on the 23rd November, and the long eulogy appeared on the 19th December, which shows I may submit, that there was no bad feeling in the matter, otherwise we should not have published these remarks afterwards.

10672. In that article about the strike you made use of the words "it appears,"—did you mean the public to understand that it had appeared there was some authentic information?—I may state that when we use that expression we use it in such a way that we do not assume the whole responsibility of saying it. We use the words "it appears" or "it is alleged."

The publication of rumours and journalistic ethics.

10673. When you say "it appears" does it not mean "it is evident?"—It is a qualified way of saying it.

10674. When you make use of those words, do you not wish the public to believe that you think it is true?—Yes; we incline to believe that it is true.

10675. Do you not wish the public to understand that you have reason to believe that it is true?—Yes; without absolutely saying it is true.

10676. But your object is to create that impression upon the public mind?—Yes; but still in a qualified sense.

10677. If you wished to create that impression on the public mind why do you avoid the responsibility of it?—We say it in the qualified way, so that if anything turns up we can say we were misinformed.

10678. Then do you wish to create an impression on the public mind as to the fact without first satisfying yourself whether it is true or not?—I may say this: a newspaper has to deal with things occasionally of

Contract No. 15.
Helping News-
papers—

which the publishers are not in a position to pass upon the truthfulness or otherwise at the time. They must say something about it, and, on occasions of that kind, we try and relieve ourselves of as much responsibility as possible, yet we must give further currency to the report.

10679. Do you think it is the duty of a public journalist to impress the mind as to the existence of facts while the editor himself is not so impressed?—I certainly say not; but at the same time we endeavour to write in such a way as not to leave the opinion absolute. However, I may say that it turned out to be absolutely true.

An editor when not certain writes in such a way as to make an impression short of absolute.

10680. This is not the question to which I am at present directing attention. Among other things, I am trying to ascertain how that might operate upon Mr. Whitehead's mind, not upon your mind?—I can only answer that in the way I have answered.

10681. Is it your practice, and do you think it to be correct, to circulate a rumour of that kind, accompanied by the words "it appears" without first satisfying yourself as to the truthfulness of it?—No; we are very careful not to do it. Our practice is not to do so. We were just as sure as we could possibly be without being absolutely sure that it was true, and that is the reason we qualified at all.

10682. Can you tell me what you mean by being as far as possible sure without being absolutely sure? Do you think that for such a purpose there is really any comparative to the word sure?—There is; for instance, if I meet a number of persons that I do not know, and they tell me substantially the same thing, that would make me believe it to be true; but I would not take the responsibility. I would really consider it sure without taking the responsibility of it by being absolutely sure. Supposing then I met a number of persons that I was well acquainted with, and knew them to be credible people, if they told me the same thing I would then be absolutely sure.

10683. Do you think that the journalist is justified in stating that a fact appears to exist because he has heard it from several people whom he does not know, and without investigating it further?—Certainly; a journalist is justifiable by properly qualifying it. I made use of the words "it appears." I think that qualifies it enough.

A journalist properly gives currency to a rumour without investigation if he prefixes the account with "it appears."

10684. Do you think it qualifies it so as to make a doubtful impression upon the minds of the people, or only qualifies it to relieve the journalist of the responsibility?—I say this: that, of course, I can fully speak as a journalist and give my opinion, that I believe anything acknowledged in such language as that is does leave a doubt on the public mind whether it is so or not—just a slight doubt.

10685. The reason I am asking you about your opinion on this matter is because you have founded your evidence to some extent on the spirit in which you have written articles, and therefore the spirit in which you seemed to do such things may have some bearing upon the question as far as Whitehead is concerned?—I may say that this article regarding the strike was written as qualifiedly as it possibly could be in order not to create a sensation against Mr. Whitehead, because this was not by any means the first we had heard of it, and we had to put it off and put it off as long as we could; because I say this: my sympathy was with Mr. Whitehead.

10686. You say that you think that article which contained the words "it appears" was written as qualifiedly as it could be?—As it

Contract No. 15.**Helping News-papers.**

Prior to the Whitehead-Tuttle arrangement all notices of contract 15 which appeared in *Free Press* were favourable.

Object with which witness gives his evidence.

Did not know until informed by the Secretary that the Commissioners were desirous of hearing all who could help them in their investigation.

Suggests names of persons to be examined.

could under the circumstances. There are not many journalists but what would have stated it absolutely if they had had the same information as I had.

10687. I am not suggesting that your views are incorrect, but it is necessary to understand your views upon this subject so as to correctly interpret the spirit in which you say the articles were written. Now, referring again to the general tone of all the editorial remarks, which you say you have perused, are you of the opinion that they were generally found entirely in favour of Mr. Whitehead and his conduct—I mean before the Tuttle arrangement?—I say absolutely that they were.

10688. Then do you wish the Commissioners to understand that you believe there must have been some other motive for Mr. Whitehead giving the assistance which he did, than any motive which he has described?—I do; that is my opinion.

10689. Is it with that object that you wish to give your evidence to-day?—I had two objects: the one was to exculpate myself, and then also I thought it was right that it should not be allowed to pass unchallenged.

10690. Do you know of any other persons who would be able to give us any information upon the subject of Mr. Whitehead's motive besides the witness whom we have examined?—I do not know; perhaps Mr. George Brown, of the Ontario Bank, might. I do not know.

10691. Is there any other person?—Mr. Tuttle ought to be examined himself; he has already been subpoenaed. Mr. McQueen ought to know something about it, he was Mr. Tuttle's book-keeper, and he ought to know something about it; but, of course, I do not know that he did, he was merely the book-keeper in the office.

10692. Are you aware that at the opening of this Commission the Commissioners informed the public that they would be glad of assistance from any person who would help them to prosecute their investigation?—I was not aware of it; I was not in the country at the time; I am only home a few days.

10693. Then it is only lately that you have been aware of that desire on the part of the Commissioners?—I do not know that I knew it until yesterday when I heard Mr. Whitehead, and I did not think I would let it go unchallenged. I did not know until yesterday of the desire of the Commissioners to obtain information, and then I came down and saw Mr. Davin and wanted to be heard, and he said: "all would be heard."

10694. We may remark that we will hear all who wish to be heard, or who wish to give us information as to others who ought to be heard?—Dr. Schultz ought to know something about it.

10695. Dr. Schultz has been named. Is there any other name?—It has been suggested that Mr. Bown might give some information.

10696. Is there any other?—I do not know.

10697. If you know of any other please communicate the name to the Secretary?—I will.

10698. Is there any other matter which you wish to give evidence on in connection with the Pacific Railway, or of any contractor or of any person connected with the works?—No.

**Railway Construction -
Contract No. 5.**

J. H. ROWAN's examination continued :

By the Chairman :—

10699. Were data sufficiently ascertained to form a fair estimate of the quantities so as to invite tenders upon some reliable information for the Pembina Branch at its first commencement—this was the question asked yesterday which you were not able to answer?—Having looked over the correspondence at the date when this work was about to be commenced, I find that we had no detailed data, the line not having been surveyed, because the work was started very hurriedly, as far as I remember, in consequence of representations made to the Government by people of influence in this country that numbers of people were in very distressed circumstances owing to the grasshopper plague, and I was ordered to make an examination in the country and locate a line between Emerson and Winnipeg on which work could be commenced immediately following in the main one of the public road allowances between the two points named.

Could not estimate quantities : line not having been surveyed before it was hurriedly commenced.

10700. I understand that you have described the work of 1874, over which you had supervision : what was the next operation which you directed or took part in?—In 1874, I had, I think, in addition to what I have already stated on the subject, surveys going on from the Red River westward to the neighbourhood of Pelly, on what is known as the northern route.

Surveys : 1874—Line north of Lake Manitoba. Preliminary survey from Red River to Fort Pelly north of Lake Manitoba.

10701. By the Narrows of Lake Manitoba?—Yes.

10702. Of what character was that survey made? Was it a location survey or an exploratory survey?—It was a preliminary instrumental survey, not an actual location for construction. In connection with that I may state, on looking over my correspondence with a view to refresh my memory, I find here a lengthy report which I made myself to Mr. Fleming, after I had made a personal trip up there, up through that country by his directions and through up to the Saskatchewan, which I have never seen published in any of the reports at all; it must have been overlooked.

Witness's report 21st October, 1874, on route to the north.

10703. What is the date?—21st October, 1874.

10704. What is the general tenor of the report?—The general tenor of the report is giving them a description of what I saw in my trip, the nature of the country as far as I was able to ascertain it, its physical character and its peculiarities, and what were the engineering difficulties as far as I could ascertain, to be met with, especially in the neighbourhood of the Narrows of Lake Manitoba, and the kind of country the line would pass through if taken in that direction.

10705. Was it recommending a line by the north of Lake Manitoba, as against the formerly projected line south of it?—No; the facts are these : the line was projected south of Lake Manitoba. I was asked by Mr. Fleming if we could not get a line more direct to the north, and by the Narrows. I replied that from what I could learn about that country, that it would not be as favourable; that it was very swampy and wet, and that we would have more difficulties to contend with by going that way than by the south. That was from enquiries I made from parties whom I thought were qualified to give information in this country, and I reported to that effect. I was asked if I had seen any of the country myself, and been over it at all, and generally on what I

How survey to north of Lake Manitoba came to be made.

Surveys: 1874—
Line north of
Lake Mani-
toba.

based the conclusion I had arrived at. I said I had not been through the country myself, and it was only from what I could pick up from people who professed to know something about it. I then received instructions to the effect to know positively whether what I said was the case or not. We must have some proper examination of the country made, and I was instructed to have a line run through that way, and also to go and see for myself, as far as my time would admit, what difficulties there were to be met with at the crossing of the Narrows of Lake Manitoba.

10706. Were your instructions only to examine the neighbourhood of the Narrows, or the line further east and west?—My instructions were to have a line run from Red River, at the crossing at Selkirk, in as direct a line as practicable to the Narrows of Lake Manitoba, and from thence westward to the neighbourhood of Pelly, on Swan River; but I was at the same time to make a trip myself, and report what I thought of the country and of the crossing of the Narrows of Lake Manitoba.

The report—personal observation and opinion of witness.

10707. Is the report to which you have alluded of October, 1874, based upon your information obtained upon the trip of which you speak of now?—Yes; it is a record of my personal observations and my views on the subject.

Reported that the Narrows presented no serious difficulty and the country superior to what was anticipated.

10708. Can you describe shortly the general result of the inspection upon your judgment?—I think so. As regards the Narrows of Lake Manitoba, that there was no serious difficulty whatever in constructing the railway across at that point; and that the country generally, as far as I could see it, from my trip by the lakes up to the Saskatchewan, was very superior from what I had been given to understand. I also made recommendations in that report.

10709. Have you a copy of that report which you could leave with us?—I have the report here, and I can have a copy made for you.

10710. Did you examine the lands for purposes of ascertaining whether they were fit for settlement or likely to be settled?—No; I did not. My examination consisted altogether of the journey up the lakes, and what I could see from the borders of the lake. I did not penetrate far into the interior. The time at my disposal would not admit of my doing that personally.

Time when examination made: 3rd September to 18th October, 1874.

10711. At what season of the year was the inspection made?—It was in September and October. I left here on the 3rd of September and returned on the 18th of October.

10712. During that inspection you did not consider it necessary to ascertain the probability of the settlement of the country through which the railway would pass?—The engineers who were employed under me running the lines would report on the nature of the country as they went through.

Witness did not consider the country from the point of view of settlement.

10713. I am speaking of your duty?—Personally I did not.

10714. Is that specially alluded to in your report?—Yes; the character of the country is alluded to in my report, as far as I saw it.

Red River Crossing. Selkirk fixed on as crossing in 1874.

10715. Was it during the year 1874 that Selkirk was fixed upon as the point for the crossing of Red River?—I fancy it must have been about that time.

10716. Do you know whether, about the time that the crossing was fixed upon at that point, any Members of Parliament or any engineers were interested in the lands in the neighbourhood?—I do not; I know that in making the examination of the river—when I was instructed to make an examination of the river, with a view to deciding upon what point would be most favourable for the crossing—that I had to be very careful, because numbers of people were on the lookout, thinking that wherever the line was located would be a favourable point to speculate in lands; consequently I made the examination the whole way down from here and to a considerable way below Selkirk, stopping frequently and making sketches the whole way along the river, and every effort was made to keep private from anybody, except the Department of the Government, what was contemplated as to where the crossing was to be. When we got the line surveyed to the edge of the river, and the parties coming from the east came out and struck the river, there could be then no longer any doubt as to where we were going to cross.

Red River Crossing—Alleged Improper Influence.

Knows no Member of Parliament or engineer interested in land where line crosses Red River.

Surveying parties from the east struck Red River in fall of 1874.

10717. About what time did that happen?—I think that was in the fall of 1874. If I remember rightly, some time in the fall of 1874.

Railway Location—Line from Red River to Fort Pelly.

10718. Did you proceed along the located line to Fort Pelly yourself?—Not at that time.

10719. Did you at any time?—Subsequently I did; not the whole way to Fort Pelly.

10720. Did you walk over it?—Yes.

10721. How much of it?—About fifteen miles west of Lake Winnipegosis to this side of the Duck Mountains. I did not go around the Duck Mountains at all.

10722. Was there any difficulty in getting over that portion of the country?—No; merely some portions of it were swampy muskegs, like what you saw in section 14 the other day. There was no serious difficulty.

Surveys.

10723. Was any work done during the winter of 1874-75 in the field?—Yes; those very surveys were carried on all through that winter.

Winter of 1874-75 the same surveys carried out through winter.

10724. We have got down now, as I understand you, to the end of the winter of 1874-75; what was the work next undertaken on account of the railway?—The next work undertaken then. I think I went down to Ottawa in the early part of 1875, and assisted in getting up reports and getting the work in shape. The plans and office work generally and the general charge I had, under Mr. Fleming—outside of what I was personally looking after—that I attended to while in Ottawa. Then I came back, I think, about June, 1875, having been offered—as construction was about to commence, and it was considered impossible that any one engineer could look after such extended work under construction—my choice as to what district I would prefer to take on construction, and I selected this Manitoba District, and came up here about June, 1875, to take charge of the works of construction.

Railway Construction—1875.

Early in 1875 went to Ottawa and assisted in filling up reports and putting work in shape.

10725. Then over what extent of country did your jurisdiction extend?—From that date my jurisdiction was extending from Rat Portage to Fort Pelly and the Pembina Branch.

In June, 1875, went to Manitoba to take charge of district from Rat Portage to Fort Pelly.

**Telegraph—
Construction.
Contract No. 1.**

In 1874, contractors began to build a line from Winnipeg to Selkirk and Pelly.

10726. I think you made no allusion to the telegraph construction during 1874, or the beginning of 1875; do you remember whether any of that work was proceeded with?—It was. I think it was in the fall of 1874 that the contractors came here (Sifton, Glass & Co.) to build a line here from here to Pelly, with instruction to me from the Secretary of Public Works, that they were also to connect this place with the line by building a line of telegraph from here to Selkirk on the public highway.

Witness specially instructed as to line from Winnipeg to Selkirk that being no part of their contract.

10727. West of the Red River?—On the west side of Red River. I may mention that Sifton, Glass & Co.'s contract was to build a line of telegraph from a point on the west side of Red River, along the line of the railway, to Fort Pelly, or Livingstone as it was subsequently called, to the longitude of Pelly. I had special instructions as to the building of the line from here to Selkirk, as I do not understand that to be a part of their contract.

10728. It was done under Sifton, Glass & Co.?—Yes; I think in October, 1874, and the beginning of November, they commenced operations to build this piece of the line.

10729. Was the building of the telegraph line beyond Livingstone westward, under your jurisdiction?—To a limited extent only.

Witness the channel of communication between Fleming and contractors.

10730. What responsibility had you in connection with that work?—I was made the channel of communication. Mr. Fleming occasionally instructed me in reference to the matter, but the details of it were not under my charge at all. I occasionally gave general instructions regarding it as they were communicated to me by Mr. Fleming.

**Railway Location—
Contracts Nos. 14 and 15.**

Divisional Engineer sent to commence location of contract 14.

10731. Will you proceed with a description of the works after the time you have named—the end of the winter of 1874–75—which were under your direction?—A division engineer with a staff of assistants was appointed in Ottawa, and sent up here to commence the location of contract 14, at Selkirk, and to work easterly. That is the actual final working location on which the work was to be constructed. Business connected with the office detained me in Ottawa for some time later, and I did not get up here until sometime the latter end of June, 1875. In the meantime Mr. Thompson, the engineer—who was appointed as divisional engineer for contract 14—under me, was at work with his assistants locating and laying out the work which was let and known as contract 14; and generally speaking then the work of construction proceeded on contract 14; and the survey and location of contract 15 was also going on under Mr. Carre.

Witness arrived in Manitoba June, 1875.

Survey and location of contract 15 going forward under Carre.

**Preliminary Survey—
Pelly to Edmonton.**

Survey from Pelly to Edmonton a preliminary railway survey.

10732. Could you say whether the telegraph was located from Pelly to Edmonton on a preliminary survey or on a railway location survey?—It was on a preliminary survey.

10733. Was not a line located—the railway line?—Yes; it was located, but it was not located for construction. That is to say, all the curves were not laid round in 100 feet lengths as we would do it if it were a final location; but it was located sufficiently close to admit of the telegraph being constructed.

10734. Quantities were not ascertained, but the locality was determined on?—Exactly.

**Telegraph—
Maintenance
and Construction.**

10735. Have you considered whether it would have been more profitable to the Government to assume and work the telegraph in connection with the railway, or allow it to be controlled as it has been by other parties?—I have.

10736. What is your opinion upon that subject as an engineer, knowing the management of the business?—My opinion is that it would be much better in the hands of the Government; that is to say, the operating of the line. The construction, in my own opinion, would be better done under contract, under proper supervision; but the operating of it and maintaining of it, in my opinion, would be much better in the hands of the Government.

Operating telegraph line better in hands of the Government.

10737. What advantage could the Government have reaped, which they have not reaped, if they had undertaken the maintaining and operating of the lines?—It would have been in better shape, and of more use to the Government and the public generally, than it has been under the present management.

10738. Has there been trouble about the efficiency of the operating and business generally?—Yes; it has not been properly maintained.

10739. What sort of trouble have you experienced?—The line being down and unable to get communication over it.

10740. For short intervals or long intervals have you been deprived of the opportunity of communication?—To what part do you now refer?

10741. To any part?—Say between Red River and Livingstone, it has been down, if I remember correctly, for as much as a month at a time. I think I am safe in stating that it was as much as a month at a time. I might say further, in connection with this subject, that a contract was let for the erection and maintenance of this line that we are now speaking of, from Red River to Pelly—the erection of it and maintenance of it for a certain number of years, and also the operating. I think that this was the only contract on which the operating was let. Where the mistake, in my judgment, occurred was that too much reliance was placed on the fact that the contractor had to maintain the line for five years, and it would be, therefore, his object to erect a good line in the first place so as to save expenses in maintaining it afterwards. The contractor foolishly for himself, in my opinion, did not take proper steps to see that that was done.

**Contract No. 1.
Between Red River and Livingstone line down a month at a time.**

Too much reliance placed on the view that contractor having to operate line five years it would be his interest to erect a good line.

10742. Then the inducement which was supposed to be held out to him was not sufficient to make him erect it of a permanent character?—No; but I think he was very short-sighted not to have taken more trouble to have erected it well in the first place.

10743. You mean that the inducement was not sufficient, because it had not the effect of making him erect a permanent line in the first place?—I think hardly that. I think the inducement was good; but he did not see it right—he was blind to his own interest. If he had used proper judgement in the matter, he would have seen that it would have been better for him to exercise close supervision in his first construction of the line, in order to save subsequent expense. The result has been, in my judgment, that the contractor has expended as much money in trying to keep that line in repair as would have built a line of double the length properly in the first place.

Inducement adequate if one could be sure that every contractor would be far-seeing.

10744. In what respect was it not properly built?—The poles were not properly put down in the ground. I suggested that an efficient

Poles not put far enough in ground

**Telegraph—
Maintenance
and Construc-
tion.
Contract No. 1.**

inspector should be sent along with the contractor during the work of construction, who should himself, on behalf of the Government, see that every pole was put down the proper length in the ground, and the line put up in proper order, in the first place, as it was impossible I could, in connection with my other duties, personally see to this matter myself.

10745. To whom did you make that suggestion?—To the Chief Engineer.

10746. Was that before the construction of the telegraph line had been commenced, or while it was in progress?—To the best of my recollection, both.

10747. Then you made the suggestion upon more than one occasion you think?—I think so.

**Suggestion that a
Government
officer
should oversee
the sticking the
poles in ground
rejected by
Fleming.**

10748. Was it adopted either wholly or in part?—It was not adopted, and the reason assigned was the one I tell you : that it was considered that the contractor, having to maintain the line for five years, would be at pains to put it up substantially in the first place, to save expense in maintenance.

10749. Were these suggestions in writing or verbally do you think ? —I cannot at this moment say ; but I will be in a position, by looking over my letters, to give you a decided answer. I think that they were made in writing.

**Contract No. 4.
Line between
Winnipeg and
Thunder Bay
badly main-
tained.**

10750. As to any other section of the telegraph line have you any evidence to give upon the maintenance and upon the efficiency of the operating?—I have further to say, in reference to telegraph construction, that the maintenance of the line between here and Thunder Bay has been very poor, especially that portion of it east of Rat Portage.

10751. Has the defective maintenance interfered with its business in connection with the railway?—Very materially.

**Serious delays
causing loss.**

10752. Do you mean that delays, inconvenient and long delays, have occurred?—Serious delays—a loss to the work.

10753. Have you any means of communicating directly from your own office over that portion of the line?—Yes.

10754. Then has the manner in which it has been operated been under your own supervision continually—I mean within your own knowledge as to its efficiency or otherwise?—Yes ; that portion between here and Rat Portage has been directly under my own knowledge, and from the fact of it being connected through with the Thunder Bay portion generally.

**Messages repeat-
ed at Rat Portage**

10755. As a matter of fact I understand that your messages are repeated at Rat Portage?—Yes.

10756. So that if the line should be down between this and Rat Portage you would know it immediately by not being able to communicate?—Yes.

**Defects exist up
to present time.**

10757. As to the points beyond that you have to be informed from some other place?—From Rat Portage ; except occasionally when they make what is called a through connection, then we can hear Thunder Bay ourselves in my office ; we can hear communication direct from Thunder Bay ; but owing to the fact of the line not being kept in proper order this through connection is not at all continuous. I may

state that these defects of which I am speaking are up to the present hour; in fact, within the last few days it has involved us in very serious inconvenience, if not loss.

**Telegraph—
Maintenance—
Contract No. 4.**

10758. Could you form any opinion as to the proportion of time during which the maintenance has not been made sufficiently; for instance, has it been one-third of the whole year from time to time, or less or more?—Speaking in the lowest approximation, I should say that over the whole distance it would be probably one-sixth of the year.

Line one-sixth of year out of order.

10759. Out of order?—Yes; out of order.

10760. Is there any other matter connected with the telegraph business which you think necessary to explain?—I might mention, for the information of the Commission, that the contracts for the telegraph were let, one from Thunder Bay to Red River, to the east bank of the Red River, and another was from the west bank of Red River to Pelly. These lines were unconnected. There was a break at the crossing of Red River. I reported on this fact to the Engineer-in-Chief, and also of an offer that was made by Mr. Sifton to complete this gap, or to build a line across Red River connecting the two lines, which offer and the report which I made on it was accepted, namely, that he would connect the two lines, stretch a line across the river at Selkirk, and connect the two lines together for \$300, I think, and for maintaining it for the length of time that he had to maintain his own line at the rate of \$60 a year, or \$300 more, making a total of \$600.

**Construction—
Connection
across River.**

Sifton completed gap between lines one running to west bank the other to east of Red River for \$300 and agreed to maintain it for \$60 a year, total \$360.

10761. Is there anything further relating to the telegraph?—I do not at this moment think of anything further.

10762. If anything further occurs to you as being material, please let us know before you end your evidence. As to section 14, do you remember generally what work had been done by the Government towards ascertaining the probable quantities before tenders were invited?—By the direction of the Engineer-in-Chief I sent him down from here, in the fall or winter of 1874, or spring of 1875, the rough plans—field plans and trial location that had been run over the proposed line.

**Railway Con-
struction—
Contract No. 14.**

Sent to Fleming in winter of 1874 or spring of 1875, field plans and trial locations, &c.

10763. Where had those plans been prepared?—In the camps on the line. They were the rough field plans and field profile. The Government were anxious, I believe, to get the work started, and I received instructions from the Engineer-in-Chief to forward what information I had to Ottawa, which I did; and, from the information thus given, I believe an approximate profile of the line and approximate quantities were made out in the head office in Ottawa. I was myself at the time here in the field.

Approximate profile and approximate quantities made.

10764. Do you think there was a profile sent among the plans at that time?—I am satisfied that there was.

10765. That was a profile taken in the camp?—No; a profile run under Mr. Carre's supervision—his field work.

10766. But it was made at his camp, as I understand you—the profile?—The rough copy was made with all the figures and everything necessary for them to plot a clean copy of it in Ottawa, because we could not make a good copy in camp.

**Railway Construction—
Contract No. 14.**

10767. As I understand the matter, a profile will show the elevation and depressions of the centre line of the location?—Over which the profile was run?

10768. Yes?—Yes.

Profile sufficient to calculate quantities where country is level.

10769. Would that be sufficient to enable them at Ottawa to calculate the quantities?—Yes; where the country was level. I am speaking now of at right angles to the railway where it was level. At right angles to the railway it would be unnecessary to make cross-sections.

Considerable portion of contract 14 level.

10770. Was the line on this section level?—For a considerable portion of the distance it was; but other parts were very rough.

First forty three miles east from Red River level.

10771. What proportion of the distance would you so describe?—Speaking approximately, the first forty-three miles going eastward from Red River.

10772. You think that would be so nearly level that the centre line would afford sufficient data to make an approximate estimate of the quantities?—I do.

And the greater portion of what remains over level muskeg.

10773. And from that point further east would there be any proportion of level country—I mean level enough for that purpose?—Yes; in broken stretches the line runs for a considerable portion—in fact, the greater portion of the remaining part of section 14—across muskegs which are quite level.

Only two-fifteenths would require cross-sectioning to arrive at exact quantities.

10774. What proportion of the distance of the whole length of 14 would be of a character where it would not be level enough to admit of fair estimates being arrived at without cross-sectioning?—Probably out of the whole length of seventy-six miles there would be about ten miles of cross-sectioning in order to obtain the exact quantities.

10775. I believe, as a matter of practice, it is not expected to give exact quantities, therefore I do not ask the question with reference to exact quantities; but I mean approximate quantities in the ordinary sense of approximate quantities?—I only answer the questions just as you ask them. I do not volunteer any statement at all. There is something I would like to say. I do not know whether it should go down in evidence or not.

10776. Yes; you can explain?—Have you gathered from what I said to you, that the location survey was made on the line that the railway was to be built eastwards from Red River towards Cross Lake?

10777. Yes?—Then that was not what I wished to convey.

A location survey not made on line on which the railway was to be built east from Red River to Cross Lake, but a survey and line run by Carre not to be the line to be followed, it being one from which deviations would be made. Line actually made, laid down and another line thought more desirable dotted.

10778. What did you mean?—A survey and line had been run by Mr. Carre, but it was not (as was stated at the time it was sent to Ottawa) to be the line that would be followed when we came to make the road—that deviations would be made from it, and what was called an approximate profile was plotted from that of the line that was intended to be followed, as laid down on the map. The line actually surveyed was laid down on the map, and then another line was shown, dotted where we thought it would be a desirable place to make the final location; and what was called a compiled profile, I presume, was made in the office at Ottawa, intended to represent approximately what would be a section of that dotted line.

**Railway Construction—
Contract No. 14.**

10779. Explaining the object for the present of the question which I am asking you, there has been a good deal of discussion about sufficiency of the data which were within the knowledge of the Government at the time that the tenders were invited for this work, some persons contending that it is not necessary to have anything like accurate data, and others that data such as were offered in this case were altogether inadequate; and I am endeavouring to ascertain from you the amount of information which was given to persons tendering, and whether it was reliable, or altogether or principally a matter of guessing?—I would say, in reference to that, it could only be an approximation; but I cannot say, specially by the light of experience now, that it could be then considered a close approximation, from the fact that, as I say, the line was not located on the line intended to be followed when we came to actual construction, and that these surveys, information and data forwarded to Ottawa, were all made in winter when the ground was frozen. No one connected with the surveys here in the field, as far as I am aware, had at that time any idea of the depth of some of the muskegs that were to be crossed. In making up the quantities from the profiles, the approximate quantities in Ottawa, it is probable that sufficient allowance was not made for shrinkage and subsidence. These quantities were not made up under my supervision, but I think it is not at all improbable that had they been, I could not have given very much closer approximations than were given under the circumstances.

Only an approximation to quantities could be arrived at.

The line not located on line intended to be followed. Data forwarded to Ottawa, all made in winter. None any idea of the depth of muskegs to be crossed.

10780. Have you been examined at any time upon this subject—I mean the difference between the quantities as executed and the quantities as communicated to tenderers?—I have been asked about it in Ottawa.

10781. Has there been a great discrepancy between the amounts communicated to tenderers on section 14 and the works executed?—There has been a considerable difference. The amount of work executed is considerably in excess of the original figures that were submitted to parties tendering for the work.

Work executed on section 14 largely in excess of quantities submitted in tenders.

10782. Did you attribute that difference to the deviations of the line, and the extra depth of the muskegs only, or was there some other matter to which it could be attributed?—No; I attribute it to those two things, to deviations made on the line, and to the nature of the material, as it subsequently turned out.

Discrepancy due to deviations and muskegs.

10783. Had the deviations been in the direction of increasing the quantities or of diminishing them on the whole?—On the eastern end, I think, they have tended to increase the quantities; on the western end to decrease.

10784. Could you say upon the whole, whether the quantities have been increased by the deviations?—I think upon the whole they have probably been increased. In fact, it is not only probable, but they have been increased upon the whole.

10785. Have you at any time considered to what extent the deviations have increased the quantities?—Not in detail.

10786. By percentage or any other method of informing us?—Yes; I think I have.

10787. By what percentage have the deviations increased the estimated quantities?—I could not say at this moment. I will make a note of it. I think I have some figures bearing on the question.

**Railway Construction—
Contract No. 14.**

10788. In preparing the progress estimates, do you state the different points along the line at which the quantities are ascertained, or only the aggregate?—The aggregate.

10789. In order to arrive at this aggregate, I suppose you have first some data as to the particular localities?—The assistant engineers have all the detail measurements of each particular locality.

10790. So that it would be possible, by comparing those quantities with the quantities ascertained before tendering upon the same localities, how much they differ, if they differ at all, in each locality?—Yes; I believe that has been done.

Result of comparison on portions where possible between final estimates and measurements.

10791. Are you able to say whether any such comparison has been made so as to ascertain what increase in quantities is due to muskegs?—I am; generally from information I gathered. I learned from those who were engaged in the work, that in those portions of the line where it was possible to re-measure the work with any degree of accuracy, the re-measurement substantiated the final estimates as returned of the work; but that on the swampy portions, especially the Julius Muskeg, that they could get no such quantities out of the re-measurement as the original measurements when it was measured at the time it was done, show.

10792. Do you mean that at some time estimates of the executed work have been made too large?—No; but a ditch was dug in the muskeg, and it was measured when it was dug; subsequently the sides closed in and the bottom rose, and to measure that after these things had happened, it would not give the same cubical contents as it did when first completed.

All information respecting details of quantities sent to Ottawa.

10793. It does not occur to me that that is material to the question I ask, but I will explain, so that you may see whether it is so or not. I am endeavouring to ascertain the cause of the difference between the quantities actually executed over the whole work and the quantities originally estimated. Now you say that this difference is due to two causes—first, deviations of the line, and secondly, the increase in the quantities required to fill the muskegs. You say that the deviations in the line increased the quantities to some extent, and that extent can be ascertained by calculations which you have made. Now I am endeavouring to find out how much more the quantity was increased, because of the extra filling required for the muskegs, and you say that estimates have been taken from time to time, at each locality, so that one could ascertain the increase of quantities due only to the muskegs. Then by putting these two increases together, we can see whether the whole increase upon the original estimate is mainly due to this particular cause which you have given. Now, as to the muskegs, and the increased cost of them, have you means at your disposal by which you can inform us how much was due to that cause?—I find all that information is in Ottawa.

10794. Do you think that information has been sent to Ottawa, showing how much of the increase is due to muskeg filling?—The whole of the detail measurements of the work as completed were sent to Ottawa.

10795. Giving each locality?—Giving each locality.

10796. Not only the aggregate result?—Not only the aggregate, but every book and paper connected with the work of the assistant engineers, and the division engineers' returns, books and papers were sent

**Railway Con-
struction—
Contract No. 14.**

to Ottawa, and they give in detail the exact place where every cubic yard of earth was taken from. As regards the increase of quantities that is due to two causes, namely: deviation of line and nature of the material on the muskegs. The difference between that and the quantity as published for the information of contractors is the excess that those two causes give rise to.

10797. Then your opinion is that on section 14 there was no defective estimate at the beginning—I mean no serious errors?—I think the quantities were under-estimated.

10798. Yes; but only because of the extra amount required for muskegs and the extra amount required for deviations?—Exactly.

Allowing for extra amount required for muskeg and deviations, original estimate would be nearly correct.

10799. Allowing for this, the original estimate would be nearly correct?—I presume so.

10800. Is that the conclusion at which you have arrived after considering the subject?—The conclusion at which I have arrived at is that the excessive quantity is due to the nature of the material through which the line was constructed and the deviation that it was found desirable to make.

10801. And making the allowances which are actually occasioned by these, as far as you can understand the original estimate was about right?—Yes.

10802. You have mentioned the Julius Muskeg. Now, as to the ditch at that point, which is not, I believe, on the line, and for which a claim is made by the contractor because it is not on the line, and because he was required to haul material a much longer distance than he would if it had been on the line; can you explain the reasons for putting the ditch in the place where it is, and the effect upon the contractors claim?—It was found necessary to drain the Julius Muskeg in order to build the railway across it; profiles and lines were run in different directions, with a view of ascertaining how this could be done most economically, and with the least expense, both to the Government and to the contractor, and upon due consideration of the advantages and disadvantages of all the lines, the one on which the ditch is now dug was selected as giving a less amount of work to be performed, work which would be at the same time easier for the contractor to do, and it would be more permanently useful to the railway than if carried out in any other direction.

Julius Muskeg.
Reasons why ditch chosen.

Best for Government and contractor.

10803. I understand that the main object of this ditch is to take water from the line in the same manner that off-take ditches are intended to remove it?—Yes; it is an off-take ditch.

An off-take ditch.

10804. The direction of it is one not usually adopted for off-take ditches; that is, it is parallel to the line while off-take ditches as a rule are not parallel?—As a rule they generally run more directly away from the line.

10805. It was found in this case to be more effective to make it in a parallel direction?—Yes; more advantageous in every way. If it is thought necessary I can explain the reason.

10806. As far as the work itself is concerned, without respect to the cost either to the Government or the contractor, would it have been as effective if it had been in the locality of ordinary ditches, namely, within the line—I mean at a shorter distance from the formation or

Reasons for placing ditch outside line.

**Railway Construction—
Contract No. 14.**

road-bed?—It would not have been desirable to have placed it there for engineering reasons, which are that the bank would probably have forced the material out into the ditch had the ditch been made as close as the ditches usually are, nameiy ten feet from the line of railway.

10807. The material is easily moveable?—Yes; before the ditch was dug it was almost liquid in some places.

**Contractor no
ground for claim
in respect of
Julius Muskeg.**

10803. A claim is made by the contractor for moving the material from this ditch, upon the ground that it cannot be considered an off-take ditch, and that therefore he ought to be paid for moving the material a greater distance than he would have been obliged to if it had been within the ordinary distance of common ditches from the road-bed. Can you explain anything in relation to that matter?—Yes; I have reported on that claim. I consider that the contractor has no grounds for any such claim, for several reasons. In the first place, the contractor has no right to claim extra pay for hauling the material from any place to put it into the road-bed until a certain distance is reached, which is defined in the specification; but it is only when the engineers oblige him to haul material beyond that distance that he is entitled to pay for extra haul, and then the pay that he is to receive is distinctly specified.

No extra haul.

10809. Do you mean the distance beyond 1,200 feet?—Yes.

10810. And at a fixed price according to the distance beyond that?—Yes.

10811. Has the contractor the option of wasting the material taken from off-take ditches, if he wishes?—In off-take ditches it is specified that he will take the material and cast it back from the ditch so many feet on each side.

10812. But it is wasted, as far as the building of the road-bed is concerned, if he wishes. He is not obliged to remove it into the road-bed?—He is not in most cases; but the engineer could compel him to put it in if the engineer thought it desirable in the interest of the work to do so; but it is specified in the specification distinctly what is to be an off-take ditch, and what is to be done with the material, and it is pointed out that that class of work will probably be of a more expensive character, than the ordinary side ditch of the railway. I might mention in connection with this subject, as you have asked me, that the whole matter was brought before the notice of the acting Engineer-in-Chief, Mr. Marcus Smith, during one of his visits here, and in my office, by the contractors, when the whole matter was discussed between them, myself and Mr. Marcus Smith, and he decided that they had no claim nor no right to claim extra payments for that work, and, as I understood a member of the firm who brought the matter under his notice—Mr. Farwell—the thing was then definitely settled.

**Grade lowered in
order to reduce
cost.**

10813. Would it not have been possible when the bank through the muskegs was found to shrink so much more than was expected to lower the grade of the road-bed in order to reduce the cost?—That was done.

10814. Was it possible to have been done to any greater extent than was done without injuring the efficiency of the road?—It might possibly in some places.

**Railway Construction—
Contract No. 14.**

10815. Was the expediency of doing so considered and decided upon from time to time?—Yes, I think it was; and it was done. The banks were not made up across the muskegs to the height shown on the profile.

10816. I mean was it considered whether it might be done to a greater extent than has been done?—I cannot call to mind that it was.

10817. Would it have made any material difference to the cost of the road, if they had been lowered to the lowest possible point?—I do not think they could have been lowered much lower than they are with advantage.

Grade could not have been made much lower with advantage.

10818. You said that the ditch at the Julius Muskeg was not made as close to the road-bed as in ordinary cases, because the road-bed would displace its sides?—In places, yes.

Reasons why ditch and Julius Muskeg not made as close to road as ordinarily.

10819. Would that have happened if the ditch had been as shallow as ordinary ditches?—It might, but not to the same extent, of course.

10820. Then there is another reason which has not been stated. Is not the ditch made to a much greater depth than ordinary ditches?—It was laid out with that view.

10821. Was not that one of the reasons—I mean the extra depth—why it was placed so far from the road-bed?—Partly.

Extra depth and width of ditch.

10822. Would it have been safe to place a ditch of the size that was necessary to perform the work which that did as an off-take ditch so near the road-bed as an ordinary ditch?—No.

10823. Then it was because it was wider and deeper than ordinary ditches that it was placed so far from the road-bed among other reasons?—Yes.

10824. I think you said that you had examined the surrounding country to see if off-take ditches, in the ordinary direction, could be made with effect?—Yes.

10825. And you decided that this, the one now made, would be more effective and less costly?—Yes; and easier for the contractor too.

10826. Would you explain what would have been the character of the ditch if made in the ordinary direction from the road?—The ditch would have been as long, if not longer, and considerably deeper. The depth to which the ditch would have been obliged to be cut in order to get through the intervening ridge which hems in the muskegs from the fall to the north where the ditch would have passed through that ridge, would have been considerably deeper than it is through the ridge which it passes through, thereby entailing considerably more expense on the contractor in making it.

If ditch made in ordinary direction must have been deeper and larger.

10827. What would have been the greatest depth if made through that other ridge?—I think twenty or twenty two feet.

10828. Where would that ditch have emptied?—Into Whitemouth River.

Would have emptied into Whitemouth River as does present ditch at point further south.

10829. Where does the present ditch empty?—Into the Whitemouth River at a point further south.

10830. Was that difficulty explained to the contractor before you decided upon the present site of this ditch?—It was, and a profile of

Before site of present ditch decided on the matter discussed with

**Railway Construction—
Contract No. 14.**

contractor who seemed to acquiesce.

the two things was shown to him, showing the advantage there was in taking it on the present route.

10831. Do you mean the advantage to him?—Yes.

10832. Then was there any arrangement or understanding entered into between you and him on that subject?—Nothing further than that he acquiesced. Of course, he had to do whatever I ordered him; but he seemed to think we were doing the best thing for him.

Directions to contractor regarding ditch.

10833. Now as to the removal of the material from this off-take ditch to the road-bed, did you give him to understand that you required him to do it, because of your right to remove material from any distance as if from a borrow-pit, or was it a matter of negotiation or compromise with him that he might do it instead of the ordinary line ditch close to the road-bed?—What actually did occur, to the best of my recollection, is this: I told him: "There is a ditch. Such of the material as is required to make up the road-way you will put into the road-way, and I will pay you road-way price for it. Such as is not required you will waste in the ordinary way, like for an off-take ditch, and you will get off-take ditch price for it." That was the understanding. I conceived that I had a right to put any quantity I liked of it into the road-way.

10834. Did he assent to that?—I think so, because there was no difficulty made about it at the first at all.

10835. Had he the opportunity if he wished to take the material from a smaller line ditch in the ordinary way closer to the road-bed, so as to make the haul shorter, if he had preferred it; I mean on the south side of the road?—I cannot speak positively on that point now. I believe that Mr. Jefferson Thompson, the engineer in charge of the division, and who resides at Kingston, and whom probably you will examine before you get through, will be able to speak more positively on that point than I can.

Reasons why quantities required to make road through muskeg were in excess of estimates:

10836. As to the quantities required to make the road-bed through the muskegs, was there any more than one reason why they were much in excess of what was originally estimated?—Yes.

(1) Softness of material.

10837. What were the different reasons?—One reason was that the material was softer than it was supposed to be at the time the survey was made.

(2) Large portion of stuff taken out at first spading containing stumps and roots, wasted.

10838. And by compression would fill less space?—Yes; by compression and drying the water filled less space in the bank than it did *in situ*, and even if it filled as much space as expected. Besides that reason there was another reason that a considerable portion of the stuff that was taken out of the top of the ditches—the first spading—had to be wasted owing to the character of the material being full of stumps and roots. This, according to the specification, we were not permitted to put into the bank. That had consequently to be thrown to one side, and with it, of course, adhering to the roots of the stumps, was a quantity of the material and moss taken from the excavation, which was wasted on one side of the road, forming a very considerable portion of the material taken out of the ditches.

(3) Depth of muskeg, subsidence.

10839. Is there not another reason that the depth of the muskeg itself was much greater than was expected?—Yes; that caused it to subside and settle down.

**Railway Construction—
Contract No. 14.**

10840. So that even if the excavated material had been firm there would have been a great excess in the quantities in order to reach a firm bottom?—Yes; not only that, but there would have been an excess owing to the ditches draining the muskeg and making the material settle down so as to form a solid bottom. It would then require a greater amount of material to bring it up to the line called the formation level.

10841. Was not the bottom of the muskeg much farther from the surface than was expected?—Yes; a long way—nineteen feet instead of three or four, as was anticipated in the case of the Julius Muskeg.

Muskeg nineteen feet deep instead of three or four as anticipated.

10842. Do you remember whether there had been any attempt made to ascertain the distance from the bottom before giving quantities in the estimates?—Such an attempt as was practicable with the means at our disposal at the time the surveys were made.

10843. At what time of the year were the surveys made?—In winter.

Survey made in winter; no boring tools.

10844. And what means were at your disposal?—An axe, a spade and shovel and a pole. We had no boring tools with us at the time the surveys were made; it was with difficulty even we had to transport our supplies, which had all to be done on men's backs, and there was nothing carried that could be possibly done without. Boring tools would be very cumbersome to transport, nor was it thought necessary to have them.

Boring tools cumbersome and (as thought then) not necessary.

10845. Were the tests made with these materials at your disposal considered to be satisfactory on the subject?—They were at the time.

10846. What is your opinion of the road-bed, as it is now constructed over muskegs, as affecting the wear and tear of rolling stock and rails?—I have the opinion that it is very much easier; that that portion of the road which crosses muskegs makes a very easy road-bed for rolling stock to run over; will be easier to keep in repair, and will not be so injurious to the rolling stock as harder portions of the line of more firm material.

Muskeg-road easy for rolling stock and easy to be repaired.

10847. So it will save in working expenses something of the ordinary expenditure of the railway?—Yes; no doubt of it.

10848. Of what character is the material in the road-bed as now made through these muskegs; is it a peaty substance, or spongy, or earth, or what?—It is peat, and moss, and sod and pine roots.

10849. Is there much wood fibre in it?—I think there is, in some places.

10850. Have you considered the probability of fire injuring it?—Yes, I have.

10851. What is your opinion on that subject?—I cannot now say whether I have reported in writing about it; but I am positive, in conversation with the Chief, I have mentioned my views on the subject, and that it is desirable to give the banks a slight coating of earth or ballast, gravel or sand, in order to protect them from the risk of fire. We have found from experience now that the banks have taken fire on several occasions, whether from the locomotive or from fires passing in every dry season, from the very fact of the men lighting matches to smoke, igniting the bank, and if the wind is blowing it smoulders right

Banks being largely made of peaty substance containing much wood-fibre, desirable to give them coating of earth, gravel or sand.

Fires have occurred.

Railway Construction - Contract No. 14.

Fire in some cases makes holes in bank.

over the whole bank a small fire and burns off a thin coating of the bank. As that becomes an ash it smothers the fire and it goes out. But in some places where the peat is lumpy in the bank, with interstices in the bank, it is apt to burn there and make a large hole in the bank where there are air passages.

And injuries ties.

10852. Do these fires injure the ties?—They do in some instances.

10853. Have they heretofore?—In a few instances; and once, as far as I remember, burnt or partially burnt at any rate the stringers and cap timbers of one of our culverts.

10854. You spoke of a distance of about ten miles on section 14 being of a character that merely centre-sectioning would not give sufficient data to form anything like an approximate estimate; have you any idea what time would have been required to have cross sectioned that portion of the line, if it had been intended to get more accurate information?—That would have depended entirely on the force that would have been available to have done it. With the force we had it would have probably lengthened the survey by a month.

10855. I think I understand you to say that, as far as this particular section 14 is concerned, the absence of that cross sectioning made no material difference in the estimates, because all the difference is now otherwise accounted for, that is by the deviations and muskogs?—I think so. I think it did not materially affect the quantities, the want of that information.

Contract 5 A.

10856. Do you remember whether you made up an estimate of the work probably required upon contract 5 A, that is the Pembina Branch, north of St. Boniface, before the Order-in-Council was passed by which Mr. Whitehead was authorized to proceed with it?—My impression is that I did give Mr. Fleming some information on the subject; whether it was before or subsequently, I am not now in a position to state, but I will make a note of it and be able to tell you.

Judging by Fleming's report of April 19th, 1877, Fleming had himself made calculations of the work on 5 A from preliminary profile.

10857. Here is a document from which you can refresh your memory (handing witness a paper)?—Having looked at this departmental document number 13,602, being a report of Mr. Fleming dated April 19th, 1877, I think that he has made all these calculations himself from the preliminary profile made of this line; but I am still under the impression that I must have given him some estimate, at some time or other, of the probable cost of this portion of the work, of which I will be able to inform you to-morrow.

Railway Location - Contract No. 14.

10858. Have you considered whether it would have been expedient to make a deviation at the eastern end of section 14 by locating the line a little to the southward of the present line. or what effect such a deviation would have had upon the efficiency or cost of the work?—Yes.

No deviation to south could have been made on eastern end of contract 14, so as to make the work as efficient at less cost.

10859. Do you think any deviation could have been made, so as to make the work as efficient and at less cost, at the eastern end of 14?—No; with the grades which we were instructed to follow no improvement could be made. We made efforts, we ran several trial lines, a plan of which I will produce, and profiles, before the Commission if it is thought desirable. We ran a number of trial lines, commencing as far west on contract 14 as station 3900.

10860. Was any trial line made commencing in the neighbourhood of station 4000?—Yes.

**Railway Location—
Contracts Nos. 14 and 15.**

10861. Was that made so as to avoid the bay in Cross Lake?—Yes.

10862. About what station east of Cross Lake would that strike the main line again?—It would strike it somewhere in the neighbourhood of the present line.

Trial line made to see if Cross Lake could be avoided.

10863. About what station on the present line?—We did, closing in again on contract 15, at about station 1900. I may mention, when I say station 1900, that the drainage on contract 15 runs from the east westerly, and closes almost immediately on the west shore of Cross Lake, whereas the drainage for contract 14 runs from the west easterly closing at the same point.

10864. Can you remember the nature of the difficulties which you met on that proposed location?—The difficulties were commencing about the point you name, about station 4000; it threw us into very much heavier rock cutting, while the curvature that it required to get round the south end of the bay, to get back to the high ground at about station 4018, was greater than we were permitted to make on the line. If we had attempted to run across further south, thereby avoiding this curvature, we would have been thrown into very much heavier embankments on the low peninsula, which cuts the high wall over which the line is, in connecting with the main line.

Bending south would mean heavier rock and greater curvature than was permissible.

10865. Then as to the crossing or embankment over Cross Lake proper, did you meet with difficulties there as to the length or depth?—The length of the crossing over Cross Lake proper, had the line been swung down to the course which I have just mentioned, would have been considerably increased and the distance across the water would have been considerably increased. Owing to the nature of the country immediately east of Cross Lake, on contract 15, it was found impossible to get the grades which had been decided on as the maximum, without going into very much heavier cuttings. In order to endeavour to overcome this difficulty two trial lines were started: one commencing about station 3990 on contract 14, the other about station 4005, and running down towards the south-westerly shore of Cross Lake, crossing at the narrow point of the lake, and was attempted to be carried from the eastern shore of the lake at this point eastward to connect with a point on contract 15, several miles east of Cross Lake; it was found after a trial section had been run over this line, that the grades required could not be obtained without a very large increase of cost.

And length of crossing would have been increased.

Owing to character of country on contract 15 impossible to get the grades which had been decided on without heavier cuttings.

10866. Then as to this subject of locating lines south of the adopted line, do you say that you have given the subject considerable attention, and have come to the conclusion that the present line is the best?—I do; and I might further state in connection with what I have just said about these lines, that this trial line of which I have just recently spoken, joining in several miles to the east, was made at the suggestion of the acting Engineer-in-Chief, with a view to seeing whether an improvement could not be made of that line, after he had personally visited the spot himself.

Present line better than any south one.

Trial line spoken of above made at suggestion of Marcus Smith.

10867. Were the results of this inspection submitted to him?—Yes; and as I received no orders, after that had been done, to change the line, I concluded that the acting Engineer-in-Chief had made up his mind also that it would not be an improvement to shift the location to that point. This profile and plan were forwarded to him at Ottawa.

**Railway Location—
Contract No. 14.**

Existing line as good as could be found with the grades.

10868. Are you at this day of the opinion that the line adopted is as good as any that could be found on that part of the work?—I am, with the grades that we were called on to follow.

**Railway Construction—
Contractors' Claims.**

Expense in consequence of delay in moving men and supplies when work was stopped east of Julius Muskeg, more than compensated for by the extension of time given them.

10869. The contractors upon section 14 make a claim for the expenses of moving men and supplies, when the change of line was contemplated and the work stopped east of the Julius Muskeg; do you remember anything about that matter?—I do. I am of opinion that the delays to which reference is made, and which only extended over three or four months, were more than compensated for by the extension of time which was given to the contractors for the completion of their work. I have, however, submitted my views on the subject to the Chief Engineer, in a letter dated 10th January 1879.

Change of line between Brokenhead and Whitemouth advantageous.

10870. There is also a claim by the contractors for the change of line between Brokenhead and Whitemouth, because the character of the soil was different and more costly to work; do you remember about that item?—I do. A report is made in reference to this claim also in my letter of the date which I have just named. I may here state briefly that the change was made owing to the fact that it would have entailed considerable additional cost to have made the railway on the first line to which the contractors refer, if we were called upon to carry through the grade, of twenty-six feet to the mile, running eastward; by changing to the present location the difficulties in this respect were removed.

10871. Was the change more advantageous to the Government, do you mean?—Yes.

And in no way injurious to contractors.

10872. How did it affect the contractors?—I fail to see that it materially affected them at all.

10873. Are you still of the opinion that the views expressed by you in the letter referred to, are correct?—I am.

Claim for coffer dam for the pier of the bridge over Whitemouth River without foundation in witness's opinion.

10874. Is there any dispute about coffer dams with the contractors?—I can hardly call it a dispute; they made a claim for an extra payment on account of putting in the coffer dam for the pier of the bridge over the Whitemouth River. I did not feel that I had any authority to entertain such a claim with the specification before me. When the acting Chief-Engineer came along, they submitted their claim to him, or stated it to him; they thought they were entitled to consideration. The acting Chief-Engineer read over the specification. I cannot call to mind now exactly what he said on the subject, further than he desired me to have a note kept of what the actual cost was in making this coffer dam and send it to Ottawa, when I was making my return of the final estimate. This I did, and my remarks on the subject will be found in the same letter to which I have already referred, and to the views therein stated I still adhere.

Acting Chief Engineer directed him to have a note made of actual cost and send it to Ottawa.

10875. There was also a claim made on account of delay in locating the east end of the line, by which it became necessary to team plant and supplies from Fisher's Landing at an extra cost to the contractors; is that subject mentioned in your letter?—Yes; that is item No. 6. I have reported on that.

Claim for loss consequent on delay in locating east end of the line.

10876. Have you anything further to add to what you have reported?—No; I think what I have reported in that letter covers the subject fully.

10877. I understood from Mr. Sifton, one of the contractors, that you favoured their claim to some extent for roads, made use of by the Government, which the contractors had constructed?—Yes; I find that the last clause of my report on that subject, in this same letter, winds up with the words: "I consider the contractors entitled to some consideration under this head."

10878. The contractor led us to understand that a portion of the claim was for the use of this road by the contractors for 15, and not alone for the mail service or any work of the Government; have you formed any opinion as to the proportion of the whole expense of repairing which the Government ought to pay?—I have not, and it would be a very difficult matter to decide.

10879. I think he gave some evidence, which was to the effect that the work for the Government alone would be about one-ninth of the whole cost of repairing, and that four-ninths would be for the contractors themselves, and the other four-ninths for the contractors of 15. I do not know whether you have reason to think, without careful consideration, that these proportions would be nearly right; if so we would be glad to hear you on that subject?—I would say, in reference to that, it would be difficult, even impossible, to arrive at anything like a correct conclusion as to the proportions; the figures you have stated seem to me, speaking in a very uncertain manner on the subject, to be pretty fair, except the one for the Government, about their one-ninth. I do not know that the Government are entitled to pay anything. That the contractors for 15 did use his roads there is no doubt, and put him to considerable expense; but in my engineering experience I never knew that a company or the Government has been called upon to pay for the use of contractors roads, which he had to make over his work, for them to pass backwards and forwards over their line.

10880. Is there any reason within your knowledge why the Government should pay for the use of this road by the contractors of section 15?—No; none whatever, that I know of.

10881. The contractors also claim an item for extra price of work at Selkirk Station ground: is that one of the subjects upon which you have reported in the letter alluded to?—Yes; item No. 9.

10882. Are you still of the opinion that your report is a correct one on that item?—I may read the last part of my report in reference to that question; I also reported in a letter above referred to. The concluding portion of the report on the subject is as follows:—

"The matter was brought under the notice of the acting Engineer-in-Chief here [not Winnipeg] by the contractor. He directed the division engineer and myself to determine on what proportion of the material removed the contractor might lay claim to extra remuneration, and also what price per cubic yard would be a fair allowance. The quantity we make to be 19,364 cubic yards, and the price 50 cts. per cubic yard, which would amount to the sum of \$9,682; or, in other words, if this meets with approval, the final estimate would be increased by the sum of \$4,647.36, the difference between the contract rate of 26 cts. and 50 cts. per cubic yard on the above quantity of 19,364 cubic yards; that is to say, the total estimate as by enclosed return, \$636,853.59, increased as per item, page 17 of this report, \$2,850, and as above \$4,647.36, total \$644,350.95."

10883. Have you made any estimate, or procured any estimate, of the work yet to be executed from the 1st of August on contract 14, or is it considered to be finished?—I am having such an estimate prepared for you, and will submit it in a few days to the Chief Engineer.

**Railway Construction—
Contract No. 14.
Contractors' Claims.**

Claim for compensation for use of roads worthy of consideration in witness's opinion.

Proportion of liability for repair of roads estimated by contractor fair except the one-ninth charged to Government.

Claim for extra price at Selkirk Station ground: witness recommended an extra price.

This would increase total estimate by \$4,647.36, which with item of \$2,850 would bring it up to \$644,350.95.

**Railway Construction—
Contract No. 14.
Contractors' Clauses.**

Work not completed under contract with Sifton, Ward & Co

About two miles of contract 14 transferred to Whitehead.

Agreement with Whitehead made in Rowan's office in presence of and at suggestion of Marcus Smith, acting Chief Engineer.

10884. Has the work been fully completed under the contract with Sifton, Ward & Co., on section 14—I mean irrespective of the eastern end, undertaken by Whitehead?—No; it has not. I reported the fact that such was the case in the letter to which I have made frequent reference of late, and submitted an estimate of what it would cost to do the unfinished work at the contractors' rates, stating at the time that it was difficult to say what it really would cost. I submitted an estimate of what it would cost if done at the contractor's rate, but it was difficult to say whether it could be done at contractor's rate or not, or what it would cost.

10885. Was there any other portion of the line which was originally contract 14, which was afterwards transferred to Whitehead to be finished?—There was.

10886. About what length of the line was that?—About two miles.

10887. Did the work undertaken by Whitehead, by that arrangement, include detached fills, or did he undertake other work for the whole length of the line at that time unfinished?—It was a specified work remaining unfinished between a certain point on the line on contract 14, which I think was specified in an agreement.

10888. Then was it that he should do all the work on that portion of the line which it would be necessary to do to fulfil the contract, whatever the work might be?—I think so; that is my recollection of it.

10889. Do you know how the arrangement was brought about?—I do. It was brought about in my office and in my presence, by an arrangement effected by the acting Engineer-in-Chief, and a written agreement was drawn up and signed by both parties, if I remember right, which the acting Engineer-in-Chief undertook to submit to the Department for approval.

10890. Was Mr. Smith the acting Engineer-in-Chief at that time?—Yes.

10891. Was he present?—Yes.

10892. Was he present when the agreement was signed, or when the arrangement was made verbally?—Yes; it was all done under his supervision and suggestion and conversation, and he handed it over to me.

10893. Was a writing made, do you think, at the time the verbal agreement was completed?—I think so.

10894. Was it arranged altogether at that one meeting, or had there been previous meetings on the subject?—I think they had several meetings before they could come to an agreement.

10895. When you say they, do you mean the contractor for 14 and Mr. Whitehead, or do you mean Mr. Smith also?—The contractor and Mr. Whitehead had frequent discussions about it; and if I remember right, there were discussions at which all three—that is Mr. Sifton, Mr. Whitehead, Mr. Smith and myself—were present, before the conditions embodied in the agreement were arrived at.

10896. Who represented the contractors on those occasions?—Mr. Whitehead was present to speak for himself, and the contractors of section 14, and I think, I would not be quite positive, whether it was Mr. Sifton or Mr. Farwell—I am not quite positive—or both. My impression is that it was Mr. Farwell.

10897. Could you describe the progress of the negotiations without reference to the wording of the document; for instance, we would like to ascertain whether the verbal arrangement was the same as that which was embodied in the writing?—As to that point I can state that it was, because I was present. As I understood, the thing was finally arranged, and the written agreement was handed over to me as the basis on which the thing was to be carried out, when I received notification that it was approved of by the authorities at Ottawa.

10898. You mean, of course, that it was intended that the writing should embody their agreement?—Yes.

10899. But it might be a question of legal construction what the proper meaning of the written document is, and I am endeavouring to ascertain, without reference to the words in the document, what the verbal agreement was?—Without seeing the document I could hardly speak at this moment as to what the verbal agreement was; but the impression conveyed to my mind was that the document embodied what was agreed between the parties; that is to say—I may be wrong—but my recollection is that Mr. Whitehead was to complete what work there was to do on the eastern end of contract 14, left unfinished by Sifton, and that he was to haul the material from where he liked, and that 40 cts. a yard (I think that was the price) was to cover the total cost. Mr. Whitehead was also to take out a small quantity of rock that was left in the most eastern cutting of contract 14, with the view of using it for rip-rap on the side of the bank across the bay.

**Railway Construction—
Contract No. 14.
Contractors' Claims.**

Verbal arrangement identical with that embodied in writing.

Whitehead to complete what work there was to do on east end of contract 14, to haul material from where he liked, 40 cts. a yard to cover total cost to Government.

10900. When you say the total cost was to be 40 cts., to whom do you refer—the cost to whom—the Government or to Mr. Sifton?—To the Government. Sifton was quite clear of the thing altogether, as I understood it. He had nothing to do with that part of the work. The work was to be taken off his hands, if the Government would assent to this agreement. Mr. Smith, who was acting Engineer-in-Chief, predicated all his consent to this arrangement on the understanding that the Department would approve of it.

Sifton & Co. understood to be entirely out of the work in this part.

10901. Was it mentioned whether Sifton, Ward & Co., after that time, were to have any part or claim concerning that portion of the line which Mr. Whitehead undertook to finish?—I cannot remember whether it was or not, but my impression is that Sifton was to have nothing more to do with the work at all, because the matter was discussed as to their not having the proper kind of plant to do this work. They made a claim why they should not be called upon to do it at this late period—that they had not the proper plant to do it.

10902. But their not having the proper plant to do it would be no reason why they could not have employed sub-contractors for their benefit. That, as a reason, does not show why they should have no claim?—I do not know that it does.

10903. Then that is not a reason?—My distinct recollection of the matter is that they were not to have any claim at all.

10904. Is your recollection that it was expressed to that effect among any of them, or that it is only your understanding without an expression?—No, no. It must have been expressed, because I drew that conclusion from it. Mr. Whitehead was not taking this work at all in the light of a sub-contractor from Sifton. It was a direct transaction to be handed over to the Government, and he was to draw his

**Railway Construction—
Contract No. 14.
Contractors' Claims.**

pay directly from the Government. I think that Mr. Whitehead would not have anything to do with it if the work was to be done and Sifton was to get the pay, or Whitehead had to trust to get his pay from Sifton afterwards. Mr. Whitehead declined to have anything to do with the work on these conditions. It was to be direct between himself and the Government, without any intervention between Sifton and the Government at all.

Marcus Smith insists on the work being placed in hands of persons with means to carry it out.

10905. That might only be arranging a channel by which the sub-contractor might be sure to be paid; but notwithstanding that arrangement as to the channel of payment, the foundation of the claim might still remain with Sifton, Ward & Co. ?—The facts, as well as I remember them, were that Mr. Smith was here. He was pitching into the contractors for not having completed their contract in proper time. That is my recollection of what occurred, now that I have tried to think over the thing: and they put in plea after plea why they had not finished—that the Government had not fulfilled their part of the contract; and Mr. Smith said that any claims they had, had been more than met by the leniency of the Government, and that the thing could not go on dilly-dallying in this way; that he did not see how they could complete this part of the work—that they had not the necessary plant and material—and that the best thing that they could do was to make an arrangement with Mr. Whitehead, who had the necessary plant, to finish that part of the work, and that their connection with the work should terminate at some definite point. If I remember rightly that point was where the bridge is over the last crossing of Willow Creek, somewhere near station 390 or 395: that Mr. Whitehead should take that part of the work and finish whatever there was to do in connection with it.

10906. Do you remember whether in the contract for section 14 there was a maximum limit of haulage, without extra price ?—I do.

1,200 feet maximum limit of haulage without extra price.

10907. What was the limit as far as you remember ?—I think it was 1,200 feet.

10908. Was the extra haulage beyond that limit to be according to distance—so much extra for every 100 feet ?—Yes.

10909. Was there any limit to which that extra haulage should apply ?—I think not, in that particular sub-section.

10910. Then, after 1,200 feet he might claim extra haulage for any length, however great it might be, over which he hauled the material ?—Sifton might ?

10911. Yes; I mean Sifton ?—Yes; if he was permitted by the Engineer-in-Chief to haul it.

Whitehead hauled from two to two and a-half miles.

10912. In doing this work by Mr. Whitehead, in the finishing of this eastern part of section 14, was there an unusual length of haulage ?—There was a very considerable length of haulage—something like two miles, or two and a-half miles, I think.

10913. On other contracts was there a maximum limit for which the contractors could claim extra haulage ?—Yes; and beyond which he will get paid no more. I mean to say he gets paid for every yard beyond that distance—he gets paid the same price as at that maximum.

10914. What is that maximum ?—I do not remember.

**Railway Construction—
Contract No. 14.
Contractors' Claims.**

10915. Assuming for the present that it is 2,500 feet, do you know whether that limit, as to other contracts, had been fixed and known to yourself and Mr. Smith, before the arrangement made between Sifton, Ward & Co. and Mr. Whitehead, as to taking this work off their hands?—Yes, that was known.

10916. Has the haulage upon this finishing of the job been for a much greater distance than 2,500 feet?—Yes.

10917. Do you think that either you or Mr. Smith would have consented to any arrangement for the completion of that job by which extra haulage beyond 2,500 feet would have been possible to be made by the contractors: Sifton, Ward & Co.?—We would not have assented to any such arrangement.

Neither Smith nor witness would have assented to any claim for haulage beyond 2,500 feet.

10918. Does not this claim, at present, of Sifton, Ward & Co., depend on their being entitled to a very much longer haulage than these 2,500 feet?—I do not know to what claim you refer.

10919. Are you not aware that Sifton, Ward & Co. are claiming for haulage for all that filling done by Whitehead, beyond the price of 40 cts. which the Government paid him?—I am not.

10920. The rest of it being upon the basis of the extra haulage for the whole length from the borrow-pit to the filling?—Until now I was not aware that any such claim was being made.

10921. Upon that subject have you anything to say?—I have a distinct recollection that when this agreement was being discussed between the parties already named, that the whole question of haulage, in all its bearings, as regards Sifton, Ward & Co., Whitehead & Co., and the Government, was very fully and thoroughly discussed by Marcus Smith.

Question of haulage thoroughly discussed in meetings preliminary to agreement.

10922. In the presence of the other parties?—In the presence of these other parties and in my presence; and that the conclusion arrived at then and there, whatever the agreement made, was that the price—I think it was 40 cts.—was in lieu of everything. There was not to be any charge for anything from anybody. Mr. Whitehead was to do all that was remaining to be done on 14, to the satisfaction of the Government and their engineers, at the price of 40 cts. per cubic yard. Mr. Sifton was to have nothing to do whatever as to getting any price at all. There was no question in the matter at all as to any further claim of Sifton, as I understand it—that he was wiped out of the thing altogether.

Distinctly agreed that Whitehead was to do all the haulage at 40 cts.

10923. Sifton, Ward & Co. are now making a claim against the Government upon this basis: that they are entitled to be paid for all the filling that was done according to their contract rates, including haulage from the distance which the material was hauled, and without any maximum limit, as obtained in other contracts, in the way you have mentioned; and they say that the Government are entitled to deduct from that only the 40 cts. per yard which they actually paid to Whitehead. Now, it is in reference to this matter that I asked you, some time ago, to try and remember all the negotiations which led to the written agreement, and this last evidence of yours touches the point?—That is exactly what I have said. My recollection is distinct that, as regards the extra haulage in all its bearings as to the Government and the two other parties, that matter was fully and

**Railway Construction—
Contract No. 14.
Contractors’
Claims.**

Sifton, Ward & Co., were to have no claim for extra haulage under agreement with Whitehead.

thoroughly discussed by Marcus Smith, and that Sifton, Ward & Co. were to have no claim whatever.

10924. Do you say that we are to understand that Sifton, Ward & Co. were to have no claim, whatever was the basis of this agreement?—I do distinctly; but I say, without any knowledge of what I have told you, if Marcus Smith is asked the same question, he will bear me out. That is my recollection of it, and I think you will find that that is his, and I have had no communication whatever with him on the subject. I had no idea that any such claim would be made. I may state for your information that quite recently, since you came here or since there was word of your coming here, Sifton came to me and asked me if I had any objection to telling what were the quantities of material that had been put into those banks by Mr. Whitehead. He did not tell me what it was for, nor did I ask him, nor did I want to, but it was a matter I had no objection to giving him. It was a patent fact that so many yards had been put in, and I said: “If you want to know how many yards have gone into those banks, I will tell you,” but I was not at all aware that he was going to make a claim; nor has he the slightest claim. I am satisfied, after the discussions that have taken place in our office, that he has no claim whatever against the Government on that plea. After the way the matter was discussed by Mr. Smith I am clear on that subject.

As engineer in charge would have considered it inexpedient to make the fillings in question at \$1 a yard.

10925. As the engineer in charge of this matter, or having jurisdiction over it, would you have considered it expedient to make that filling with earth, at the price of anything like \$1 per yard?—No; I would not. I would have considered it very inexpedient.

10926. What other plan could have been taken to get over the opening; would it have been trestle or iron bridges, or was there any other way which would have been less expensive than earth, at \$1 a yard—in that particular instance—that is the fills which Mr. Whitehead did at the east end of 14?—Yes; there are.

Witness confident that 40 cts. per yard was to cover everything.

10927. It seems to us improbable that Mr. Smith or you would have consented that this work should go on, and earth taken at two miles distance, without any maximum for extra haulage restricting the claim, if it could have been possibly done in any cheaper way; that is the reason why I ask you, whether you, as the officer having jurisdiction, would have consented to such an agreement?—I swear most positively that, as far as my understanding of the arrangement or agreement that was come to, that, as regards the Government, 40 cts. per yard was to cover everything in connection with the making up of that part of the work.

The subject mentioned by Sifton, and any such claim put out of the question by Smith and witness.

10928. I am asking you whether, as an officer having a voice in the matter, you would have agreed to have it done if it had been likely to cost anything like \$1 a yard?—I would not, for this reason: that we discussed it in that bearing, if we had to pay for the extra haul. Sifton urged it as a plea, when we were discussing the matter, and said words to this effect: “There is no maximum to my haul, and if you compel me to haul the stuff away from the borrow-pit, we will get a big figure for it.” “Yes,” we said, “but we will not allow you for it from there, we will make you scratch it up from the ditches and from holes in the rocks wherever you can get it.” That brings something further to my mind. We went to work then and sank test pits all over that peninsula immediately close to the shore of the lake,

to see if we could not get this material there ; but when we found that a large amount of material could be got there, the contractors then said : " It was very hard to get, and that they would rather give it over to Mr. Whitehead " We all went to this peninsula that I have spoken of together ; that is to say, Sifton and a brother of his, I think, who used to look after the work (William Sifton, I think), and when we showed them these test pits and said : " There you can get the material," they objected that it was of a very hard character, and would be very difficult to work, and we said : " We cannot help that, you will have to take it from here, and put all that can be got into the bank."

**Railway Construction—
Contract No. 14.
Contractors' Claims**

Showed Sifton and his brother where they could get material ; but they said it was very hard and would rather give work over to Whitehead.

10929. Then do we understand that, upon the part of the Government, you and Mr. Smith consented that it might be hauled from a long distance because there was to be nothing more than 40 cts paid for it?—Yes ; that was the understanding.

Upon the part of the Government Smith and witness consented that material might be hauled from a long distance because no more than 40 cts. was to be paid for it.

10930. And that was the reason for consenting to the locality from which it was afterwards hauled by Mr. Whitehead?—Yes. I remember that Mr. Marcus Smith said to Mr. Whitehead : " Well, where are you going to haul it from ? " and Mr. Whitehead said : " I will get it some place." Then Mr. Smith said : " Well, no matter where you get it, or what the haul is, this is to be the maximum figure it is to cost ; " and he said : " Yes ; that is to be the maximum figure—40 cts. will cover everything. I will make up the banks and finish them complete for 40 cts. a yard."

10931. Do you remember whether Sifton, Ward & Co., or any member of the firm, were present at that discussion?—Some one on that behalf, and some one in Mr. Whitehead's behalf, and Mr. Smith and myself, on the part of the Government, were present.

10932. Do you remember whether Farwell was ever present with you down at that point—the peninsula?—I think he was. I think he was one of the parties that was present.

By Mr. Miall :—

10933. Only one of the Siftons or both?—I am not quite sure ; certainly the one to whom I have referred ; but I am not quite sure whether they were both there ; certainly the one who is the working man.

By the Chairman :—

10934. Is there any other matter pertaining to section 14 which you think desirable to explain to the Commissioners ; of course, if you think of anything afterwards, you may return to it?—Yes ; statements have appeared in the papers as to what I should have done and should not have done on contract 14, which I have hitherto thought it unnecessary to take any notice of ; but to show the character of them, for what applies to this one applies to all the others, a criticism was made stating that at a particular point on the line culvert openings had been closed which should have been left open, and no ditches dug, and consequently the country for miles on each side of the road was covered with water. This point on contract 14 is the very driest on the whole section.

Newspaper criticisms on witness.

10935. There was a contract for the transportation of rails with the North-West Transportation Company?—Yes.

Transportation of Rails—
Contract No. 34.

10936. Have you any papers connected with that?—I have.

**Transportation
of Rails—
Contract No. 24.**

Will produce
papers.

**Nixon's Pur-
veyorship.**

Nixon took his
orders from
witness.

During surveys
engineer in
charge had power
to requisition
from Nixon, but
during construc-
tion this requis-
ition had to be
submitted to
Rowan.

No control over
Nixon's book-
keeping.

Complaints of
delay in furnish-
ing and as to
quality of goods.

No serious
grounds for such
complaints; but
witness does not
know whether
proper accounts
were kept or
whether goods
were bought
cheaply.

10937. Will you please produce them if you have them now?—I have not got them with me, but I will produce them to-morrow.

10938. Was the purveyor under your jurisdiction at any time in the management of the Pacific Railway affairs?—Yes; Mr. Nixon.

10939. Was he considered subordinate to you?—Yes; to a certain extent.

10940. Had you control over the system in which he kept his books?—No; he used to take his orders from me. I had to approve of things before he could get them.

10941. Everything or only of certain things?—Things connected with my district.

10942. Would not the engineer in charge—Mr. Carre, for instance—have power to requisition for things without your supervision?—During the surveys he would, but on construction they were generally submitted to me first.

10943. Then was there any time while Mr. Nixon was purveyor during which you had not the duty of always certifying or ordering things?—I think there may have been times when they did not come through my hands.

10944. Do you say that you had no control over the manner in which he kept his books, and explained the transactions of his department?—None whatever.

10945. Then you are not able to say whether they were satisfactory in that respect?—In what respect?

10946. The system of exhibiting the affairs in his department: in his books or papers?—No; I had nothing whatever to do with that. I declined positively to have anything to do with the accounts or commissariat whatever, up to the time when they were taken out of his hands.

10947. So far as you know, were requisitions made by yourself and members of the staff generally filled within a reasonable time, so as not to occasion inconvenience or unreasonable delay?—No; sometimes they were not satisfactorily filled; there was considerable complaint occasionally as to the things not being to hand on time and not being of the quality that they ought to be.

10948. Was it your duty to investigate any such complaints?—When they were brought under my notice I did so.

10949. I suppose it was difficult at that period of the settlement of the country, to get supplies and other materials through rapidly?—There was considerable difficulty, and large allowance had to be made on that account. Sometimes the purveyor was accused by those in the field of not using due diligence, but when I came to investigate the matter I found that in most instances he had done his best; but there were some few occasions when things were not as well done as they ought to have been.

10950. Upon the whole do you think there was any serious cause of complaint against him as purveyor, so far as you were able to judge from your own experience?—No; taking everything into consideration, I do not. Of course that answer means as to what I looked to as my portion. As to whether the supplies were well purchased or proper

**Nixon's Par-
veyorship.**

accounts kept, I know nothing whatever, or that it was cheaply done, I do not profess to know anything.

10951. We understand that was not a matter over which you could have exercised any jurisdiction?—No; I declined to do it.

10952. Do you remember who located the line of section 15?—Mr. Carre. **Railway Loca-
tion—
Contract No. 15.**

10953. Do you know about what time the plans were ready, so that quantities could be taken out for the information of the tenderers?—Is that the first ones?

In 1874, first plans ready whence quantities could be had on which to call for first tenders.

10954. Yes; I mean for the present the first ones?—I think it was in 1874. It was just before they were advertised for.

10955. What system had been adopted for the work at that time—I mean was it to be made with solid embankment or trestle work?—Solid throughout, everything complete. **Work to have been solid throughout.**

10956. Something of the same character as at present completed?—Yes; only there would have been more rock in the bank and less earth.

10957. The grade was lower than at present as originally intended; that is, at first asking for tenders?—Yes. **Grade as at present.**

10958. Was any work let upon that basis?—No; I think the Govern- ment came to the conclusion that they would not accept any of the tenders that were received at that time; there was such a great discre- pancy between the tenders; that was one reason; but I think principally, because even the lowest tender amounted to such a large sum of money. **None of the first tenders accepted.**

10959. Then were new tenders asked for on a different basis?—Yes.

10960. Upon what basis?—On the basis of raising the grades so to make only a small amount of rock cuttings, which would make up a small amount of bank, and leave it in that state. **New tenders asked on raised grades, but no contract let.**

10961. With the void unfilled?—Unprovided for in any shape.

10962. Did those tenders lead to any contract?—No. I think not.

10963. Were fresh tenders asked for on a different basis?—Yes.

Fresh tenders asked for on still another basis.

10964. Upon what basis?—The basis that the rock cuttings were to be taken out, I think, pretty much as before in the second tenders, but making up the voids for which there was ^{no} any material to be obtained from the cuttings, or from borrowing pits in the neighbourhood, with trestle work. At that time it was thought that the borrow-pits were all earth, because there was no rock-borrowing contemplated at all, so it was supposed to amount to very little.

10965. Do you remember what amount of information had been obtained by the Government before the tenders for that last method were invited?—There was nothing but the longitudinal sections of the line, and a plan of the longitudinal section. **Profile and loca- tion line: this all the information Government had before calling for tenders the third time.**

10966. That line exhibited on the plan is called the profile?—Yes.

10967. And the plan to which you allude is the location plan?—Yes; the location plan and the profile along the centre line.

10968. The location showing the surface, and the profile showing the section?—The location showing the alignment upon the surface, and the profile the section of that alignment.

**Railway Location—
Contract No. 15.**

Country rough and rocky, with lakes.

10969. What was the nature of the country through which this section 15 was to be made?—Very rough and broken rocky country, interspersed with lakes; not mountainous, but very hilly—all rock.

10970. Was it possible, upon the information which you describe, to obtain anything approaching an accurate estimate of quantities?—It was not.

Quantities could not have been approximately, accurately calculated without cross-sections.

10971. I think you mentioned, when speaking of the last section, that the surface of the country being level made it unnecessary to take cross-sections to any extent, but where it was not level it was impossible to form any reliable opinion as to the quantity without cross-sectioning wherever the ground was not level; is that the correct idea?—Yes; that is especially the case on contract 15.

10972. Have you any opinion as to the time which it would have been necessary to obtain cross-sectioning on that line?—With the force we had then on?

Cross-sectioning contract 15 impracticable.

10973. Yes?—Yes; it would take quite a length of time had the country been in the shape for a cross-sectioning, but it was covered with timber, and to have cross-sectioned it while it was in that state would have involved very heavy expense indeed, in dropping lines at right angles to the longitudinal sections.

10974. Had the line not been opened for telegraph purposes?—I think not, at that time. No; I am pretty sure it had not—not thoroughly cleared at any rate. The longitudinal section of contract 15 is about thirty-six miles. I think that the cross-sections that we have made over the line now, with a view to arrive at the correct quantities, are pretty nearly 200 miles.

10975. So that they must have been taken at very much shorter intervals than the breadth of the line: is that what you mean?—The country is so broken that they are taken at very frequent intervals. They extend say approximately from 200 feet on one side of the line to 200 feet on the other, at right angles to the longitudinal profile, and the aggregate length of these would probably amount to nearly 200 miles.

10976. Have you considered carefully whether it is expedient to ask for contracts when no better information can be given to tenderers than could be given, or was given, in this case?—Yes, I have.

10977. You are aware that there has been a good deal of discussion upon the subject, and that engineers of standing have differed on the matter?—I am.

Desirable to get more information before tendering than was had in this contract; but there may have been reasons, other than engineering, for pressing on the work.

10978. What are your views on the subject?—My views are, it is most desirable that considerable more information should be obtained before the work is advertised to be let by tender, than we had succeeded in obtaining; but in this particular case, there may have been circumstances with which I, as an engineer, have nothing to do; which may have rendered it expedient for the Government to think it desirable to push on the work, without waiting for the delay which would be occasioned by the getting of that necessary information.

10979. Do you mean that the reasons to which you allude would be other than engineering reasons?—Certainly.

10980. Then there are no engineering reasons which would make it advisable to let the work upon such insufficient information?—No; none.

**Railway Construction—
Contract No. 15.**

10981. When the contractor came upon the ground, had further data been obtained, as to the exact quantities, than were available at the time of the tenders?—I think so. Yes; certainly.

When contractor began work more information existed as to quantities than when tenders were called for.

10982. You are aware, no doubt, that the contractors complained that they were delayed by not being able to get all the information that they asked for from the Government engineers?—Yes; I am aware that they made such a claim, but whether it is well founded is another question.

10983. I am asking you just now whether you are aware of it?—Yes.

Contractors not justified in complaining that certain information was withheld from them by Government engineers.

10984. Have you considered carefully whether they are justified in making that assertion?—I have.

10985. What is your conclusion?—I do not think they were.

Unreasonable conduct of contractor

10986. For what reasons have you come to this conclusion?—Because, as a matter of fact, they were not delayed by the want of information to my knowledge, that I can recollect. Whenever a contractor asked to have work laid out for him at any particular point, and he was running about from one place to another, wherever it was easy to do, putting the engineers to very great inconvenience, my assistants and subordinates always went wherever they were asked, although they were put to a great deal of unnecessary inconvenience by the way this was done. I am further aware that they were asked often, and frequently asked, to set out work, and did set out work, where it was not begun after they had set it out, and that they were obliged to go over and over again setting out work at such points, because the works that they had put in were destroyed through lapse of time, and fortuitous circumstances.

10987. Do you remember whether you gave any special instructions to the engineer in charge, or any of his assistants, not to furnish particular kinds of information to the contractors?—Yes, I do. That is to say with regard to estimates, but not as to anything bearing on the prosecution of the work.

10988. Do you mean estimates of work not to be done?—No; estimates of work done. That is to say, what his estimate would amount to—the value of the work done.

10989. Did you think that that ought not to be communicated to him?—I had orders from headquarters as to what I was to communicate, and what I was not.

Ordered from Ottawa not to give contractors estimates of what the work would amount to.

10990. And if you did refuse it was in obedience to these orders?—Yes; and the instructions I gave to my assistants were in obedience to those orders to carry out the instructions I had received from headquarters.

10991. Originally the intention was to fill the voids with trestle work where earth could not be obtained; or do you mean although earth could be obtained by borrowing?—Under the last contract?—Yes; that was the intention—that we should use the rock from the cuttings as far as it would go, and any borrowing that we could get in the neighbourhood of the work.

Original intention to fill voids with trestle work, the rock from cuttings and any borrowing to be had in neighbourhood to be used.

10992. Off the line as well as on the line?—Yes, off the line; in borrow-pits in the neighborhood of the work, without going any great distance for it. The quantity of material to be obtained under that

Railway Construction—Contract No. 15.

head—that is to say, borrowing of earth—was expected to be very small indeed from what we knew of the country at that time. The balance of the spaces left then, after taking the rock cuttings to borrow what earth we could in the neighbourhood, was to be made up of trestle work.

Plenty of earth discovered.

10993. Was it early in the progress of the construction that you discovered more earth than you had expected, or was it as the work went on that those borrow-pits were developed?—It was as the work went on, and as the means at our disposal enabled us to make discoveries; when we had men on the ground—contractors' men—whom we could employ to sink test pits and make examinations with a view to ascertaining the nature of the material and the depth, and then we discovered that there was more earth on one spot of the line than we contemplated on the whole section—thirty-six miles.

Some truth in Whitehead's theory that to have filled voids with trestles would have taken a considerable number of years.

10994. Mr. Whitehead has some theory that it would be impossible in a great number of years to have finished the work with trestles in the way that was originally contemplated, because it would have been necessary to fill up one void with trestle work, before he got to another, and to another excavation beyond that, and that he would never have been able to get in the rock with reasonable despatch for the foundation for the trestles?—I think there is some truth in that.

10995. It would have been then, in your present opinion, more difficult to have carried out the original trestle system than was contemplated at first?—I think it would.

Change to embankment advantageous in point of time as well as in point of permanence.

10996. Therefore the change to solid earth embankment was advantageous in point of time as well as in point of permanence of the work?—Yes.

But trestle was to have been put in in such a manner as looked to their being ultimately changed to embankment.

10997. I mean the time at which the work would be finished?—Yes. I would like to give a little explanation. Our original instructions as to the way the work was to be carried out, was that the work at the cuttings was to be placed in the water stretches so as to form a solid base for trestle work, broad enough and across the whole water space, on which to place the trestle work, and to be at such a level as to keep the trestle work out of the water.

10998. Was that to be broad enough so as to hold eventually an earth embankment if required?—I think so.

10999. So that the base merely for trestle work was not nearly so wide as the one contemplated in the contract; would you not require a much wider base for an earth embankment than for trestle work?—Yes.

11000. Therefore the base which was contemplated from the beginning was a wider one than would have been required if trestle had been intended to be a permanent arrangement?—Yes.

Witness explains the difficulty of making trestle work throughout.

11001. In other words, you were providing, as far as the base was concerned, for a solid embankment at some time?—At some future date. I was going to give an illustration: To make that base as required by the specification it would have been necessary to bring the rock not from the cuttings alone immediately adjoining that water stretch, but from a number of cuttings, and a long way both to the east and west of the particular opening that was to be filled—that water stretch. In some instances, in fact in most, but in some specially, the quantity of rock required to make such a bank would have extended for a mile,

Railway Con-
struction—
Contract No. 15.

probably over two miles, of the cuttings of the road. To do that would have delayed the work, in this way: that the contractor could not begin to take the rock out of cuttings next but one to the place where he was making the bank until he had done the first one; because, if all the rock was to come from cutting after cutting along the line to be put into this space, he must do the first cutting next the water and put it in, and then put in the next and so on until he had cleared out sufficient rock cuttings to fill up this particular space. To go from one cutting to another, the intervening voids must have been filled up with trestle work. Therefore as the contractor, instead of working a number of cuttings as he did subsequently, at the same time, if he had had to do it in that way he could only have worked one cutting at a time, one cutting on each side of the water stretch to be filled. I therefore think that there is some ground for the remark that you are telling me the contractor has made.

WINNIPEG, Thursday, 7th October, 1880.

SCHULTZ.

JOHN SCHULTZ, M.P., sworn and examined:—

Contract No. 15.
Helping News-
papers—
Alleged impro-
per influence.

By the Chairman:—

11002. Where do you live?—At Winnipeg.
11003. How long have you lived here?—Twenty years.
11004. Have you been connected with any transactions pertaining to the Pacific Railway?—No.
11005. Are you a Member of Parliament?—Yes.
11006. Which Parliament?—The House of Commons.
11007. Do you know Mr. Charles Whitehead?—I do.
11008. And Mr. Joseph Whitehead?—I do.
11009. You are aware that Mr. Joseph Whitehead was connected with one of the works of the Pacific Railway?—Yes; he was a contractor for section 15.
11010. Do you know of any assistance or gift given by him to any one in any way connected with the Pacific Railway?—I do not.
11011. He is mentioned as having assisted a Mr. Tuttle: do you know anything of this arrangement?—Except his own statement to me.
11012. Whose statement?—Mr. Whitehead's.
11013. What was the substance of that statement?—The substance of that statement was that while doing his best to promote the work on section 15, the opposition journal, the *Free Press*, had constantly endeavoured to throw discredit upon his management, by publishing false reports of accidents, and not giving a fair account of the progress of the work, and that he determined to assist some person, and to establish a good daily newspaper here, for the reason that he felt very much annoyed at these false reports of the *Free Press*, and that he was quite willing to assist any competent person who would undertake the publication of a good daily newspaper here.
11014. Did you know Mr. Tuttle?—I had met him and knew him slightly at that time.

Whitehead stated to witness that owing to the discredit thrown on his work by Winnipeg *Free Press* he determined to assist in the establishment of a daily paper.

Contract No. 15.

**Helping News-
papers—
Alleged Impro-
per influence.**

Tuttle without
influence with
Members of
Parliament.

11015. Did you know whether he was likely to have any influence with Members of Parliament in assisting Mr. Whitehead upon the matter on which he was engaged?—I do not think so, except that this paper, of course, would have an influence in publishing reports of the progress of the work. I do not think that he was extensively acquainted with Members of Parliament, nor would he have much influence with them.

Never heard that
Whitehead ex-
pected Tuttle to
influence Govern-
ment in any way.

11016. Have you any reason to think that Mr. Tuttle induced the assistance from Mr. Whitehead, by any representation that he could influence any one in favour of Mr. Whitehead?—I never heard Mr. Whitehead state that he advanced money to Mr. Tuttle for any such purpose. He always maintained that he had simply paid for the plant and press and material, and that he would propose to retain his own right to it, allowing Tuttle the use of it. I never heard from Mr. Whitehead or Mr. Tuttle that there was any consideration of influencing the Government in connection with it.

11017. Have you any other reason to believe so?—I have not.

11018. Have you no reason to believe that the assistance by Mr. Whitehead was given upon the understanding, expressed or implied, that he should be favoured by the Government or some members of it?—I have no reason to believe so from anything I know myself, or heard from others.

Free Press tried
to connect the
publication of the
Times with Sir
Charles Tupper.
No foundation for
such a rumour.

11019. Are you aware that such a rumour has been circulated?—Yes; I am aware that the *Free Press* of this city has endeavoured to connect the transaction with Sir Charles Tupper. My impression is that Sir Charles Tupper knows as much about it as the man in the moon.

11020. Is your evidence now to the effect that you believe there is no foundation for that rumour?—Yes; decidedly.

**Fraser & Grant—
Whitehead
Partnership.**

11021. Are you aware of any other rumour concerning Mr. Whitehead's partnership with any one?—Do you mean in connection with a newspaper?

Partnership be-
tween Whitehead
and Fraser &
Grant.

11022. No; I mean a partnership with Fraser & Grant, or either of them?—I know that there was a partnership.

11023. Do you know how that partnership was brought about?—I do; generally. Mr. Whitehead had been in financial difficulties.

Whitehead in
financial difficul-
ties.

11024. You mean a partnership in his contract on section 15?—Yes; with Fraser & Grant. Mr. Whitehead was in financial difficulties, caused, I believe, by the death of the late Senator McDonald, who managed those matters for him. The bank who had hitherto advanced him moneys from month to month to carry on his work, had suddenly refused to advance anything; and Mr. Whitehead's solicitor asked me to see the bank, with a view of stating what I knew generally of the progress of the work, and to endeavour to aid him in re-establishing the confidence which he would seem to have lost with the bank management. That endeavour was unsuccessful, and an offer from Fraser & Grant, made to Whitehead at that time, seemed the only way in which he could go on with the contract at all, and after some consideration of it, it was accepted.

Fraser & Grant's
offer seemed the
only way out of
these difficulties.

11025. You were present, I understood Mr. Whitehead to say, at the time that the negotiation was finally concluded?—Yes; Mr. Whitehead's solicitor appealed to myself and to Mr. Brown, of the Ontario Bank, to

Contract No. 15.
Fraser & Grant-
Whitehead
Partnership.

do something for him, and to save him from the necessity of making a sale of any portion of the contract until those endeavours were unsuccessful; but meeting in the manager's office of the Ontario Bank, his friends had to tell Mr. Whitehead that there seemed no help for it but to make some financial arrangements with Fraser & Grant, or with some person below, to advance the money on consideration of receiving half the profits.

11026. Do you know whether any Member of Parliament or Minister of the Crown exercised any influence in procuring the partnership?—Of course I did not know what action he had taken; but the short time that had elapsed between Mr. Whitehead's finding that it was absolutely necessary for him to arrange—the short time that elapsed between that time and the time that he did arrange (forty-eight hours)—would preclude, I think, any influence from being exerted from Ottawa here. There was no member of the Ministry here, and I think it is very unlikely that any such influence could have been or was exercised.

Reasons for believing it unlikely that any influence from Ottawa could have moved Whitehead in direction of this partnership.

11027. Are you aware of any desire on the part of the Minister of Railways that Mr. Whitehead should form a partnership with the persons whom he did associate himself with?—I am not aware of any desire on the part of the Minister of Railways, in that or any other connection, except his statement to Mr. Whitehead, in my presence, and in the presence of other Members of Parliament, that the Government had every confidence in him as a contractor, but no confidence in him as a financier, and a recommendation to him to endeavour to make arrangements with some strong bank to carry him through, without his having to appeal constantly to the Government for advances.

Minister of Railways told Whitehead that the Government had confidence in him as a contractor but not as a financier.

11028. Do you know of any suggestions, either directly or indirectly, to Mr. Whitehead that a partnership with Fraser & Grant, or either of them, was desired by the Minister of Railways?—I do not.

No reason to believe that a partnership between Whitehead and Fraser & Grant was desired by Minister.

11029. Do you know whether Mr. Whitehead was led to think this, and that that assisted in accomplishing the partnership in any way?—I do not know that he was, and I do not believe that he was. I believe that it was purely the force of necessity that made it. It was the refusal of the bank to advance the money that was the cause of the arrangement.

Does not believe anybody led Whitehead to think of this.

11030. Are you aware of any rumour that Mr. Whitehead was compelled to complete this partnership out of deference to the wishes of any one of the Cabinet?—The *Evening Journal* of this city has constantly associated the Minister of Railways with a disposition to force Mr. Whitehead into a connection with Fraser & Grant; but with the exception of that, I have not heard any rumour from any respectable source.

11031. What is your opinion as to there being any foundation for such a rumour?—There is none whatever. I say that, because Mr. Whitehead, during the Session at Ottawa, repeatedly requested myself and the other Members of the Commons from Manitoba to endeavour to assist him in procuring, from the Minister of Railways, concessions in the way of advances on his plant, and security offered in that way. I have frequently accompanied deputations consisting, on many occasions, of all the Manitoba Members of the House of Commons, and Senators, with Mr. Whitehead to endeavour to aid him, simply because he had,

No foundation whatever for such a rumour.

Contract No. 15.

**Fraser & Grant-
Whitehead
Partnership.**

from the very first, helped this Province very much in the employment of labour locally here, and the purchase of almost his entire supplies in the city. He scarcely imported anything here, and this was a great advantage to this city; so that all the Manitoba people would help as much as they could. On those occasions, Sir Charles Tupper assured us that it was scarcely necessary to do this; that Mr. Whitehead stood as high as he possibly could as a contractor, with the Department, and the only difficulty with him was that, unfortunately, he could not manage his financial arrangements.

**Helping News-
papers—
Alleged impro-
per influence.**

11032. A witness, yesterday, in speaking of the assistance which Mr. Whitehead gave to Mr. Tuttle, and of the motives which led to it, mentioned your name as one who would likely be able to show that it was not for the reason that he wished to assist him merely as a newspaper proprietor, but that there was some other motive which had led to it. Upon considering the matter carefully, have you now any information upon that subject to give us which you have not given us?—No; I have no reason to believe that Mr. Whitehead assisted Mr. Tuttle from any other motive, except to establish a newspaper, and that he did so because Mr. Tuttle was reputed to be an experienced person in these matters; fairly skilled in all departments of newspaper work, and the publisher of several successful books, and apparently suitable for the object he had in view.

**Railway Loca-
tion—
Red River
Crossing.**

11033. I believe you are the holder of a considerable quantity of land in and about this neighbourhood?—I am.

11034. Also about Selkirk?—I am.

**Alleged impro-
per influence.**

Knows of no Member of Parliament but himself who has land near crossing, and his interest acquired subsequently to the decision.

11035. Are you aware of any Member of Parliament or any engineer being interested in the location of the crossing about the time or before the time it was settled upon, so as to influence the decision of any one who had the power to decide it?—I know of no Member of Parliament, except myself, and my interest was acquired in the lands that I have there, subsequent to the time that the decision was made for the crossing.

Not aware that any engineer has an interest there.

11036. As to engineers, are you aware of any of them having an interest?—I heard the rumour at the time, but I am not aware that any engineer has any large interest there, or indeed any interest at all.

11037. You are aware probably that the possibility of such a thing has been discussed frequently?—Yes.

11038. It is a matter of some interest, and we wish to ascertain whether there was any foundation for such an idea: have you any information on the subject which you think would enlighten us?—No; I have not. I was in the way, when purchasing the property which I own, which was bought on the 20th June, 1875, to know other lots in the neighbourhood that had been bought out at that time. No engineer's name certainly appeared in the registry office at that time, nor did any name appear which would lead me to suspect that the rumours then current were true.

Bannatyne's interest acquired about the same time as his own.

11039. Besides what was shown by the registry there may have been titles which were not exhibited but which existed by virtue of some secret arrangement; are you aware of any matter of that kind?—No; I am not. I made a little mistake. Mr. Bannatyne is another Member of Parliament who owned land in that vicinity, besides myself, and I

think Bannatyne's interest was acquired about the same time as my own—subsequent to the establishment of the crossing.

11040. Had you any means of ascertaining before others that the crossing would be fixed at that place?—No.

11041. Are you aware that any other person had, either from the Department, directly or indirectly, so as to give them an advantage over the general public?—I do not know that any person had any information; I am doubtful if they had, because most of the property was acquired about the same time as I acquired mine, which, as I said, was subsequent to the determination of the Government to cross there.

11042. Is there any other matter connected with the Pacific Railway, directly or indirectly, which you think would assist us in our investigation and which you could communicate?—I do not think of anything at this moment.

**Railway Location—
Red River Crossing.
Alleged improper influence.**

As far as he knows nobody had any means of knowing beforehand where crossing would be. Most of the property acquired subsequent to the determination of the crossing.

WALTER R. BOWN, sworn and examined:

By the Chairman:—

BOWN.

**Nixon's Paymaster and Purveyors
Fort Frances Lock.**

11043. Where do you live?—In Winnipeg.

11044. How long have you lived here?—I think I have lived here sixteen or seventeen years.

11045. Have you had any connection, on your own account, with matters connected with the Pacific Railway?—Only an investigation.

11046. What was the nature of that investigation?—To make enquiries into the Nixon accounts, and into Mr. Sutherland's affairs at the Fort Frances Locks.

Connected with investigation into Nixon's and Sutherland's accounts.

11047. What were the powers given to you?—To take evidence without swearing the witnesses.

11048. Was it known in the community that such an investigation was going on?—Yes.

11049. It was not a secret investigation?—It was a private investigation.

11050. But it was not secret; it was understood in the community?—It was understood among the community.

11051. There were no regular sittings?—No; there were certain charges made, and the investigation was made to see if there was any truth in the charges made against certain individuals.

11052. Did you obtain any information on that subject?—I did.

11053. Did you communicate it to any one?—None, except the Government.

Information communicated to the Government.

11054. In writing?—In writing.

11055. Was it considered to be a confidential communication?—Yes.

11056. Have you had any other connection with Pacific Railway matters?—No.

11057. Your name was mentioned yesterday as a person likely to throw some light on the motives of Mr. Whitehead in assisting Mr.

**Contract No. 15.
Helping News-
papers.**

Knows nothing of Whitehead's idea in assisting Tuttle save what he heard from Dr. Schultz.

Tuttle : have you any information on that subject that you can communicate to us?—I do not know Mr. Whitehead's idea in engaging Mr. Tuttle.

11058. Are you aware of any representation on either side, either by Mr. Tuttle or Mr. Whitehead, as to the object of that gift or assistance?—No; only from reports that I have heard, and from what Dr. Schultz has stated here—that it was on account of articles that came out in the *Free Press*, and Mr. Whitehead thought that he ought to get some paper to defend his cause.

11059. Are you aware of any inducement in a different direction?—Not that I know of.

Never heard that Tuttle could assist Whitehead with the Government or any member of it.

11060. Have you any reason to believe that Mr. Whitehead was led to suppose that Mr. Tuttle could assist him with the Government or some member of the Government?—I never heard so.

11061. Have you any other reason to believe it besides hearing?—No.

11062. Is there any other matter, either directly or indirectly, connected with Pacific Railway affairs upon which you can enlighten us in this investigation?—No, I think not.

McQUEEN.

ALEXANDER McQUEEN, sworn and examined :

By the Chairman :—

11063. Where do you live?—In Winnipeg.

11064. How long have you lived here?—Three years.

11065. Were you here about the time that Mr. Whitehead assisted Mr. Tuttle with money advances?—What time do you mean?

11066. Any time?—I am not aware of Mr. Whitehead ever having assisted.

11067. Had you no knowledge of that matter?—No; only from report.

11068. Do you know of the negotiations which led to that matter?—From report only.

11069. Had you no other knowledge but that from report?—None whatever.

11070. Did you hear either Mr. Tuttle or Mr. Whitehead speak of the subject, or give reasons for its being brought about?—No.

11071. It was suggested that you might be able to explain that the motive of Mr. Whitehead was not that of supporting a newspaper as such, but for gaining some advantage, or some other benefit connected with his railway matters; are you able to give any information on the subject?—I am not able to give any information on the subject.

11072. Is there any other matter connected with the Pacific Railway upon which you can give information?—None.

Contract No. 15.
Helping News-
papers.

CHARLES R. TUTTLE, sworn and examined :

By the Chairman :—

11073. Where do you live?—In Winnipeg.

11074. How long have you lived here?—Nearly two years.

11075. Before that where did you live?—Montreal; but immediately before in Ottawa.

11076. Have you been interested in any of the newspapers here?—Yes.

11077. Which?—The *Winnipeg Daily Times*, and the *Winnipeg Daily News*.

11078. Which was the first?—The *Times*.

11079. About when were you interested in the *Times*?—It was issued first on the 4th of April, I think, 1879, and I was interested in the paper until the 13th of January, 1880.

Interested in
Times from start
to 13th January,
1880.

11080. During your connection with that paper, did you receive any gifts or assistance from Joseph Whitehead?—I received no gift. I received assistance.

11081. In what shape?—He became responsible for a considerable amount of plant and stock that was brought to the city for the publication of the paper, on the understanding that he should have either a chattle mortgage or lien upon it, with the expectation that that lien, I suppose, would be sufficient security for his investment.

Whitehead be-
came responsible
for plant and
stock for starting
paper securing
himself by lien.

11082. Were you aware at that time that he was a contractor on the Pacific Railway?—I was.

11083. Where did the negotiations take place between you and him which led to this?—In Ottawa and in Montreal; chiefly in Ottawa.

Negotiation took
place at Ottawa.

11084. Where did you live before you lived in Ottawa or in Montreal?—Do you mean to ask where I was raised?

11085. Yes?—I was born and raised in Nova Scotia, Cumberland County.

11086. When did you leave?—Nova Scotia to live in other places?—In 1868.

11087. Did you know any of the present Ministers of the Crown intimately at the time that you and Joseph Whitehead met and negotiated?—No; I had no intimate acquaintance with any Minister at that time.

No intimate ac-
quaintance with
any Minister of
the Crown.

11088. Did you consider that you had any influence with them for any reason?—No.

Nor influence
with Ministers.

11089. Did you lead Mr. Whitehead to understand that you had?—No.

Nor did he lead
Whitehead to un-
derstand he had.

11090. Do you know whether any friend, or any one on your behalf, impressed him in that direction?—No; I believe that Mr. Whitehead was led to believe, from my representations at least, that I could make that paper so valuable an institution that his lien upon it would be sufficient security for his investment.

Whitehead led to
believe that paper
might be made a
valuable institu-
tion.

11091. It has been suggested to the Commissioners that there was a motive beyond that operating on his mind and leading him to act in

Contract No. 15.**Helping News-
papers.**

Whitehead never
could have
thought that
Tuttle personally
had any influence

the way he did, because he might gain some advantage, either through your influence or the influence of some of your friends upon the Government: can you say as to the truth of this?—I know nothing of any such motive, and I do not think that Mr. Whitehead ever acted on that idea in any connection, except he may have thought the paper would be of value to him; but, as far as I am concerned personally, I am sure he never thought so.

11092. Had he not some reason to believe that you, or your friends would be able to influence the Government in his favour, and would do so because of assistance to you?—No.

Rumours that
Whitehead had
assisted him be-
cause of influence
with the Govern-
ment absolutely
false.

11093. Are you aware that such a rumour has been circulated?—I have seen articles to that effect in the *Globe*, of Toronto, and, I think, in the *Free Press*, of Winnipeg.

11094. What do you say as to the foundation of these rumours?—That they are absolutely false; there is no foundation for them.

11095. Is there any other matter connected with the Pacific Railway upon which you can give us information to help us in our investigation?—I know of nothing.

BANNATYNE. ANDREW G. B. BANNATYNE, SWORN and examined :

**Red River
Crossing—
Alleged impro-
per influence.**

By the Chairman :—

11096. Where do you live?—In Winnipeg.

11097. How long have you lived here?—Going on thirty-three years.

11098. Have you had any connection with any matter pertaining to the Pacific Railway?—No.

11099. Are you the owner of considerable property in the neighbourhood of Selkirk?—I am: of a good deal.

11100. Are you able to say whether the ownership of any property, by any one either expressed upon the registry or otherwise, influenced the decision of the locality for the crossing at Selkirk?—No.

11101. Are you aware of any Member of Parliament or engineer being interested, so as to influence the decision?—I cannot, unless Dr. Schultz might own a little property around me; we have property all over the country, where we meet together. I think we often meet at every municipality in the country.

11102. Are you aware of a discussion or rumour as to the subject of the locality of the crossing being selected in consequence of the ownership of lands by any one?—No.

No reason to
think that cross-
ing at Selkirk
selected because
of influence con-
nected with any
interest in land.

11103. Have you any reason to think that it was in any way influenced by any interest in land?—I have never seen anything to make me think so.

Never heard
rumours regard-
ing motives of
Whitehead for
assisting Tuttle
from a quarter in
which he could
place any depen-
dence.

11104. Do you know anything of the matter between Mr. Whitehead and Mr. Tuttle, of the assistance that was given, or the reasons for it?—Nothing at all; I have heard rumours, but from no source that I could place any dependence upon.

**Red River
Crossing—
Alleged Impro-
per influence.**

11105. As to the partnership between Mr. Whitehead and Grant and Fraser, have you any information?—I know nothing at all except rumours.

11106. There was a transaction between you and Mr. Nixon about some land at one time while he was purveyor?—Yes.

11107. Do you remember the price of the land?—There were two transactions I think about land. There was one here, where he wished to put a Temperance Hall; I sold to him and others.

11108. That property did not affect the Pacific Railway; there was another piece of land rented for the purposes of the Pacific Railway?—I had another piece of land that I had sold and re-purchased, because the man could not pay me, and Mr. Nixon wished to purchase it. There was a good house on it, and I sold it to him. It is a little back of this place.

11109. Do you remember the price at which you sold it?—I am not positive, but I think it was about \$1,500. Sold house to Nixon for \$1,500.

11110. Was it sold before he was purveyor of the railway or after?—After.

11111. Were you one of the merchants who dealt largely with him on behalf of the Government?—I believe I got credit for having sold a good deal.

11112. But do you not know?—I know we sold some, but I never had any transaction with him. I had a manager, and I left it all to him. I never spoke to Mr. Nixon about per cent. or anything else. Sold goods to Nixon.

11113. Was the price of this land affected by the fact that he was purveyor, and had the liberty of making contracts?—Not at all. Price of land in no way affected by this.

11114. Was the mode of payment affected in any way by that?—No; the mode of payment was made as easy with him as with any one else. He paid interest, and paid the amounts at the time.

11115. Was anything afterwards thrown off by way of gift or reduction of price?—No.

11116. Has he received any other advantage from you during the contracts between yourself and him on behalf of the Government, more than would have been received by other individuals, dealing on private account?—No; he has not.

11117. Is there any other matter in any way connected with the Pacific Railway which you can explain so as to assist us in our investigation?—I know of nothing.

WILLIAM HESPELER, sworn and examined :

HESPELER.

By the Chairman :—

**Nixon's Pay-
master-and-
Purveyorship
Tampering
with papers.**

11118. Where do you live?—Winnipeg.

11119. How long have you lived here?—Since 1873.

11120. Have you been in any way connected with the Pacific Railway?—No.

**Nixon's Pay-
master-and-
Purveyorship
Tempering
with papers.**

Owner of building occupied for offices by Canadian Pacific Railway engineers, in which also Nixon had his office.

Remembers that the building was broken into.

Between twelve and two o'clock, a.m.

Heard footsteps in Nixon's office.

Sent his son to call Jacob Smith.

A man opened front door and ran out.

Found papers scattered about.

11121. Did you occupy the building, or part of the building, which was occupied on account of the Government at any time?—Yes; I am the owner of the building that is occupied for offices by the engineers of the Pacific Railway, and Mr. Nixon, in connection with the Mounted Police and the Indian Department.

11122. Mr. Nixon was also at that time purveyor to the Pacific Railway, was he not?—I believe so.

11123. Do you remember the circumstance of the building being broken into at any time?—I do.

11124. Were you occupying part of the building at that time?—Yes; I was living up stairs.

11125. What portion of the building was broken into?—Mr. Nixon's office.

11126. Where was that?—That was down stairs, below my dwelling, on the first flat.

11127. What time of the day or night was it broken into?—As near as I can remember it was after midnight, or early in the morning, between 12 and 2.

11128. Did you hear any noise at the time?—I did, but I did not hear it first; my wife heard it first and she called my attention to it, and I went down stairs thinking that it might be on our flat. We occupy two flats more. Mr. Nixon and Mr. Rowan occupied the first flat, and we occupied the second and third. We sleep on the third flat, and my wife heard some noise; thinking it was down on the second flat in our own apartment, I got up and went down stairs, but did not find anything unusual and went back again to bed, but afterwards heard it again, and I went down again, and being satisfied that it was not on our own flat, I went down stairs and went into the passage. There is a passage behind the office of Mr. Nixon. I listened there and heard footsteps in Mr. Nixon's office. I went round behind the building through another entrance to see if there was any light in Mr. Nixon's office, but I did not see any light. At the same time I knew I heard footsteps in Mr. Nixon's office. So I went up stairs and called my son to go down with me, and when he came down I told him he should watch the window on the side of the house, and I went through the front door. While I stood at the front door I heard footsteps in the office near the door, and was certain there was somebody inside. Still there was no light there. So I told my son he should go over and call Jacob Smith who lives next door to us and call him to come out, as he was one of Mr. Rowan's draughtsmen. My son went to call him up and I remained near the corner of the building, watching both the entrances and at the same time the window. While I stood at the corner of the building a man opened the front door and ran out across the street on the crossing. Afterwards my son went to call Mr. Currie, Mr. Nixon's clerk, at that time. He went to the hotel where he was boarding. We entered the building immediately after Mr. Smith came. We did not enter it before, and we found that a number of papers were distributed on the floor, and books and a screw-driver, and a general ransacking amongst the papers; and afterwards we sent for Mr. Currie, and he came along and locked the rooms again.

**Nixon's Pay-
master-and-
Purveyorship
Tampering
with papers.**

11129. Do you think that the person who was in the building was disturbed by the movements of yourself and your son?—I think so; I think the person was disturbed by our movements.

11130. Then is it your opinion that he had completed the work that he had intended, or that he was obliged to leave it?—I rather think he was obliged to leave it.

Thinks burglar had not completed his work.

11131. I suppose you cannot say to what extent the papers were disturbed?—No; I have no knowledge of what had been previously there.

11132. Did you call out to the person as he went away?—I do not recollect that I did, but the person that ran out mentioned something which I could not distinguish what he meant; at least I heard a sound as he ran out.

11133. Do you think he was speaking?—Yes; he was calling out some words, or some sentence.

11134. Do you know who it was?—No; I have not the slightest idea. It was a very dark night.

No idea who he was.

11135. Have you still no knowledge of the person?—I have no knowledge whatever.

11136. Is there any other matter connected with the business of the Pacific Railway on which you can enlighten us?—No; none whatever

GEORGE BROWN'S examination continued :

G. BROWN.

By the Chairman :—

**Contract No. 15.
Helping News-
papers.**

11137. Your name was mentioned yesterday as a person who could probably throw some light upon the motives of Mr. Whitehead in giving assistance to Mr. Tuttle: have you any information to communicate on that subject?—No; I do not know that I have. There was no reason given for it except the bringing of a Conservative organ into the town. That is all I understood it was for.

No reason given for assisting Whitehead save to bring a Conservative organ into Winnipeg.

11138. Where was this said?—I could not tell you; here in town. I imagined from what I gathered from Mr. Whitehead, that would be the only reason.

11139. Did you say you heard that from Mr. Whitehead?—That is what I gathered from the meaning of any conversation we ever had about it.

He gathered this from conversations.

11140. Was Mr. Tuttle present at any conversation on the subject?—I could not say. I do not think so.

11141. Were you led to believe by Mr. Whitehead, or Mr. Tuttle, or any one else, that Mr. Tuttle had some personal influence over some Member of Parliament, or some Minister of the Crown, which would be useful to Mr. Whitehead as a contractor, and which would be exerted if the paper was assisted?—No; there was nothing said in that way. From all I understood of any conversation we have ever had about it, was that if we had a Conservative organ here it would not do the contract any harm; but there was nothing said to imply that the Government, or any individual of the Government, had anything to do with it.

Nothing said implying that the Government or any member of the Government had anything to do with it.

Contract No. 15.**Helping News-
papers.**

Whitehead said he wanted a paper which would give him fair play, as the *Free Press* had killed the same man three or four times.

Of course I am speaking just from what facts I know, not from rumour, because there were all kinds of rumours at the time.

11142. Do you know the words that were used upon the subject in describing the character of the paper: was there any particular reason why Mr. Whitehead should want a paper, either Conservative or any other kind of paper, as far as you know?—I think myself, if I remember rightly, I heard Mr. Whitehead making a remark that he wanted a paper here that would give him what he called fair play. The *Free Press*, he said, had killed the same man over three or four times, that was one thing. Any accident that happened on the line, or anything that they got, they seemed to make the most of it against the old man—Mr. Whitehead. That was one reason.

11143. Did he lead you to understand that he considered himself not fairly dealt with by the *Free Press*?—Certainly.

Whitehead repeatedly said he was not fairly dealt with by the *Free Press*.

11144. Do you mean that he expressed that as one of the motives?—Certainly. He spoke of it repeatedly. That was his own idea.

11145. Did you ever hear it mentioned by any person that his assistance to Mr. Tuttle might influence some Member of Parliament or some member of the Government, in favour of Mr. Whitehead upon the matter of his contract?—I never heard him say so directly or indirectly.

11146. Have you heard Mr. Tuttle say so?—If I did it would go in one ear and out of the other. I never remember what he said. There is no doubt at all, from his conversation, that he would have every member of the Government at his beck and call.

11147. Did Mr. Tuttle say anything in that direction?—No, not that I can remember; and Mr. Whitehead was very guarded in anything he said in a case like that.

11148. Still we wish to ascertain what was said?—I do not remember.

11149. Do you know whether Mr. Tuttle's representation that he could influence any member or members of the Government was in any way the cause of the assistance given by Mr. Whitehead to him?—I never heard the reason—Mr. Whitehead's reason for giving assistance to Mr. Tuttle.

11150. Have you any other means of knowing why Mr. Whitehead was induced to give this assistance, except what you have heard from Mr. Tuttle or Mr. Whitehead?—No. Only the rumours about the town. I did not know anything. I could not swear to it.

Alleged improper influence.

11151. Is there any other matter connected with any of the contracts, or pertaining in any way to the railway, on which you could give us information to help us in the investigation?—That is a pretty broad question.

11152. It is in earnest?—I know; but it is a pretty broad one. Mr. Whitehead and I were always very great friends, and I have heard so much of it, and yet there is really no point that I can give. I knew a great deal about the road, as it was going on, but I think there is nothing of importance.

11153. Have you ever understood from him that any of his transactions were with the object of getting some advantages from the Gov-

Contract No. 15.
Alleged Improper Influence.

ernment more than he would be entitled to as a matter of right?—No, certainly not; everything he did was for the purpose of facilitating matters as much as possible with all parties interested. He has been fighting, as you know, with the engineers ever since he commenced, and the engineers have been fighting him, and everything that could be done to facilitate matters, I think he always did.

11154. Are you aware of any transaction on his part with the object of obtaining an undue advantage, or which had the effect of giving him any undue advantage?—No; none at all.

Aware of no transaction of Whitehead's aiming at an undue advantage, or by which this was obtained.

11155. When you speak of his desire to facilitate matters, what matters do you allude to?—Well, one matter was the dispute between himself and the engineers about the loose rock. He, of course, thought that he had been very hardly dealt with in that matter, and, from my own business relations with Mr. Whitehead, I know that every obstacle seemed to be placed in his way in getting through his work. It was a fight every month about his estimates. He never could get anything done properly. It seems to me there seemed to be a hitch in everything.

11156. What matters do you say he alluded to when you say he wished to facilitate matters?—His loose rock and rock questions, the tie question, and the matter of getting his estimates earlier.

11157. When you speak of questions, do you mean to say to facilitate the settlement of the questions?—No; but every month there was always something cropping up—either a reduction in the estimate from what his engineers said it was, or there was always a fight going on.

Whitehead seemed constantly to have some difficulty to contend against.

11158. What was there he was endeavouring to facilitate or hasten?—To get these things in an ordinary proper form. His engineers would make their measurements and return them to him; then they would never know what would be in Ottawa.

Never would know what money he was entitled to at Ottawa.

11159. Do you mean the money that he was entitled to?—Yes.

11160. Then it was the receipt of the money that he wished to hasten?—Yes.

11161. What do you understand that he did in order to accomplish that?—He did anything in his power that he could.

11162. In what way?—To facilitate matters both for the engineers—Of course they are the Government, or Government servants.

11163. Do you think he gave the money to Mr. Tuttle to facilitate his estimates?—No.

Did not give money to Tuttle to facilitate his estimates.

11164. I asked you if you knew any of his transactions were for the purpose of obtaining any undue advantage, and you say it was for the purpose of facilitating matters?—Of his actions, afterwards and before, to facilitate matters and try to get his work done.

11165. Do you mean that getting the work done was facilitating the matters that you allude to?—In getting his monthly estimates. He spared no trouble.

11166. Do you mean getting the amount of his monthly estimates?—Yes.

11167. You see a contractor may do a great deal to facilitate the getting of the amounts of his estimates, when he ought not to get

Contract No. 15.**Alleged improper influence.**

Whitehead always said a certain amount of his estimates was improperly kept back from him.

them, and I want to understand what you mean by that remark?—His engineers, he always said himself—he thought himself that there was a certain amount kept back from him and reductions made in his estimates which were wrong, and his engineers thought so too.

11168. Do I understand you to say that he and the Government engineers were continually disputing as to what was due to him?—Yes; continually.

11169. Are you aware that any effort of Mr. Whitehead's was directed to obtaining any advantage which was not considered at the time due to him?—No; I do not think he did anything of the kind. I do not think he made any effort to get any undue advantage.

11170. Is there any other matter connected directly or indirectly with the affairs of the Pacific Railway upon which you could give us information?—No; I think not.

Whitehead's banker.

11171. Were you Mr. Whitehead's banker during his time?—Yes.

11172. That would give you a better knowledge of his affairs than other persons would be supposed to have?—Certainly.

ROWAN.**Telegraph—
Construction—
Contract No. 1.**

Report on the Narrows.

JAMES H. ROWAN's examination continued:

By the Chairman:—

11173. Can you produce a copy of the report to which you alluded yesterday, and which refers to your inspection of the route through the Narrows of Lake Manitoba?—Yes; I produce it. (Exhibit No. 106.) You asked me, yesterday: "were the suggestions in reference to the construction of telegraph by Sifton, Glass & Co., in writing."—that is, when I spoke about the inspection of the telegraph line built by Sifton, Glass & Co.—and I said that I thought an inspector should have been along over the work at the time it was being built; and you asked me had I made that recommendation in writing. I said I thought so; but I was not sure. I have since looked up the matter, and I find it was in writing.

Nothing to prevent line from being maintained in fair working order had the construction been properly done in first instance. Had suggested that some one should have been appointed to superintend erection. It being impossible for witness to do more than make a general inspection. Contractor having to maintain line for five years thought a sufficient guarantee that work would be done well.

11174. About what date?—The 9th June, 1877. I refer to my letter-book and read the following extract from that report, a copy of which is on file in the Engineers' office:—

"To sum up the whole I may say that, with the exception of three points, Dog Lake, the Narrows, and Bay of Lake Manitoba, from which a special agreement was, I believe [I have not been officially notified on the fact] made through M. Fleming, there is nothing which should prevent a line from being maintained in fair working order, if proper precautions had been taken by the contractor in its construction. That that has not been done cannot be denied, and the consequence is he has been put to great expense for repairs and maintenance; and the result is, I believe, these two items have already cost him almost as much as putting up the line a second time throughout its whole length, while the frequent interruptions in the work have also been a loss to him and an inconvenience to the public. In making these remarks it would seem as if I were passing a censure upon myself for not having seen that the work was properly done. In reply to this, I beg leave to submit the following remarks which will, I am sure, be substantiated by Mr. Fleming. When this work was about to be commenced, I suggested that some one should be appointed to superintend the erection, and accompany the contractors' men to see that the poles were sunk a sufficient depth in the ground, and properly secured, and the joints in it were properly made, it being impossible for me to more than make a general inspection of the work, and attend to my other duties; the more so as from the unsettled country through which the line passes a considerable length of time would be required to make the journey. It was considered, however, that such an officer would not be

necessary, from the fact that the contractor had to maintain the line for five years, a fact which was thought to be a sufficient guarantee that they would in their own interest take pains to put it up in a substantial manner."

In reply to the question you asked me yesterday, as to whether I had furnished Mr. Fleming with any estimate of the probable cost of the northern extension of the Pembina Branch, I beg to reply that I did, and it was communicated to Mr. Smellie, in Mr. Fleming's office, in a letter dated 16th July, 1877. You asked me, yesterday, to produce the contract with the North-West Transportation Co. for the transport of rails. The first communication I had on that subject was a letter from Mr. Burpee, dated 25th June, 1875, sending me a copy of documents relating to the transport of steel rails, delivery and storage, which I now produce, together with the letter. (Exhibit No. 107.) Further, on the 19th May, 1876, I received a letter from the Secretary of the Department of Public Works, enclosing me an official copy of the same document. I was asked for plans and profiles of Cross Lake trial lines. These are being prepared, and I will have them ready for you to-night. I was questioned, yesterday, about the completion of the eastern portion of contract 14 by Mr. Whitehead, and an agreement made between him and Mr. Sifton, which was to be subject to the approval of the Minister of Public Works. I then stated what, from my recollection, I believed to be the purport of that agreement, whatever any written document might say to the contrary. I now produce papers which, to my mind, seems to confirm the view I then took. These papers are marked A, B, and C, and were placed in my hands by the acting Engineer-in-Chief, at the time that the transaction took place. A is a letter from Sifton, Ward & Co. to myself respecting the contract with Mr. Whitehead, and dated the 13th September, 1878. B is the agreement between Messrs. Sifton, Ward & Co., properly signed and witnessed, and bearing date the 13th September, 1878. The third, C, is a letter from Mr. Francis J. Lynch, dated Winnipeg, September, 1878, addressed to Messrs. Sifton, Ward & Co., and showing them the respective costs of doing the work in different ways. I will now hand these papers in, if required, and I think an inspection of them will confirm the view that I took as to what the nature of the agreement was.

**Railway Construction—
Contract 5 A.**

Furnished Fleming with estimate of probable cost of north extension of Pembina Branch.

**Transport of
Rails.**

Produces papers asked for.

**Railway Construction—
Contract No. 14.**

Produces papers confirming his recollection of agreement between Sifton and Whitehead.

11175. They will not be required at present. If wanted you can send them by mail to Ottawa. Do you remember whether a line considerably south of the present location of section 15 was made by Mr. Carre?

**Railway Location—
Contracts Nos. 14 and 15.**

—Yes; a survey was run by him on the southern line.

11176. Were profiles of that line finished?—A profile was finished of the portion he run.

Line south of section 15 made by Carre.

11177. Did that come under your inspection?—Yes.

11178. Did you consider it a favourable line?—In some respects.

11179. How would it compare with the adopted line?—As regards the amount of work especially, I think it was a more favourable section than the present line in some respects.

In some respects more favourable than present if so.

11180. Upon the whole would it have been a better line to adopt you think?—I think not.

11181. Why not?—Because it would lengthen the line considerably as compared with the present line. Notwithstanding the lesser amount of work we would have done upon it as compared with the present

But it would lengthen the line and though work lighter no saving.

**Railway Location—
Contracts Nos. 14 and 15.
Line north of Lake Manitoba.**

Work executed on contract 14 would have had to be abandoned.

This conclusion arrived at after the line through Narrows fixed on; hence it would lengthen line.

Line south of Lake Manitoba would probably have made the line south of present contract 15 feasible and the whole line cheaper.

When comparison had to be made the choice was no longer a pure engineering question.

One of the principal reasons for not adopting Carre's south line was that work had gone too far on contract 14.

Carre's line would have lengthened line by five miles.

contract 15, it was thought by the Chief Engineer, who went into the matter very fully with myself, that no saving would be effected if we had to abandon the work already done upon contract 14, what would have been necessitated by the carrying out of that line. Its increased length, and the cost of making that increased length and operating it for all time to come—these and other similar matters which were given very full consideration by the Chief Engineer and myself, led him to conclude that it was better to adhere to the present line at that time than to attempt to make a change.

11182. I believe that consideration was after the line through the Narrows of Lake Manitoba had been settled upon?—Yes; that is what I mean by stating it would have increased the length of the general line, and taken it out of the direction it was desirable to follow.

11183. Had the line as first projected, that is south of Lake Manitoba, been adopted, would it have been possible to have made this south line of Mr. Carre's work in with it, and on the whole diminish the cost of the railway?—I think it is quite probable it would, if that had been the line first struck upon when the surveys were started.

11184. What I mean is this: if, before the Government had been committed to any expenditure, there had been the choice of the two routes from Rat Portage, one by the present line to Selkirk and thence northward or north-westerly across the Narrows of Lake Manitoba, and the other the southern line from Rat Portage as surveyed by Mr. Carre, crossing the river at some point south of Selkirk so as to continue it south of Lake Manitoba, which would have been the most favourable line for the public interest?—I am not prepared to state positively which would; but I think probably the southern line.

11185. If you have made no comparisons it is not likely that you could give any opinion on the amount by which it would have been more favourable?—No, I could not say; because at the time that the comparison came up, when we had to make a comparison, we were tied down by certain facts.

11186. Contracts had been let and money expended, which no longer left the choice a pure engineering question?—No; we thought it was not necessary or requisite to go into the question, in the light which you have put it, at that time.

11187. Assuming that the Government was committed to the crossing at Selkirk, and that no expenditure had been made east of Red River on contract 14, would the south line run by Mr. Carre and joining in with the present route somewhere upon 14, have been a more favourable line than the one now adopted over 14 and 15?—I am hardly prepared to say whether it was or not.

11188. Do you think that the principal reason for not adopting the southern line of Mr. Carre's was that the work had gone too far on the line of 14 as then under contract?—I think that was one of the leading reasons.

11189. Do you remember any other reason or consequence?—One I have mentioned—the length of the line and the cost of maintenance for all time to come.

11190. Do you know by how much that would have lengthened the line?—I think, if my memory serves me right, something about five miles.

**Railway Location—
Contracts Nos. 14 and 15.
Line north of
Lake Manitoba.**

11191. Is there any mode of calculating the probable running expense of the road?—Yes.

11192. What is it?—Taking the length of the road, curvature and the gradients, you find out what amount of traffic can be carried over it by engines of a certain power, which would cost a certain sum, and the cost of fuel and other ingredients, oil, &c., that are required.

By Mr. Keefer :—

11193. But with the same gradients and same curvature it is reduced to a question of so much per mile?—Yes.

How to arrive at most favourable line.

By the Chairman :—

11194. If the capital applied to the construction of one was so much less than on another—that the saving of interest amounted to more than the saving of running expenses on the other line—would that enable you to say which was the most favourable line to adopt?—I do not think that that alone would.

11195. What else would be a material element in the calculation?—The country to be benefitted by the railway, and the probabilities of more or less traffic on the route through which the road would pass.

11196. Assuming that the local traffic would be equal on each line, is there still any other material ingredient in the calculation?—Yes; I think so. I think that in a transcontinental railway, such as this is contemplated to be, that other things being equal the shorter that you can make the route the better.

11197. That is—leaving aside the question of capital and interest involved in the construction of the one or the running expenses of the other—the line which could be travelled over in the shortest space of time might induce an amount of through traffic which a road of greater length would not induce?—Yes.

In a transcontinental line shortest route best.

11198. Are you of the opinion that this was one of the reasons why the direct line from the Narrows of Lake Manitoba was at one time projected?—I am.

This is the reason why the line through the Narrows was projected.

11199. Do you mean that the probability of through freight and passengers was an important factor in the problem?—I am of opinion that it was, and that the object was to get the shortest and most favourable line from ocean to ocean.

11200. Do you know whether the question of local traffic over a different line, but which would not be the shortest line, was taken into consideration?—I cannot say.

11201. Was it taken into consideration at any time when you and the Chief Engineer discussed the matter?—My reply to this will be given with hesitation, for this reason: I am not positive, but I think, as regards that question, it was contemplated that this railway would be pushed through with considerable rapidity, and that it was intended to be a through transcontinental railway. Local traffic on it at that time—what I mean by that time is, the short time before it was expected to be completed—would be small. Local traffic was to be subsequently furnished to it by branch railways in addition to what it would draw itself after the country became more fully settled.

Shortest line arrived at. Local traffic expected to be swelled from branch lines.

11202. Do you mean that the necessity of finishing it within a short period made it impossible to give it all the advantages that it would

**Railway Location—
Contracts Nos. 14 and 15.
Line north of Lake Manitoba.**

have had if time was not so pressing—in other words, do you mean that it was recommended to make it in a short time with less advantage than if time had not been material?—It was always contemplated; as I understood that it was going to be pushed through within a short period of time, and that consequently local traffic could not amount to much in that time—in the time I mean from its commencement to its completion.

11203. In your opinion, would the road be a more profitable undertaking if it had been built without respect to the speedy completion, but only with a view of its being made a paying matter?—I do not think I am in a position to answer that question.

11204. I want to know if that was an engineering element in the problem?—I fancy it was, but it can only be supposition.

11205. Do you remember whether you and the Chief Engineer considered the question upon those matters, or whether he alone undertook it?—I do not think he consulted me on that particular point.

Had he known as much as he does now of the extent and fertility of the country he might in choosing a route have taken settlement into consideration.

11206. As an engineer yourself, and without reference to what has taken place, are you of opinion that the more profitable undertaking would have been to consider the settlement of the country through which the road was to pass, so as to increase local traffic from the beginning rather than wait for its development afterwards by branch lines?—If I knew all about the country then when this work was undertaken that I do now, probably that would have entered very strongly into my consideration; but so little was known at that time of the vast extent and fertility of the country here, that I do not think I would have been in a position to give it that consideration which I ought to.

11207. By the light of the present day do you as an engineer think that it was a fortunate decision to plan the road in the most direct way across the continent, irrespective of the nature of the country as to settlement, through which it was to pass?—I think that a line being started and built, and intended as a quick and speedy transcontinental railway, I would sacrifice some of the benefits to be gained from local traffic and improvement to make it the most direct route practicable across the continent, provided that the engineering features of that route did not largely enhance the cost over what a road more favourable for settlement would be.

Fleming's decision right alike from past and present stand-points.

11208. Then do I understand you to say that in your opinion the decision of that day was correct?—I think what the Chief decided was right.

11209. Do you mean right according to the light of that day, or right according to the light of the present day?—I think it is right still.

11210. Then that involves this sequence: that the through traffic gained by the short line would be more profitable than any increase of local freight which would be gained by going through a better settled country?—I do not see that, for this reason: a through line is a trunk line, whatever local traffic springs up will be led to that trunk line, when it is completed; by branch lines. It is not probable that two great trunk lines will be run across the continent anywhere in close proximity to one another, and the through continental road, although

not probably placed in exactly the best position for local traffic in the first place, will have that local traffic come to it in the course of time.

11211. Will that not be after the further expenditure of building branch lines?—Certainly after the country is settled and branch-lines are required.

11212. Would not the advantage of the local traffic which may be ultimately obtained be diminished if the cost of the construction of these branches on the original shorter line amounts to more than the cost of increasing the longer line in the first instance?—It seems to me that in that way of putting it, you are leaving out of consideration altogether the through traffic.

11213. I do not intend to do that?—By the construction of a short through line, which is built to compete with through transcontinental lines, you give it a superiority for that competition, and the local lines to be subsequently built will afford it a large local traffic besides.

11214. Of course the amount of through traffic, or rather the percentage of the through traffic upon the whole traffic, would form a material element in your calculation; for instance, if upon this road one-twentieth of the whole receipts should be for through traffic it would affect the whole question materially?—Yes; but in consideration of this question and the construction of the Canadian Pacific Railway, as I understood it, the first grand object was the construction of the transcontinental railway.

11215. Do you mean irrespective of its being a paying undertaking?—Irrespective of local traffic altogether.

11216. Do you mean that the amount, whether it should be great or small, of the through traffic, was not an element in the engineering calculation?—No; the calculation was that there would be a large through traffic in consequence of the shortness and directness of the line across the continent and the very favourable gradients that we were enabled to obtain on this line.

11217. Do you know whether there was any calculation as to the probable value of the through traffic as compared with the whole traffic?—I cannot say.

11218. Do you know what percentage the through traffic over any transcontinental line bears to the whole traffic?—I have read, but I do not at this moment remember what proportion it bears on the Union or Central Pacific Railway. I fancy, however, that the through traffic bears a small proportion to the local.

11219. Do you think it is more than one-seventh of it?—I cannot say at this moment at all.

11220. Assuming it to be one-seventh of the whole, the rest will be occasioned by the nature of the country through which it passes; for instance, whether it is well settled, or whether there is much business done in it?—Yes.

11221. Now if the through traffic on this line does not exceed one-seventh of the whole, which do you think will be the more important element in deciding whether it should be a short through line or a longer line through a country well settled and in which there is more business?—I think that if I am giving up a transcontinental railway,

**Railway Location—
Contracts Nos. 14 and 15.
Line north of Lake Manitoba.**

Local traffic will come after country settled and branch lines made.

Irrespective of local traffic the first grand object was the construction of a transcontinental railway.

Proportion borne by through traffic over a transcontinental line to the whole traffic.

**Railway Location—
Contracts Nos. 14 and 15.
Line north of Lake Manitoba.**

I will build it through a country most settled. If you cease to have that the most important feature in the thing, then I will take the line through the country that will bring most local traffic regardless of length.

Object of making Canadian Pacific Railway to enable it to compete successfully with other transcontinental lines.

11222. I understood you to say that the reason why you, as an engineer, considered the short transcontinental line the best, is because it will induce the most through traffic, which will be of more importance than the value of the local traffic through the settlement?—You have misunderstood me, and what I intend to convey—that the consideration and object of making a transcontinental railway of the Pacific Railway was to enable it to compete favourably with transcontinental railways in other parts of the continent.

If after completion of line through business no more than one-seventh of the whole business that could have been secured by a different route through a better settled country; as a purely financial question, witness would have lengthened the line.

11223. If after that competition the business should be no more than one-seventh of the whole business, how would that affect the question—I mean one-seventh of the whole business that could have been secured by a different route through a better settled country?—Do you mean as a financial undertaking?

11224. Yes?—As a purely financial undertaking, I should feel disposed to lengthen the line so as to secure the local traffic.

11225. Do you mean that the question of the amount of through traffic to be secured by this particular line was not entirely a financial question?—I think it was not; I may be mistaken, but I think not.

But the question not merely financial, it was national and Imperial.

11226. What was the other question?—I think it was a national and Imperial question.

11227. Do I understand that the interests of this country and the probability of a monetary return was not considered to be of so much importance as the interests of the Empire generally in the construction of this road?—I do not know anything about this at all. I thought you were asking my views?

11228. So I was, but you went on to say what had been done, and you have gone back from the decision you formerly gave?—Of course it is purely surmise on my part. When I say I think it was, or was not, my answer is, that, as a purely financial undertaking, I would be disposed to lengthen the line so as to secure a greater amount of local traffic.

For the present irrespective of Imperial interests the longer route giving more business would be the better line from a financial point of view.

11229. Irrespective of Imperial interests and by the light of the present day, which do you say would be the most favourable engineering and financial undertaking, to make a direct short route with a view to the speedy transit across the continent, or the long route which would bring about more business from the country more or less thickly settled?—I think, for the present, the longer route giving more business to the line would be the better line.

11230. You mean better from a financial point of view and without considering the Empire?—Exactly.

11231. Then the reasons in your mind, if any, for making a short and direct line across the continent are, the consideration of Imperial interests rather than of pecuniary results to Canada? You will understand that I am only asking at present for nothing more than your own individual opinion?—Then my answer is, that I should be disposed to lengthen the line somewhat for the sake of securing local traffic.

GEORGE BROWN'S examination continued :

By the Chairman :—

**Nixon's Pay-
master-and-
Purveyorship
Private Trans-
actions with
Alloway.**

11232. Have you with you any such book as was referred to in the subpoena served upon you?—I have a book showing all notes discounted in the bank. Produces book containing all notes discounted in Ontario Bank.

11233. Will you please look at it and see if it contains a reference to any note or acceptance made by W. F. Alloway or Thomas Nixon, and drawn or endorsed by either of them? I have no desire to see any other person's business.—Can you give me any date? I should also like it noted that I give this evidence under protest. If there have been anything, I do not think there have been any transactions for some years.

11234. We wish to know nothing of any note or acceptance upon which only one of these names appears; it is only as to paper upon which both names appear. We wish you first of all to find if there is a reference to any such paper?—I do. Finds November, 1875, record of note of \$1,000, W. F. Alloway maker and Thomas Nixon endorser.

11235. When?—In November, 1875.

11236. What is the amount of the paper?—\$1,000. I am simply taking from my books. I could not say. Our books are headed in the columns "Promissor" and "Acceptor." In another column "Drawer" and "Endorser;" "For whom Discounted."

11237. What is the name of your book?—Discount Register.

11238. Whose name do you find recorded as maker or acceptor?—W. F. Alloway.

11239. Whose name do you find recorded as endorser?—Thomas Nixon.

11240. Whose name do you find recorded as the person for whom it was discounted?—It was recorded here as W. F. Alloway. Discounted for W. F. Alloway.

11241. Are you likely to have the original there referred to in your custody now?—No.

11242. Is this one of the books of your bank?—Yes.

11243. Which bank?—The Ontario Bank.

11244. Are you manager and agent of that bank?—I am.

11245. Do you find any other reference to paper of this kind?—If you could give me any date at all.

11246. I am afraid I cannot assist you. We are enquiring into matters we know nothing of. We wish to find out what other people know?—There is a matter of between 20,000 and 30,000 notes discounted, and it would be almost impossible to say.

11247. If you say you are not able to say within a reasonable time we will give you further time?—I am afraid it would take too long a time to hunt it up now.

11248. Can you, from memory, say whether there were more notes than that?—No; I could not say at all.

11249. Perhaps it will not be necessary to enquire further; if we should wish it we will notify you so as to give you time to look them up.

**Railway Construction—
Contract No. 15.**

J. H. ROWAN's examination continued :

By the Chairman :—

Verification measurements made by Peter Grant. 11250. Was there a verification measurement by Peter Grant of the work on section 15?—There was, I believe.

11251. Do you know why it was ordered?—I do not.

11252. Do you know what the result was?—I do not. I would like to say I do not. I know it was taken, and we afforded him all the assistance in our power to take it.

Received official notification that work was taken out of Whitehead's hands to serve on him.

11253. Do you know the reasons which were given for taking contract 15 out of Mr. Whitehead's hands?—An official document was sent to me from Ottawa with instructions to serve it on Mr. Whitehead. I read it over and served it. That document is, to the best of my recollection, an official notification that the work was taken out of his hands. He being absent from here at the time his lawyer accepted service. Further than that I know nothing of the matter except from my position as district engineer. I know that the work was not being carried on satisfactorily.

11254. There has been a question very much discussed, namely, the authority for the change of work on section 15 from the trestle work system to the solid earth embankment: do you remember what was the first authority for the change?—I remember the whole circumstance very clearly, from having given evidence under oath on the whole subject before a Committee of the Senate in Ottawa, about a year and a-half ago.

11255. Can you say who was the first person who directed a change—who had any authority to do so?—The question of authority to do so is, I have heard, a moot question.

Marcus Smith authorized witness to make the change from trestle work to solid earth embankment in regard to a portion of work.

11256. I will alter it by saying the first person assuming to have authority?—The person who authorized me to make any change was the acting Engineer-in-Chief.

11257. Do you mean Mr. Smith?—Yes; Mr. Marcus Smith. I looked on his order as being all that I require. This, however, refers only to a change of a portion of the work from trestle to earth embankment. The authority for the complete change was communicated to me by the Engineer-in-Chief, Mr. Fleming, last year. His letter to me stated that the Government approved of the change and had authorized it.

11258. Do you remember whether you had authorized the contractor to make any change before Mr. Smith had directed you so to do?—No.

11259. Do you mean that you do not remember, or that you did not authorize the change?—I do not remember that I authorized any change until I was authorized by Mr. Smith.

Original estimate of cost of section 15, \$1,600,000; estimated cost to complete \$2,500,000.

11260. Can you say now, in round numbers, how much the cost of the whole work on section 15 will exceed the estimated cost at the time the contract was let?—Yes. The original estimated cost was about \$1,600,000 on the tenders put in. The estimated cost to complete is \$2,500,000.

11261. Then the difference is about?—\$900,000.

11262. The trestle work system would have been a less expensive one than the one now adopted?—It is a mere matter of construction.

**Railway Construction—
Contract No. 15.**

11263. I mean the first cost—construction cost?—Yes.

11264. Can you say how much of this difference of \$900,000 is probably due to the change from trestle to earth embankment?—About \$250,000, I think.

\$250,000 due to substitution of embankment for trestle; \$650,000 to an excess of solid rock excavation.

11265. To what do you attribute the balance of \$650,000?—To an excess of solid rock excavation, in the actual quantity of rock to be removed, on the line over what was placed in the approximate quantity submitted to parties tendering.

11266. Was that from a change in the grade, so as to make the quantities greater, or was it from inaccurate calculations at the beginning?—There is a difference of opinion on that point.

This last item due in part to change of grade, in part to inaccurate calculations.

11267. How is it in your opinion?—I think it is due to both—partly to both.

11268. How much of the increase was caused by the grade being altered?—I cannot at this moment answer that question. When the discrepancy was first discovered Mr. Carre undertook to make an explanation. I desire to say that at the time that the quantities to be submitted for parties to tender on under the present contract, or at that letting, were called for, Mr. Carre was engaged in the field locating and cross-sectioning contract 15. I received instructions from Ottawa requesting an estimate of the probable quantities required in order to submit to tenderers, and I sent out from here to the line, and got Mr. Carre in to assist me in making up the quantities; and as the thing was wanted very hurriedly, I instructed him to make up the quantities of rock and earth while I went into the designing of trestle work and taking out the quantities of timber work that would be required to complete the voids. He gave me in the quantity of rock that was required to be done, and showed me at the same time an improvement that was made in the location which he was then engaged on over the previous location which would shorten the line considerably, and on that account we struck off about 20,000 yards of rock. If my memory serves me right, the quantity he had was 320,000 yards; and thinking we could safely knock off the 20,000 yards on account of the piece that would be taken off the length of the line by this deviation which he was then making, I accepted these figures as correct with that deduction, and forwarded them with my estimate of the other quantities to the Engineer-in-Chief. It was only a considerable time afterwards that I first became aware of the fact that there was going to be such a large discrepancy between the quantity of rock to be actually done and that submitted to the tenderers. I brought it to the notice of the Engineer-in-Chief. He was very much surprised and displeased when I brought it under his notice, and desired that I should give some explanation of how such a discrepancy could occur. I appealed to Mr. Carre as having made up the quantities for an explanation, in order that I might lay it before Mr. Fleming, because he was, as I have already stated, completely taken aback by finding there was such a discrepancy between the quantity given and what it was turning out to be. Mr. Carre furnished, I believe, the Chief Engineer with an explanation—I think there must be a copy of it on file in the office—that accounts in a large measure for the increase of the quantity and the cost of the work now as compared with what it was estimated to cost under the form of tenders; and many people have, in consequence, thought that the increase in cost was due to the change from trestle

Explanation as to discrepancy between estimated and actual quantities.

Carre furnished Fleming with an explanation.

**Railway Con-
struction—
Contract No. 15.**

work to earth filling, when in reality a large part of the increase in cost was due to incorrectness in the original estimate of the quantity of rock to be removed.

No sufficient data in first place to obtain anything like correct quantities.

11269. Do you understand that error in the estimate at the beginning to be caused by some miscalculation upon the data which had been obtained, or because it was impossible to obtain sufficient data to make a correct calculation?—We had not sufficient data in the first place to obtain anything like a correct calculation.

Thinks there must also have been an error in calculation.

11270. It was no fault in the figuring then upon the data which were obtained?—I do not wish to say that. I think there must have been some error in the calculation; but, at the same time, I say positively that we had not sufficient data to arrive at a correct estimate or anything like a correct estimate, but I think there must have been an error in the calculation besides, although, in justice to Mr. Carre, I must say that he was of opinion that there was not, and endeavoured to explain how it was.

Requisite before calculations of quantities are made to profile and cross-section line.

11271. Before the calculations of quantities take place, what information is obtained by the persons in the field?—The longitudinal profiles of the country along the centre line of the railway is taken, and subsequently at requisite intervals cross-sections are made both of the cuts and fills.

In this case calculations based on centre line only.

11272. Do you know whether the calculation, in this instance, was made upon the centre line only, or upon the additional information which would be afforded by cross-sectioning?—On the centre line only to the best of my recollection.

Therefore assumed the country was level.

11273. Do you remember whether it was assumed, for the purposes of that calculation, that the surface of the ground was level and that the calculation proceeded on that basis?—That was the only basis on which it could proceed at that time.

11274. Then it was made in that way you think?—That was the way it was made.

11275. How would these particulars of the centre line be recorded by the person in the field?—In the level book.

How quantities are calculated on base of a centre line.

11276. Does he record particulars for each locality as he proceeds along the line?—He takes levels along the centre line of the railway and records the height of the surface of the ground at every 100 feet, or fifty feet here and there. These were necessary before a certain assumed datum. Subsequently a grade line, supposed to represent formation level, as it is called—or about eighteen inches below the rails—will subsequently be drawn on the profile, balancing the cuts and fills, or otherwise, as is deemed desirable; and the depth below the surface of that grade line in cuttings is the figure by which an approximate calculation is made of the quantities.

11277. Does the level book contain sufficient data to repeat the calculations if necessary upon that subject?—Certainly.

11278. Do you know whether they were ever repeated from the data so recorded, in order to ascertain whether Mr. Carre had actually made a mistake in his calculations or not?—I am under the impression that Mr. Carre went over them all again himself.

**Railway Construction—
Contract No. 15.**

11279. I understand that this level book being present and affording this data, that any person not connected with the field work can make the calculation?—Yes.

11280. So that it was possible to ascertain from the level book itself, without Mr. Carre's presence, whether his calculations as to quantities were correct upon the data furnished by that book?—Yes: assuming the country to be level. The correctness of Carre's calculations could have been tested from level book by anybody.

11281. Certainly; and I understand that was the way it was assumed all the way through for the purposes of this calculation?—Yes.

11232. But although that can be repeated and his calculation tested, you are uncertain whether it was ever ascertained whether he had made a mistake or not upon the subject?—I am certain it was ascertained that he had made a mistake.

11283. Where was that ascertained?—When I came to find the quantity of rock over 500,000 yards, rather than 300,000.

11284. Was it ascertained by calculations from this field book, which affords sufficient data, or was it only from the result that you say it was ascertained?—It was ascertained when we came to calculate from the cross-sections that the quantity of rock that would actually have to be done was in excess of the figures given by Mr. Carre. Whether the figures were gone over again of the mere centre line profile or not, I am not prepared now to state, but I rather think they were.

11285. The information given by the cross-sectioning would afford altogether new data for the calculation?—Certainly; and correct data.

11286. I am at present not directing my enquiry to that matter; I understand you to say that Mr. Carre contended he had made no mistake in the data which his field book afforded?—Certainly.

11287. But he contended if there was any error it was because his field book did not afford sufficient data, inasmuch as there had been no cross-sectioning?—I think that was Mr. Carre's contention.

11288. I understand you to say that you thought there had been a miscalculation of the data which his field book did afford?—That is my impression. Of impression that Carre had miscalculated.

11289. And you say you think that was tested?—I think Mr. Smellie, in the office, had the quantities re-calculated. Thinks Smellie had had quantities re-calculated.

11290. Do you think it likely that the level book is still preserved? Do you know whether it is the practice to do so?—I think it is; but if it is not, the profile is preserved. The original profile is in the office at Ottawa from which the heights can be taken and calculated the same as from the field book.

11291. You will probably see the drift of my question when I remind you that if he was instructed to make his calculation upon a simple centre line, and the result turned out to be insufficient, it would be no fault of his; but if the centre line gave him sufficient data to make the calculation, and in the calculation he made serious errors, then he would be at fault, and it is with the view to ascertain where that responsibility lies that I am pushing these questions?—It is not a fault. An error may happen to any one.

**Railway Construction—
Contract No. 15.**

11292. Well, call it an error or mistake?—Yes; it was an unfortunate one if it was an error.

11293. I am not sure whether I asked you before what excess of rock excavation was due to the change of grades—I mean in round numbers?—I think you did; and that I replied that I was unable from memory to get at this moment the quantity.

Grades revised by Rowan and then sent to Ottawa to be revised by Chief Engineer.

11294. In the matter of grades who governs: are they revised by the Chief Engineer?—They are revised by me in the first place, and I send them subsequently to Ottawa for the approval of the Engineer-in-Chief.

11295. Have you any recollection as to what quantity of rock excavation had been executed when the error in the estimate was discovered?—I can tell you by reference to my estimates and letter-books.

11296. Please do so?—I will take a note of it.

11297. Do you know whether the levels of Lake Manitoba and Lake Winnipeg, as marked upon the map, are correct?—The relative levels between the two lakes?

Lake Winnipeg 710 feet above the sea, Lake Manitoba 804.

11298. Yes; either the positive levels or the comparison between them. I would like to know what the levels on the map are?—They are not correct as now known; they were supposed to be accurate at the time this map was made, but I believe they were arrived at from adding to the height of Lake Winnipeg, which is arrived at from our surveys at the east, the figures given in, I think it is, Professor Hind's report of his examination of the country in 1857, or thereabouts. Our own subsequent levels, run subsequent to the date of this map, make the relative levels to be, assuming Lake Winnipeg to be 710 feet above the sea, Lake Manitoba would be 804. I speak from memory, I can give it to you exactly to-morrow. It is only a saving clause to say it is from memory, as I think it is correct, though I would like to be sure.

11299. Do you remember a dispute between the contractor and the Government on the subject of loose rock measurement?—Yes.

Did not direct loose rock to be put into embankment without measurement in any classification.

11300. That has been explained very fully both by Mr. Carre and by Mr. Whitehead; but there is one matter which, perhaps, you can explain also: whether loose rock was put into the embankment at any time without being measured in any classification to the contractor under your directions?—I think not.

11301. Were you aware that it was done?—No.

When contractor took two yards of rock outside prism was allowed for three yards of earth in the bank.

11302. Were you aware that solid rock outside of the prism was put into the banks without being allowed for?—No; he was allowed for all the rock put in the embankment, that was taken from outside the authorized prism of the cuttings, as earth, at the rate of three to two; that is to say, if he took two yards of rock from outside the prism and put it into the bank he was allowed at the rate of three yards of earth.

11303. Is that because two yards of solid rock is supposed to fill a space in the bank equal to three cubic yards of earth?—Yes.

11304. So that you allowed him the same price as if he had made that filling with earth instead of rock?—Exactly; that is to say, we allowed him the space of three yards of earth in the bank. I think, but I am not quite positive, that he makes a still further claim than that, which is this: that owing to the fact that rock stands at one to one

Railway Construction—Contract No. 15.
Contractor's claim for more lineal measurement not allowed

while earth will only stand at a slope of one and a-half to one, he should be paid for the length of bank made up with rock as if it had been made up with earth; that is, that it would make more bank lineally. That, I believe, has not been allowed to him.

11305. The question of loose rock is still an open question between him and the Government?—He disputes the measurement; there is no doubt about that.

Measurement of loose rock disputed.

11306. It is more a question of classification than of quantity?—Of quantity.

11307. There is a dispute about classification: does that apply to the rock outside the prism?—No. That applies to boulders and rock, other than rock *in situ*—solid rock.

11308. It is contended, on the part of the Government, that stones found in earth if they cannot be handled in a certain way, are only to be counted as earth?—If less than fourteen cubic feet they are to be classified as earth; if forty feet, as solid rock.

Government's view that stones less than fourteen cubic feet should be classified as earth; if forty feet as solid rock.

11309. Were you aware that the engineer in charge certified to a smaller quantity of rock excavation than had been actually excavated, for the reason that it might require more than the regular price to take out the balance—at the bottoms of cuttings for instance?—I was.

Engineer in charge under direction of witness certified to a smaller than the actual quantity of rock excavation.

11310. Was that with your approval?—Yes.

11311. Upon what principle was that done?—It was done on the principle that he was going on: doing all the massive part of the work, if I may use the expression, and leaving the minor or costly parts until the end to be done, in spite of repeated orders to the contrary, stating that he would do all this when he laid the track and had the cars to do it. In my judgment, as well as the judgment of the division engineer, there was a large part of that work that could not be done in that way; and, when we found that he would not obey orders, to keep ourselves safe, in case at any time he should fail to complete his work, and it should be thrown upon the hands of the Government, with all the costly work left to do and all the remunerative work done, we refused to give full measurements.

11312. Then is it understood that the certificates are not statements of the real work done, but only a certificate of the work he ought to be paid for, although more work was done?—The certificate states on its face that it is an approximate estimate. Every certificate we make purports only to be an approximation; and every certificate which is made up monthly is an approximate statement of the total amount of work done from the commencement on the contract up to the time when it purports to be a return of work, and it only professes to be an approximation.

11313. But is it intended to be as correct a statement as can be given of the actual quantities known?—Yes; that is the intention.

11314. Then why is a smaller amount named: is it for the reasons you have given?—Exactly. It is because I conceive that a certain amount of discretion is left in the hands of an engineer, occupying the position I did, as to the amount of the returns that are to be made.

11315. Then you consider that, although the certificate purports to state, as far as your knowledge will permit you to state, the quantities

**Railway Construction—
Contract No. 15.**

executed, that it is not intended really to state the full amount, if for any reason you should think any portion of the price should be kept back?—I do not think it does.

11316. You consider it necessary to frame your certificate in that way to save the Government the expense of finishing at a higher price that work which was left undone at the contract price, and the retaining of the percentage which is always left in the hands of the Government might not cover it, so as to save them from this loss?—No.

11317. Have you considered up to what height of the embankment trestle work, as originally contemplated, would be the cheaper mode of construction?—Beyond what height, not up to what height?

Trestle and bank equal price at eighteen feet.

11318. Yes; beyond what height?—I have. At the contract rates in this particular contract, the point where embankment and trestle were of about equal cost was eighteen feet. This was due to the high price of material for forming the embankment, and to the low price of timber. Had the things been more equal the relative quality would have given a deeper bank.

11319. Does that include the solid rock bases, or do you assume that that is present in both cases?—No; I think that is compared with the earth bank.

11320. Do you mean to compare a rock base and trestle superstructure on the one side, against solid earth embankment, without any base, on the other side of the question?—No; I mean to compare the filling of any valley up to a certain level, where that valley would be crossed by trestle work up to that level the whole way across from the bottom up, with earth without any trestling.

Rock base would alter comparison

11321. Does the question of rock bases alter the comparison in any way?—Yes.

11322. How would it alter it: I mean would it alter the height at which you say they are equivalent?—Certainly.

11323. Have you considered it with that element in the calculation?—I have. I have submitted a voluminous report considering it in every possible way, and showing the price per lineal foot of the embankment in every way it was possible to make it under the contract: earth bank, earth bank with rock base, and earth bank with rock sides and base, the centre and bottom being earth.

11324. That report was made to Mr. Smith: is it likely to be found at Ottawa?—I think so. If not I can furnish a copy.

Dispute as to number and inspection of ties.

11325. Is there a dispute upon the subject of the sufficiency of the ties used upon contract 15?—No; not as to the sufficiency but as to the number and the inspection.

Contract No. 14.
Contractor put in ties in spite of positive orders from the division engineer.

11326. One of the contractors, either on 14 or 15, represented that after ties having been accepted by the Government he used them in the road; and after they had been used for a considerable time—a year or a year and a-half—he was required to take them out and put in others, which has not been done yet?—That all occurred on contract 14, but as a part of contract 15. The facts are these: the contractor went ahead with the track-laying night and day, and put in ties in spite of positive orders to the contrary from the Division Engineer, Mr. Thompson. I have his report upon the subject, which, if deemed necessary, I can submit a copy of it. In consequence

of his doing this I declined to return that part of the track as completed, and subsequently sent over the road to cull the bad ties that were put into the road after he had been using the road quite a time himself.

**Railway Construction—
Contract No. 14.**

Hence bad ties had, after being put in, to be culled.

11327. We understood Mr. Carre to say, in his evidence, that he considered you had not visited the road very frequently while he was finally locating the line. It may have been later, but he mentioned the intervals which happened between your visits; are you able to say about how frequently the line was visited by you, or whether it was visited as often as necessary?—I visited it as often as I possibly could in connection with my other duties; I could not say exactly how many times I visited it, but it must have been twenty-five or thirty times.

**Railway Location—
Contract No. 15.**

I must have visited line about thirty times.

11328. Do you think the work done was less efficient than it would have been had you been able to visit it oftener?—Possibly, if I could have visited it oftener it might have been better.

11329. Have you any reason to think that it would have been better?—Viewed by the light of subsequent events, I suppose it would. I want it to be distinctly understood that I could not visit it more frequently, and attend to the other duties that I had to attend to.

Better if he could have visited it oftener.

11330. It was not from any neglect on your part?—No; it was not through any intentional neglect or wilful neglect.

11331. Have you ever estimated the comparative cost of bridging the Red River at Selkirk and at Winnipeg?—I think I did make some rough calculations some years ago.

Red River Crossing.

11332. Can you say what the result was?—My recollection was that there was very little difference in the absolute cost between bridging here and bridging at Selkirk, if these are the two points to which you allude.

Very little difference in cost between bridging Red River at Selkirk and at Winnipeg.

11333. Did that include the filling for any distance east and west of the banks of the river?—To the water's edge?

11334. Yes, to the water's edge?—Yes; it included not the filling but the trestling at Selkirk.

11335. So as to reach the general level of the prairie?—Yes.

11336. Have you compared the cost between the bridge at Selkirk in that way, and at any other point besides Winnipeg—Stone Fort, for instance, on St. Andrew's Rapids?—Yes; it is my impression I did. I am pretty sure I did, only in rough approximation, never going into details. The result was that the difference in cost would be very trifling at any point, if that was the only comparison that was to be made.

Difference in cost very trifling at any point.

11337. What other element do you think ought to be taken into consideration in comparing the two points?—A large number which are all set forth in my report on the subject.

11338. Do you mean the report in which the level of the water was given when the country was inundated?—Yes; all the various matters which in my judgment required to be taken into consideration in determining on where the site of the bridges should be, are brought under notice in that report; possibly, speaking from memory, the consideration—which at the time the location was made was considered to be a very important one—was the question of property, to whom it belonged, on the bank of the river—I mean that at Selkirk a large amount of property was owned by the Government; and this utilized

At Selkirk a large portion of the property owned by Government.

**Railway Location—
Red River Crossing.**

as a town site, as it very probably would be, would have brought in a very large amount of money to the Government, amply sufficient in my judgment to more than pay for the cost of bridging the river.

11339. Do you remember, in round numbers, what value was attached to that fact?—I submitted the fact. I do not know what deduction the Chief Engineer drew, or what value he placed upon it. I submitted the fact to him.

11340. I mean in the calculation of amounts: do you remember the amount which was set down as the advantage to be gained from the property owned by the Government in that locality?—I do not know. I do not know what value might be placed upon it; it was a question of the extent of property to be sold.

11341. Had you estimated the cost of the bridge and approaches?—Yes.

Cost of bridge and approaches \$200,000 to \$250,000.

11342. What was that?—I think it was between \$200,000 and \$250,000. The value of the property would largely exceed that. There is something like two miles square of a town site laid out there.

11343. Do I understand you to say that the difference between the cost of the bridge and approaches at Selkirk and at Winnipeg would be equalized or thereabout, the advantage of the present selection being only the value of the land at Selkirk belonging to the Government?—No.

At the time the cost of a bridge at Winnipeg and at Selkirk would not be very dissimilar

11344. It was independent of that?—Independent of that. I may illustrate: I think that the cost of the bridge here—and you will understand me I am speaking of things as they stood at the time it was done and not as you see it now—the cost of the bridge here and there would not be very dissimilar, if both bridges were placed in an equally perfect position of safety. I add that because a bridge is now being built here; and it is being built for less money and at a very considerably lower level, but of a much more fragile construction, than any bridge I contemplated.

11345. Have you set out in the report to which you have alluded, your views upon the question of inundations and the waterway of the river, and the effect upon the bridge or the crossing?—I have, not only the effect upon the bridge itself but the danger to surrounding property.

Still holds the view of his report.

11346. Are the views set out in the report still your views?—They are. It is the report which Mr. Fleming publishes—that is the report.

By Mr. Keefer:—

11347. There is no cross-section of the river at Selkirk in that?—If not I shall ask to put in a cross-section of it, because I put in cross-sections of every cross-section that was taken of the river.

Length of bridge 700 feet, trestle work at side 2,000 feet.

11348. Do you remember what might be the extreme length of a bridge at Selkirk, from the higher banks; there are two plotted: higher and lower?—The bridge itself about 700 feet across the river, the trestle work at the side 2,000 feet.

11349. Additional?—Yes.

Fullest information regarding every suggested point given in report.

11350. Making altogether 2,700 feet?—Something over that; but I want you to understand that in the report I submitted, not only was there a longitudinal section of the river with the general prairie level shown, and every water level given, and from the most accurate and

**Railway Location—
Red River Crossing.**

disinterested testimony that could be obtained, but also cross-sections of the river at every point that was ever suggested by anybody were attached to the longitudinal sections.

11351. Would not the line of railway after it had crossed the bridge also have crossed the low lands to the west of the river that would be overflowed with the flood?—About ten miles west.

11352. To what extent would it be overflowed?—To a depth of three feet, about.

11353. And what width?—Speaking from memory, I think from 1,000 to 1,500 feet.

11354. You spoke of the depth to which it would be overflowed; did you refer then to the flood of 1852?—I presume so; that is what I presume you are referring to.

11355. Yes; I referred to the flood of 1852?—I may further add that my idea—if the work had ever got to that stage, when that portion of the line was gone on with—was to suggest that an opening should be left at that place, by means of trestle work, so as to afford an outlet for the surplus water should ever a flood occur.

11356. You would not propose to make a solid road across that part of it?—No; certainly not.

By the Chairman:—

11357. Are there any other matters appertaining to the question of inundations which you have mentioned in that report, and which you now think material to the investigation of the subject?—I do not know that there are; but there is one thing I would like to mention now, because it so happens that I heard remarks made about it here yesterday, in the evidence of one of the gentlemen who gave testimony before the Commission, that is as to the widening of the river and consequently the lessening of the chances of future inundations. With reference to that point, I am willing to bear out fully what is said with reference to the widening of the river in some places to a very considerable extent indeed, almost double, I think. I, myself, since I have been in Winnipeg, about nine years, think the river opposite the foot of Broadway must be at least 100 feet wider than it was when I first came here; but I think it is fallacious for anybody to suppose that because the river has widened at some point that that diminishes the chances of an inundation, because as long as there is one single point on the river between here and the lake that is as narrow as it was at the date of the floods, the chances of inundations still continue, as you cannot pour a quantity of water through a funnel any faster, no matter how large you make the upper end of it, as long as the lower end is only of a given diameter. That there are such points in the river which are to-day no wider or very slightly—imperceptibly wider than they were in the flood of 1852—I think can be ascertained by disinterested testimony. I should gravely regret—seriously regret—should such an event ever happen again; I think it would be a fearful calamity to the country; but that it is impossible is not the fact.

Witness's idea to have an opening left by trestle work so as to afford an outlet for surplus water should a flood occur.

River has widened to almost double.

But this does not diminish the chance of a flood.

Because to-day there are places where the river is not perceptibly wider than in 1852.

11358. Do you remember what was the price of transportation of rails from Winnipeg to Selkirk by any means then available at the time that it was decided to get Mr. Whitehead to finish the Pembina Branch North?—I think there is a tender for the transportation of rails that will show that.

Transportation of Rails.
Contract No. 18.

**Transportation
of Rails—
Contract No. 18.**

Witness told contractor to land rails at Selkirk.

Contractor refused.

11359. Do you remember who made the tender?—Kittson. The facts are these: the first I knew of such a contract at all was the rails coming here and parties asking me where they would unload them, and I told them at Selkirk; and they told me they could not go down the Rapids at St. Andrew's. I said: "You must go down; I want the rails down there." They said they would not, that their agreement with the Government was that they could navigate the whole Red River from Moorhead to St. Boniface, and were bound by the Government to carry the rails as long as there was two feet of water in the river, but to go over the St. Andrew's Rapids they had to have six feet. I thought it was a very peculiar thing, and if my recollection serves me right, I applied to Ottawa to know if it was the case, and I got a copy of the agreement that was made, and I insisted upon their going down notwithstanding their contract. I said they must go down, that there was six feet of water there. They went down with the first load part of the way, and then turned back when they got to the head of the Rapids, and unloaded them when they got to a place called the Birches, opposite Bird's Hill, Pembina Branch now. I think it was the following year they made the same pretext, and said there was not six feet of water in the Rapids; I said there was, they said there was not. It was a question of assertion; and I hired a small steamboat and had a beam stretched across her forty feet long, and had teeth put into it like a rake three feet apart, and made her go down the river from here to Selkirk, and took the levels in the river when she went down, and there was no denying that there was eight feet of water, without any boulders to strike the teeth three feet apart, and by that means I got the rails, 900 tons, down to Selkirk. Then the water fell to the level that we knew by our levels would not leave more than six feet over some of the boulders, and I ceased to insist. But my own impression is that the difficulty was not so much that they could not go down, as that having gone down they had not the power to tow their barges back again up the Rapids.

11360. I understand that the time arrived when, in your opinion, they were no longer compelled to take them down?—Yes.

**Railway Construction—
Pemb. Branch.
Contract 5 A.**

Building Pembina Branch would enable those rails to be taken to where needed at small expense.

11361. It was necessary then to procure some other means of transportation?—Yes; in addition to which we had a large quantity of rails landed on the bank of the river between here and Selkirk, which was neither near St. Boniface to be utilized where we wanted rails, nor yet near Selkirk. The building of the Pembina Branch would enable us to get these as well as other rails to the part of the line where they were required, at a comparatively small additional expense, beyond building the Pembina Branch.

11362. Do you remember what would have been the cost of transporting those rails from the points near Winnipeg down to Selkirk so as to make them available for section 14 or 15, as the case may be, if you had not built the North Pembina Branch?—I do not remember at this moment, but I presume the figures Mr. Fleming submitted must have been nearly correct, because he had the contract to judge by when he made the proposal to the Government about building the Branch.

Contract No. 33.

11363. Do you remember the substance of the contract between Kavanagh, Murphy & Upper as to completing the Pembina Branch?—I do.

11364. What was it?—The road was to be completed and partially ballasted by the time named in the contract, and fully ballasted by the December following.

**Railway Construction—
Pemb. Branch.
Contract No. 33.**

Upper & Co.'s contract completing Whitehead's work on Pembina Branch South.

11365. That was the completion of the grading which had been left undone by Mr. Whitehead under his contract?—Partly that and partly a portion of the road, about seven or eight miles between St. Boniface and the northern end of what had been Mr. Whitehead's contract that had never been let before at all. In other words, it included the grading from a mile south of St. Boniface station to the point where Mr. Whitehead's grading had been done, and the putting of Mr. Whitehead's grading in proper shape to complete the road, together with all the bridges, culverts, cattle guards, road crossings, &c.

11366. Did they complete their contract?—They did not.

11367. Was the work taken out of their hands by the Government?
—Yes.

Work taken out of their hands.

11368. Under what sort of arrangement, or was it in the absence of any arrangement?—I cannot say what arrangements were made, except that I got orders to go on and complete the work myself at the expense of the contractor by days' labour.

Ordered to complete work at contractor's expense by day labour.

11369. Was it done in that way?—We are doing it still.

11370. Then the work undertaken at that time by Kavanagh, Murphy & Upper has never been entirely finished?—No; we are urging it forward to completion as fast as we can.

By Mr Keefer :—

11371. What remains to be done to complete it?—Several bridges have to be built, some road crossings have yet to be put in, and a portion of the fencing has to be completed, and also a portion of the ballasting.

What yet remains to be done.

By the Chairman :—

11372. There was a contract with William Robinson for delivering ties on the Pembina Branch; do you remember whether that contract was fulfilled?—It was not.

**Ties—
Contract No. 36.**

11373. In what respect?—He did not deliver the ties that he contracted to deliver at all, nor those that he did deliver within the time specified.

Robinson failed to perform his contract.

11374. Have the ties been delivered that were intended to be delivered under the contract?—Yes; we procured them by other means.

11375. Is there any other matter upon the subject, or any dispute or difference of any kind?—Not that I know of.

11376. You are not taking part in the settlement of any dispute on the subject?—No; I have made all my reports on the subject. What action the Government have taken on it I do not know.

11377. Had you any jurisdiction over the fulfilling of the contract made for the equipping and working of the Pembina Branch with Mr. Stephen?—None whatever.

11378. That contract was ended and the work taken into the hands of the Government—the running of the road?—Upper & Co. ran it for a while until the work was taken out of their hands, and since that the Government have been operating it themselves under their own officers.

**Operating Line—
Government operating Pembina Branch.**

**Pemb. Branch.
Operating Line.**

11379. Is it worked under your supervision?—No; I have only charge of the construction.

11380. The manner or efficiency of the working of the road as a running road is under the direction of some other person?—Yes.

11381. Who is that?—Mr. Lynskey.

Pembina Branch worked well.

11382. Have you any information, which would help us in the investigation, to give on that subject: have you been enabled to notice whether the work has been well managed or ill managed, or is it paying, or anything of that kind?—As to paying, I could not say; but as to working, I think it has been as well managed as it is possible to do with the means at his disposal.

**Railway Construction—
Contract No. 48.**

11383. The first 100 mile section west of Red River is under your supervision?—Yes.

Some delay took place in locating line.

11384. The contractor, Mr. Ryan, has mentioned that he considered that a considerable delay occurred in the locating of the line after he was ready to go on with the construction, what is there to be said about that?—There was some delay at the commencement no doubt. The amount of water at the back of the town here, where nobody seemed to be aware before that there was such a quantity, seriously interfered with the prosecution of the work. It is very difficult indeed to get at the point where the work was to be started, even to make the survey. The engineers were over their waists in water. There was a difficulty in getting away that water, and from this and other causes there was delay in setting out the work; but I think that that was really the principal cause of delay—the amount of water both inside and outside of the city limits and the difficulty of getting rid of it.

Engineers above their waists in water.

Large amount of water cause of delay.

11385. Are you aware that there has been a change in the character of the road-bed from that which was intended originally?—I do not know that there is any change in the character of the road-bed. There is a slight change in the way of the carrying on of the work.

Character of road-bed.

11386. When I said the character of the work I meant that the road-bed was to be of earth originally, and that now it is made for a considerable distance of ballast without any earth being taken from the ditches or put into the road-bed?—The way I would put that is that it was contemplated to make portions of the road from ditches dug at the sides of the road, but now some of the places that would have been made up on that way have been made by hauling material from borrow-pits. It so happened that these pits are of gravel, and the portion used for that purpose—I mean the bank purpose—may be considered as earth work, and the portion that is put on top for holding the rails in place as ballast.

11387. Is it not contended by the contractor that because this lower portion of the road-bed is of a different material from that originally contemplated that it will not be necessary to make the road-bed so wide, but he has to be paid just as if it had been made to the full width originally intended?—I do not know what his contention is at all.

11388. Has not that matter been submitted to you at all?—No.

Contractor claims that laying the rails on prairie and ballasting them afterwards more costly to him.

11389. Have you understood that he was not making the road-bed of the width, for instance, that it was originally intended?—I understand that he raises a claim that in consequence of his having to go on and lay the track on the prairie, in order to expedite matters now, and

**Railway Construction—
Contract No. 48.**

put material in underneath afterwards, that it is more costly to him than if he had graded it first and laid the track afterwards. That is what I understand to be the contention.

11390. Has he made this contention to you, or has he made it direct to some superior officer in the Department?—I think he has mentioned the matter verbally to me. I do not think he put it in the form of a complaint that I was to take notice of, but I fancy that he has discussed the matter with the Chief Engineer.

11391. Then whatever his contention is, I understand you to say that it is a matter upon which the Chief Engineer is giving an opinion or considering?—Yes; and which I expect at some time or other, probably, to be called on to give an opinion too; and I would not like therefore to hazard any opinion now until the matter is put before me in some shape by the party making the claim.

Prefers not giving his opinion at present on the claim of contractor.

11392. That change in the manner of making the road-bed is a matter which you have not given sufficient consideration to pass a final opinion on?—That is the fact. As the matter will probably come before me officially, I would rather not express any opinion on the subject at all until it is brought before me in that shape.

11393. Is there any other matter that you think of which you consider would be desirable to give, in the way of evidence, so as to assist us in this investigation?—Not at this moment; but I would like to have permission to do so if I think of anything before you leave.

WINNIPEG, Friday, 8th October, 1880.

NIXON.

THOMAS NIXON's examination continued:

**Paymaster and Surveyorship—
Private Transactions with Alloway.**

By the Chairman:—

11394. Do you know whether there was any other person of your name living in Winnipeg in the fall of 1875?—There was a man named Thomas Nixon. The way I know is that I received letters in that name which were not for me and I returned them to the office.

In fall of 1875, a man named Thomas Nixon, other than witness, lived in Winnipeg. He knows this because letters came to him addressed to Thomas Nixon.

11395. Mr. Brown, of the Ontario Bank, yesterday led us to understand from some memorandum in a book which he produced, that there had been a note of Alloway's endorsed by Thomas Nixon in the fall of 1875, passed through the bank, and we wish to know whether it was you or some other Thomas Nixon?—I do not remember of any such note.

Does not remember endorsing Alloway's note.

11396. Now that I mention this fact to you, does it induce you to alter your opinion on the subject?—It might, but I would like to see the note, because I do not remember. I have no recollection of the matter directly or indirectly. Of course if I had I would not have made that statement so positively. There were no relations between us that I could call to mind why such a thing should have occurred. Do you know the amount of the note?

11397. \$1,000.—I do not remember the transaction.

11398. In what business was this other Thomas Nixon?—I do not know. I did not know him at all. I never saw the man.

**Paymaster-
and-Pur-
veyorship-
Bank Account.**

11399. Mr. Brown thought it would take a considerable time to look through his books to ascertain whether there were other discounts of the same name, therefore we did not ask him at the time to give the matter a full investigation; but if you would be good enough to go yourself to the bank you could see if any light can be thrown upon that subject as well as this other, unless you have in the meantime discovered the bank-books or some other materials which would enable you to give us the information—that is, the amount of deposits to your private account while you held your official position?—I could not tell that; I could not discover that from my bank-books. I find in my bank-book with the Merchants Bank, on the 17th June I placed \$505 to the credit of the Canadian Pacific Railway, but what it was for I could not tell.

On 17th June, placed \$505 to credit of Canadian Pacific Railway.

11400. Was that in the official account?—No; if I remember right—and I think I am correct—the ledger-keeper gave me to understand afterwards that it was no business of theirs. They did not care who it was for. I produce my private bank book showing a credit on the 17th June, 1875. My returns, of course, would enable me to know what that was, whether it was all one sum I received that day or not, but there is no other entry in any of my private books which would lead me to find out. That is marked “C. P. R.” as you will notice (handing the book to the Chairman).

Exhibit 104 (List of deposits to credit of Receiver General) shows that money was rapidly placed to credit of Receiver General.

11401. May there not have been credits in your private account which in your bank-book would not be marked C. P. R.?—Certainly; that is the only one that is marked. It was either a question of keeping the money in my cash-books in the office or placing it in the bank. You will notice by the exhibit which is before you (Exhibit No. 104) that the moneys were placed with rapidity to the credit of the Receiver-General. August 24, 1875, for example, \$100; August 25 (next day), \$91. Then coming down to 1877: twice in October, 2nd and 18th; twice in December—the second time is for the Red River road, however. In February, 1878, twice; again early in March: 12th; twice the same day in July the same year; twice in August the same year; twice in November the same year, and four times in December the same year; showing you that the moneys were not detained by me for any long period of time.

This statement does not show that other moneys were not accounted for.

11402. That statement would not show that some moneys have not been always retained by you. I am not suggesting that they were; I am only speaking of the value of that statement. That statement only shows that you accounted for those moneys in that rapid way which you describe, but one might make a mistake and not account for other moneys?—Certainly; I suppose so.

11403. Yes; and it is with a view of ascertaining whether any such mistake did occur?—I did not discover that, because I cannot discover what never occurred. That is an impossibility.

An impossibility for witness to have made a mistake.

11404. Do you mean it is an impossibility for you to have made a mistake?—Yes; almost, certainly. I do not see how I could.

11405. Will you see if you have made a mistake about this endorsement?—Certainly; that is not moneys though.

11406. Would this bank-book which you have show the amount of deposits which went to your credit in your private account in January,

1877?—No; it would not. This is my book with the Merchants Bank.

11407. You remember an item of \$2,861, or thereabouts, which was the balance to close up Brown's account being spoken of when you were giving evidence before?—No; I do not remember.

**Paymaster-
and-Pur-
veyorship-
Book-keeping.**

\$2,861 charged to Brown and credited to him under heading "Bank Account."

11408. Do you remember my asking Mr. Conklin about that particularly, when you were present?—Yes; but I do not remember the circumstance.

11409. I am asking whether you remember such a sum was credited to him to balance his account?—Yes; I see a statement of that account in the books.

11410. It appears by the books that about 14th December, 1876, Brown was charged with a cheque of \$2,861, that on the 15th December he was credited with an item of the same amount, under the heading "Bank Account?"—Yes.

11411. And it also appeared by your cash-book, which was in effect a bank-book, that that amount had been drawn from the bank, and the cheque itself was produced showing that it was endorsed by John Brown?—Yes.

11412. I would be glad if you would ascertain whether that amount went to your private credit, which you can do at the same time that you endeavour to ascertain this matter of endorsement. It will save us some time if you will do it, instead of our having the books here to look over them ourselves?—Yes; I will do that.

Wm. T. JENNINGS, sworn and examined :

By the Chairman :—

11413. Where do you live?—At Rat Portage.

11414. What is your occupation?—I am in charge of works of construction on contract 42.

11415. Had you been engaged in any work connected with the Canadian Pacific Railway before that?—Only on surveys.

11416. When were you first engaged?—In the spring of 1875.

11417. About what time?—In April, 1875.

11418. Please state the progress of the work which you undertook and your connection with it?—During 1875?

11419. From the beginning?—On receiving instructions I proceeded to British Columbia with other members of the staff, and there my party was formed, and we proceeded to the point at which I was to commence operations.

11420. What was the number of the party who accompanied you to British Columbia?—I do not remember the exact number, but I think there must have been some thirteen or fourteen.

11421. All of your party?—No; in my party I think there was only one or two who accompanied me from Canada.

JENNINGS.

**Surveys, B.C.—
Chilanco to
Blackwater
River.**

In charge of works of construction on contract 42.

April, 1875, went to British Columbia.

Size of party :
seventeen.

Surveys, B.C.—**Chilanco to Blackwater River.**

11422. Had you charge of the party?—I had charge of my own party.

11423. What was done when you arrived at British Columbia?—The party was fitted out and men were engaged.

Axe men engaged at office, Victoria.

11424. How many men were engaged, and where were the engagements made?—At our office in Victoria. We engaged the axe men necessary for the work. These men were hired at so much per month, and their board and expenses from Victoria to the works and back; and after getting the requisite number and supplies—

Whole party in field: twenty-five.

11425. Do you remember about the requisite number?—I had thirteen altogether that season. My whole party in the field, if I remember rightly, consisted of about twenty-five altogether, including the packers. After all preparations were completed we left Victoria and proceeded by the waggon road to Soda Creek.

Survey from Chilanco River to vicinity of Blackwater River to find head waters of Nazco River.

11426. What was the locality in which you were to make the survey that season?—From Chilanco River to the connection with Division M. in the vicinity of the Blackwater River. I was instructed to find the head waters of the river called the Nazco, if practicable, to proceed in that course to the Blackwater, or to the junction with Division M. Division M party was working from Fort George down the Chilanco River to Blackwater, but they were to go on and meet me on the Nazco, if I should succeed in getting over the divide.

Trial location.

11427. What was the nature of your survey to be?—A trial location simply. Over a portion of the distance I had information gathered from a previous survey, the first twenty miles probably.

11428. Had that been a trial location survey?—No; a trial or exploratory line had been run through there the year before, and I was instructed to commence at a point near that line to be decided upon by Mr. Cambie and myself.

Excepting flour and pork brought supplies with them.

11429. Where was your base of supplies that season?—With the exception of some pork and flour, we carried all our supplies with us.

11430. From where?—They were sent from Victoria, as far as I am aware, but we got them at Soda Creek, and we bought our cattle twenty miles, I think, from Soda Creek, on the way to our work.

11431. Is Soda Creek a tributary of the Fraser River?—Yes; it is a very small creek. It is just a crossing point—that is where we crossed the river.

11432. That is somewhere in the latitude of your point of commencement, or is it a little north?—Soda Creek is a little further north than the point of commencement in latitude.

11433. How long were you engaged on that work?—I returned to Victoria on the 4th November.

Engaged on work from 9th June to 15th October.

11434. How long were you engaged on the work?—From the 9th June to the 15th October—perhaps the 16th. During that time we were engaged in surveying work entirely.

100 miles.

11425. That is the extent of the field operations for that season?—Yes, that is the extent; altogether about 100 miles.

No difficulty about supplies.

11436. Had you any difficulty about supplies?—No; our supplies were sufficient—we had all that we required.

11437. Who had the responsibility of obtaining the supplies and fixing the prices for them?—Mr. Robinson was the purveyor for that district.

**Surveys, B.C.—
Chilcano to
Blackwater
River.**
Robinson,
purveyor.

11438. Where was his headquarters?—Victoria.

11439. Did he go with you to purchase them at this point?—No; I had a deputy purveyor with me, and the only supplies that were purchased by me there were the cattle and some minor articles. We got nine head of cattle, as far as I can remember.

Deputy purveyor
with witness.

11440. Did you meet with any unexpected difficulties in the progress of the work?—According to the instructions I received, I thought my course would have been more direct, but owing to the barrier of mountains, I was obliged to deflect to the east, after reaching the head of Chizicut Lake.

Obliged to deflect
east after reach-
ing Chizicut Lake

11441. Did you meet with any other difficulties?—No; our only difficulties were not getting the line through. I was rather disappointed in the gradient, but I did not consider these difficulties.

11442. Were there any troubles with the men?—No; not more than ordinarily. At one time the men were inclined to be a little unruly, but they were quieted. On two occasions they were a little troublesome.

11443. Did it end in delaying the work?—No; there was no delay whatever in consequence of these disturbances.

11444. You say you arrived in November in Victoria; did you remain there during the winter?—I remained there until January.

In Victoria until
January, 1876, at
work on profile,
&c.

11445. At work?—In the office, engaged on the profile and office work of the field operations of that season.

11446. What was your next operation?—I returned to Ottawa.

At Ottawa.

11447. Was any work done there?—Yes; the profiles and plans were completed there, and quantities taken out.

11448. Was the result of the operations of 1875 to find a practicable line if the connectious with it had been feasible: I mean was that link of the line feasible?—The object was to get as good a line between these two points as possible.

11449. Do I understand you to say that you surveyed what was considered to be a feasible link in the line, if the rest of it had been feasible?—I believe that this portion of the line was as good as could be got in that country in the time and with the staff at my command.

11450. Without comparing it with any other line or with any other part of the country east, was it a feasible location?—For a mountainous country it was.

**From Dean
Inlet through
Salmon River
Valley.**

11451. What was your next operation after being in Ottawa in the winter of 1875-76?—I was sent back to British Columbia in charge of a party to proceed to Dean Inlet. My instructions were to run a trial location line from Dean Inlet through the Salmon River Valley to the connection with the line previously run by Mr. Hunter.

1876, back to Col-
umbia to run a
trial location line
from Dean Inlet
through Salmon
River Valley.

11452. Where did you make up your party?—Some members of my staff came from Ottawa, others I obtained at Victoria. The men were all engaged in Victoria; of course the canoe men were partly taken from the Fraser Valley in the Lillooet District.

How party made
up.

Surveys, B.C.—

From Dean Inlet through Salmon River Valley.

Party a double one, one time sixty.

Double staff required so that location and trial lines might go on simultaneously.

Fifty-two miles.

Survey closed end of September.

Supplies.

Party returned to Victoria with exception of men engaged on ground.

11453. What was the number of the party?—At one time the party must have numbered on to sixty. It was a double party.

11454. You mean a party for running two different explorations or surveys?—No; the nature of the country being such, we required a larger force than ordinary to enable us to get through the mountains during the working season, and for that purpose I was allowed a double party.

11455. You mean because of carrying supplies?—No; on account of the nature of the country we required to have a double staff, so that location and trial lines could be going on at the same time. To all intents and purposes it was the same as two ordinary parties.

11456. Each of them carrying on different work?—Yes; one party engaged on the trial line and the other following up with the location.

11457. What was the extent of the country surveyed at that time, and between what points?—The length of the location line was between fifty and fifty-two miles from Keni-quit, the head of Dean Inlet, through the Salmon River Valley, to the rolling country beyond the main range of mountains.

11458. Did you complete the operations that were undertaken?—Yes; I completed the full distance.

11459. Until about what time were you occupied in the field?—I closed my survey about the end of September.

11460. Where was your base of supplies for that season's operations?—At the sea coast in the first instance, and during the latter part of the season the supplies were brought through the country by the mule train. At the same time I had a depot on the coast.

11461. Were the mule trains provided under your direction, or by some other officer of the Government?—The mule trains were under the control of the purveyor, who had, I believe, an agent in the upper country to look after them.

11462. Had you any difficulty about supplies that season?—I was rather short in July. Owing to the high state of the water in the Fraser River they were unable to get the supplies through from Yale.

11463. Was there much suffering in the party in consequence?—No, not at all; no suffering.

11464. Was there any delay in consequence of the absence of supplies?—No delay.

11465. Did you meet with any particular difficulties in the operations of that season?—It was rather a difficult survey to make, the country was so rough and rugged we were in danger constantly.

11466. From the nature of the work?—From the nature of the country and necessarily from the nature of the work.

11467. Was there any difficulty which you might not expect in such work?—Not at all. The ordinary difficulties to be met with in a country of that description.

11468. Then, after the field work was over, what did you do?—We returned to Victoria.

11469. With all the axe men and men?—With the exception of those who were engaged on the ground. Those men were paid off.

Surveys, B.C.—**From Dean Inlet through Salmon River Valley.**

11470. Men whom you had engaged at Victoria, you took back at the Government expense?—Yes.

11471. You only discharged on the spot those who were engaged on the spot?—With the exception of some men who were discharged from the works and sent home, I remember that there were some four or five men during the progress of the work.

11472. Was it the system to pay men of the force their passages to the point at which they were engaged?—It was, as far I know. On that occasion we had a Government steamer to take us to the beginning of our work.

11473. When did you arrive at Victoria?—On the 4th or 5th of October.

11474. And then?—I was the first one to return. While there the Lieutenant-Governor mentioned to me that he would like me to go up the country and see Mr. Cambie, up the Fraser River. I went up to meet him. I proceeded as far as Hope and gave him the letter of instructions, but as he did not require me I returned to Victoria. There I remained for ten or fifteen days, perhaps not so long, and then returned to Canada, and after spending ten days, or perhaps two weeks, at home, I went to Ottawa.

In October, 1876, Lieut.-Governor Trutch, desired witness to go up country to Cambie; not being wanted returned to Victoria.

11475. What was done there?—I commenced on the plan and profile connected with the works during the winter months.

At Ottawa works at plans and profile.

11476. After that?—After that I proceeded to British Columbia in the month of May, 1877, to make a survey of a portion of the Fraser River route.

May, 1877, to British Columbia to survey portion of Fraser River route.

11477. Were you in charge of the party?—Yes.

11478. Where was it made up?—In Ottawa. The staff came from Ottawa with me, with the exception of one member. The axe men, as formerly, were engaged in Victoria.

Party made up at Ottawa; axe men engaged in Victoria.

11479. What was the extent of the survey undertaken after that, and between what points?—I commenced at Boston Bar, on the Fraser River, and worked down the river to the junction with division X at the mouth of the Harrison, a distance of seventy miles. I had a double party on that work and ran both trial and location lines.

Boston Bar to the Harrison.

Ran trial and location lines from Boston Bar to mouth of Harrison.

11480. Where was your base of supplies?—We carried our supplies with us. Any we required from time to time were ordered by the commissariat officer and delivered to us on the work.

Supplies.

11481. About how many were there?—As far as I can remember there would be perhaps thirty-five altogether. During the first thirty-five miles we had a mule waggon, a waggon with four mules, to draw our supplies and camp equipage. After that we used large canoes—we had two large canoes.

Size of party: thirty-five.

11482. What was the result of the season's operations?—It was considered very favourable; that the line was better than was anticipated. I have just heard this casually. Shortly after the report appeared I read it, but I have not looked at it since.

Line considered favourable.

11483. What impression did it make upon your mind irrespective of any report of any one else?—I thought the line was a very favourable one for that kind of country.

Surveys, E.C.—**Boston Bar to the Harrison.**

11484. One that could be used for a railway?—Yes; we obtained very good gradients, and I do not think the cost of it all through was excessive—that is the estimated cost.

Survey ended 23rd September.

11485. Up to what time were you engaged on that work?—I completed my survey in the middle of September, about the 23rd of September; and after a few days I continued down the river, making a track survey to connect the river with the survey that had been made by the Local Government, to a point some ten miles below where I had stopped work. I had been continuing this river survey throughout as well as the railway survey, and completed it after I had concluded the railway survey.

11486. What time did the operation cease for that season in the field?—As far as I was concerned the field operations ceased on my completing that survey. That would be probably the 25th of September. I do not remember whether any other parties were in before me.

Puget Sound.

11487. Did you discharge your party in September?—I did; and then I remained in the office at Victoria for some time and went to Ottawa. Before going to Ottawa Mr. Smith asked me to go over and examine the harbour on Puget Sound.

11488. Do you mean Mr. Marcus Smith?—Yes, Mr. Marcus Smith.

Early in November at Ottawa when worked on plan and profile.

11489. Then what time did you reach Ottawa?—Early in November I reached Ottawa.

Emory Bar to Boston Bar.

Spring of 1878, to British Columbia to revise survey on Fraser between Emory Bar and Boston Bar.

11490. What did you do at Ottawa?—Worked on the plan and profile of the survey.

11491. When did you leave Ottawa again?—The following spring I left Ottawa for the purpose of revising the survey on the Fraser River, at least my portion of the work between Emory Bar and Boston Bar.

Kamloops Lake to North Thompson.

Survey along north side of Kamloops Lake; also trial line along south side of Kamloops Lake.

11492. Were you in charge of the party?—Yes; I had charge of the party and revised my former location. After completing that I was ordered to proceed to Kamloops Lake District and commence another survey, branching from one of the year before and extending along the north side of Kamloops Lake to the junction of the portion of the line of 1877 on the North Thompson. In addition to that survey I also ran a trial line along the south side of Kamloops Lake on a very rough country to satisfy the district engineer.

11493. How long were you engaged in that work?—Until the middle of September—the 22nd of September, perhaps. These dates I am giving simply from memory.

Size of party: twenty-two.

11494. What was the size of your party that season, in 1878?—In the neighbourhood of twenty or twenty-two.

11495. Was there any difficulty about supplies?—I think not; I do not remember any difficulty.

11496. Was the work delayed by any unforeseen difficulties?—It was not; we lost, I think, a day and a-half from a very high gale of wind. The wind was so strong it was impossible to work along the bluffs.

11497. Was the party discharged at the end of the operations?—Yes; the party was discharged immediately on returning to Victoria; those that were engaged there were discharged.

11498. And then?—And then I returned to Ottawa.
11499. How long did you remain there?—I remained there until the following spring.
11500. Doing the office work for this past season's operations?—Yes; I was doing office work when I was required.
11501. What was your next work?—I was sent out to take charge of construction on contract 42. I left Ottawa early in May, 1879, and came on to Winnipeg, and from there to the works.
11502. Were you in charge of the party?—I was in charge of the party.
11503. Did your jurisdiction extend beyond the limits of 42?—No; my jurisdiction only extended on contract 42.
11504. What did you find on reaching the ground?—We found the line of the year before, of which we had a plan and profile; we saw the portion cleared for the telegraph purposes on the former line, and the pegs belonging to the line that our plans referred to.
11505. What line was that, the centre line or cross-sectioning?—The centre line, and I dare say there were cross-section stakes also.
11506. Did you find evidences that the line had been fully located and cross-sectioned?—In places these stakes were to be found. In going over the work I would not look as closely at all these little points on the ground, as the assistants and division engineers would, but I saw both centre and cross-section stakes on the work.
11507. Had you any information given you as to the quantities which were expected to be executed?—I had the bill of works, and also a sheet showing abstract measurements, and the profile and plan.
11508. Did these show you the estimated quantities at each locality?—Yes; I think they did show every little cutting and embankment.
11509. I mean would you be able to see whether the quantity at any particular locality had been incorrectly calculated?—Yes; between certain stations I could take from this original bill of quantities, make up my own and compare them.
11510. Were the contractors on the ground when you reached there?—I think one member of the firm was there.
11511. Who was that?—Mr. Grant.
11512. Was the work laid out so that they could proceed without delay, or were they hindered at all?—I do not at all consider that they were hindered by us. We laid them out work from station 3, some distance forward.
11513. From which end of the line do the stations number on that section?—They numbered from west to east in divisions, commencing at Rat Portage or junction with contract 15.
11514. That was the first division?—Yes.
11515. Was each division numbered separately?—Yes; each division commences at zero.
11516. You say you laid out work for them at station 3?—Work was commenced from the east side of the eastern outlet of Winnipeg River on for some distance on the line—perhaps a mile or a mile and

**Surveys, B.C.—
Kamloops Lake
to North
Thompson.**
At Ottawa until
spring 1879.

**Railway Con-
struction—
Contract No. 42.**
May, 1879, on
works.

How he found
the line.

Had with him
data showing
every cutting and
embankment.

Contractors not
delayed.

**Railway Construction—
Contract No. 42.**

Work was ready before contractors had any appliances on ground.

a-half was laid out at once; that is without causing the contractors any delay.

11517. You mean laid out sufficiently not to hinder them?—Yes; we had work ready, if I remember rightly, before they had any appliances on the ground.

11518. Was there any complaint upon their part that you did hinder them?—There was no official complaint made to me.

11519. Had the contractors an engineer on the spot when you arrived?—No, I think not when I arrived; but very shortly after they had. If they had, I was not aware of it.

11520. Did you hear any complaint, either officially or otherwise, that the Government retarded the progress of their operations?—I think I have heard the contractors say that—that the works have been retarded.

11521. I am speaking of the beginning of the work?—They may have said so. I remember one or two points where we had not quite decided the gradient; they were allowed to open cuttings at a grade which it was likely we might take, so that in case the grade was dropped we would still be safe.

11522. Then that would be such a grade as you would be sure to take, or perhaps lower?—Yes.

Grade altered and improved.

11523. Has the grade been materially altered, either over the whole section or in localities, since the work commenced?—The grade line has been altered in places, and I think improved. I think there is less steep gradients. The gradients were reduced.

Rock cuttings reduced.

11524. Has the effect of the change of grade been to increase the rock cuttings?—No; the rock cuttings throughout have been reduced.

11525. Is it by raising the grade or by deviations in the line?—By deviations in the line which I approved of.

11526. Has it been materially decreased?—I think it has.

Amount of rock reduced.

11527. Will that have any effect upon the time within which the line can be finished?—It reduces the amount of work, and it will in that way. It reduced the amount of rock excavation, and consequently the time required. For instance, if a given force is employed they could be engaged on some other work.

11528. Has it also the effect of increasing the earth embankment?—I am satisfied that they have been reduced all over.

Earth also reduced.

11529. Then, do you mean that the quantities of the two principal kinds of work have been materially diminished by the deviations?—The line as at present located gives quantities much less than that of the line the year before.

11530. Do you mean both of rock and in earth?—Yes.

No reason why changes should delay work.

11531. Do you know of any reason why the change made by the deviations will delay the finishing of the work beyond the time that was originally intended?—I do not. I do not think that the work has been delayed in any way by any change in the line at all.

11532. In a conversation with one of the contractors he led us to understand that the earth embankments would be very largely increased, and that the rock cuttings would be diminished, and that the

**Railway Construction—
Contract No. 42.**

effect of that would be to delay the completion of the line, because he could not do the earth embankment in winter, but he could do the rock cuttings; and that if the rock cuttings were not gone on with it would take longer to finish the earth embankments than was originally contemplated?—That depends on the manner of construction.

11533. Is there anything in the manner of construction which will enlighten us on this contention of the contractor?—I do not think the changes have affected the contractor in that respect materially, that is as far as the cuttings and embankments are concerned. The less cuttings there are the more rapidly he can get on with his contract, and if necessary complete it by train work; and in placing the grade line through cuttings and embankments, I would place it so that it would be at the most economical elevation; and I believe that I did so.

Nothing in manner of construction to retard Contractor.

11534. Have these deviations been submitted to your superior officer?—I have sent a profile and plan to Ottawa showing the present line. I have sent two or three profiles.

11535. Have you authority to make deviations from time to time as you think proper, without submitting the matter to the Chief Engineer?—I believe I have. I have been acting under that belief, and as far as I can remember have sent copies, or in sending the profiles to Ottawa have noted the changes, and since the beginning of this year I have pointed out to Mr. Schreiber any changes that I have made.

Has acted on belief he had authority to make deviations.

11536. Have you submitted them to any person on the spot? Has Mr. Schreiber visited the line?—Yes; I have also pointed them out on the ground to Mr. Schreiber.

11537. Has he approved of the deviation which you have recommended?—He has; with the exception of one point, he approved of every change. There was one point where he thought I could get a little further up on the side hill, and I directed Mr. Gordon, the Division Engineer, to run a line there.

Schreiber approved of every change but one.

11538. Was that a further deviation from the original line than you had made?—Yes.

11539. Had the quantities, as originally estimated, been materially altered besides the items of rock and earth?—In some items they have been very materially reduced.

11540. What work?—Iron pipe culverts; we have done away with that item altogether. In the original bill of works there is an item for iron pipe culverts.

Item for iron pipe culverts done away with.

11541. Has that been the subject of any dispute between the contractors and the Government as far as you know?—No; not that I am aware of.

11542. Is there any other item in which a change has been materially made?—The clearing and the cross-laying.

Other items reduced.

11543. What do you mean by cross-laying?—A platform of logs across muskegs.

11544. What else?—The rock-borrowing has been very largely reduced, and train-borrowing has been very much reduced.

**Railway Con-
struction—
Contract No. 42.**

11545. Is that of earth?—Yes, of earth.

11546. Is that what is spoken of as extra earth-borrowing?—It is.

11547. That applies to the haul, when it exceeds one mile; did you say that has been diminished?—Yes; I am speaking from memory.

11548. I am speaking of your impression at this moment?—It has.

Bridge masonry
reduced 50 per
cent.

11549. Earth excavation ordinary?—That has been reduced also. I think, as at present arranged, the culvert masonry will be about the same; the bridge masonry has been reduced, I think, 50 per cent., at any rate it has been very much reduced.

11550. I suppose that the clearing has been increased, and that the grubbing will be increased accordingly?—Although a line was cleared through the country still the change would not necessarily alter the amount of grubbing. It might; it just depends on the line.

11551. You are not decided upon that, whether it will or not change it materially?—No; however the grubbing is a small item.

Grubbing
increased.

11552. In the estimate it is an item considerably larger than clearing?—The grubbing may be increased.

Stream tunnels
through rock
decreased.

11553. Do you remember about stream tunnels through rock?—They have been reduced very much.

11554. Then, according to your opinion now, the whole cost of the work will be very much less than what was expected?—Yes, very much.

Character of
fillings.

11555. Through the water stretches are the embankments of earth or based by rock, or is there rock in part of it?—They differ. Some of the bays of lakes are to be filled with earth, and others, where the water is not of great depth, will have the base of rock, and in others rock-borrowing adopted to complete.

Manning mis-
taken in saying
that the earth
excavation would
amount to
2,000,000 yards in
excess of original
estimate.

11556. Mr. Manning, one of the contractors, gave evidence before us and estimated that the total amount of earth excavation would amount to some 2,000,000 or more in excess of the original estimate, so that the aggregate now would be somewhere about 6,000,000 or 7,000,000 cubic yards?—I think Mr. Manning is mistaken about that. I saw the item in a newspaper and I thought that was greatly in excess.

11557. I understand you to intimate now that the total cost will be actually less than was originally estimated?—The total cost of the work now will be much less than formerly estimated.

With exception
of off-take ditches
aggregate earth
excavation will
be less than was
estimated.

11558. Will the quantity of earth excavation of all the different kinds be, in the aggregate, in your opinion, less than was originally estimated?—It will, with the exception of off-take ditches.

11559. Well, as to off-take ditches?—That, I think, will be increased.

That item will be
nearly double.

11560. By how much?—It may be double. In making up an estimate of the work yet to be done, I made an allowance for off-take ditches, which I thought would be sufficient to cover it, and I think I doubled the original amount.

11561. Will the increased amount for the off-take ditches affect the question whether the whole earth excavation will exceed the original estimate?—Not at all.

In water
stretches depth
of water the same

11562. As to the water stretches, have you been able to ascertain whether the depth will be about the same as originally expected, or

whether it will be very much increased?—We have ascertained that the depth of water will be as shown on the original profile, but in some places the deposit of clay, or mud, or sand at the bottom is greater than was supposed.

**Railway Construction—
Contract No. 42.**
as expected but in places deposit at bottom greater.

11563. Do you mean that that will be displaced by the embankment?—Some of it will be displaced; but speaking of water stretches, a large amount of earth and rock work provided originally, has been done away with by the substitution of trestle work.

A large amount of earth and rock done away with by substitution of trestle work.

11564. Then there is a new item now in the expenditure for trestle work of a much larger amount than was intended in the original calculation?—I do not think that the trestle work on the whole—the timber in the trestle work—has been very materially increased, but some of the items have, the piling, for instance, will be largely increased, but the total amount of timber in trestle work does not form a very large item in the cost—that is, the difference will not be much greater.

Piling increased, but total amount of timber used in trestle not very much in excess of what was anticipated.

11565. Will this item of trestle work affect the general result on which you have given your opinion, that the total cost will be diminished?—Yes; it will materially affect it.

11566. Does it alter your opinion then?—No.

11567. Then how will it affect the general result?—As between completing those water stretches without earth and rock, as previously arranged.

11568. When I speak as to the general result, I mean as to the cost?—By the substitution of trestle work the cost has been very materially reduced.

By substitution of trestle work cost has been materially reduced.

GEORGE BROWN'S examination continued:

By the Chairman :—

11569. You stated yesterday that one of the books of your bank showed that a discount had been made upon some note upon which the name of W. F. Alloway appeared as the maker, and Thomas Nixon as endorser?—Yes.

11570. Were you in charge of the bank at that time?—Yes.

11571. Do you know any other Thomas Nixon than the one who was purveyor?—There was a man named Nixon here, but that was not his name.

11572. Do you mean that that was an assumed name?—No. There was a Nixon here, but I do not think his name was Thomas.

11573. Was there any other Thomas Nixon, at all events, whose name you would have taken as endorser on Alloway's note?—Not that I remember.

G. BROWN.
**Nixon's Purveyorship—
Private Transactions with
Alloway.**

No other Thomas Nixon that witness would have taken as endorser to Alloway's note.

11574. Then what is your impression upon this question, whether that Thomas Nixon whose name appears in your books was the purveyor, or some other person?—Certainly it was Thomas Nixon, the purveyor; there is no question about it in my mind.

No question the Thomas Nixon on Alloway's note was Thomas Nixon the purveyor.

**Nixon's Pur-
veyership—
Supplies.**

11575. Do you know whether Cooper, Fairman & Co. were engaged in furnishing supplies for the Pacific Railway—I do not mean to the contractors but to the railway, or the Government on account of the railway?—They furnished, of course, the contractors. I do not remember anything; they may have, and of course not come through my observation.

11576. Mr. Luxton mentioned in a letter to the Secretary that Cooper, Fairman & Co., of Montreal were engaged in furnishing certain supplies for the Canadian Pacific Railway; I do not know whether he means for the owners of the railway or the contractors on the railway?—He means the contractors.

11577. Do you know if they furnished supplies except to the contractors?—No.

**Contract No. 15.
Alleged impro-
per influence.**

Believes Cooper, Fairman & Co., did assist the *Times*, but not on account of railway.

11578. I mean, do you know that the Government, or any officer of the Government, have obtained supplies from them for the railway?—No; I do not.

11579. Do you know of any arrangement by which Cooper, Fairman, & Co. assisted Tuttle in the establishing or maintaining of a newspaper on any ground connected with the railway or its affairs?—No; I believe they did assist the *Times*.

11580. On account of the railway?—Not that I ever heard of.

TUTTLE.**Contract No. 15.
Supplies.**

C. R. TUTTLE's examination continued :

By the Chairman :—

11581. Do you know whether Cooper, Fairman & Co. were engaged in furnishing supplies for the Canadian Pacific Railway to the Government, or through any officer of the Government?—I do not think they ever were.

Cooper, Fairman & Co. furnished contractor with supplies.

11582. Were they to the contractors?—Yes.

**Alleged impro-
per influence.**

The assistance given witness by Cooper, Fairman & Co. not based on influence with any person connected with Government, but possibly on having obtained a contract for them from Whitehead.

11583. Did you receive any assistance from them on any ground connected with the Pacific Railway, or any person connected with the Government?—Certainly not on account of any person connected with the Government; but it is just possible that the assistance they gave me was given to some extent, because I had been instrumental in securing a contract between Messrs Cooper, Fairman & Co. and Whitehead, but such an understanding was never expressed. Whatever assistance they gave me was on my note and the arrangement was that it was to be paid.

Gave them a note

11584. Then it was an advance on your promissory note, and not a gift; is that what you mean?—Yes.

11585. Did you endeavour to obtain the contract between Mr. Whitehead and Messrs. Cooper, Fairman & Co., upon any understanding that you should receive money assistance for so doing?—No.

11586. Do you mean that after having done so you asked for assistance in the shape you have named, and received it?—Yes. I do not mean to say, however, that I asked the assistance on that ground.

11587. How does it apply to the question: what do you mean?—I simply mean that if I had been in any way instrumental in benefitting any person, I would feel more like going to that person and asking for assistance, though I would not naturally state that I came to him on that ground. I may say, however, that Cooper, Fairman & Co. had assisted me previous to my going into the newspaper, financially, and before I ever knew Mr. Whitehead, so that there was a considerable acquaintance between us—a former acquaintance.

Contract No. 15. Supplies. Alleged improper influence.

Cooper, Fairman & Co. had assisted witness long before he started a newspaper.

11588. Have you at any time received any advantage from any contractor, upon the understanding that you would exert your influence with any one connected with the Government?—No.

Never received any advantage from any contractor upon the understanding that he would exert or had exerted any influence with Government.

11589. Have you upon an understanding that you had previously exercised your influence with any member of the Government?—No.

How witness came to know Whitehead.

11590. Is there any other matter connected with the transaction of Cooper, Fairman & Co., which you would wish to explain?—I think not; but it might be, perhaps, since my name has come up in this connection, proper for me to state this: the way I became acquainted with Mr. Whitehead, and to be thrown in connection with him and people from the North-West, and contractors generally, was that being engaged upon the seventh volume of my History of Canada, at Ottawa, where I located myself in order to get copies of various volumes from the Parliamentary Library, and to take them into the Russell House; while there and so employed, I became the agent in a friendly way for Cooper, Fairman & Co., to get a contract between them and Mr. Whitehead. I had been very intimate with Mr. Fairman's family, as friends and neighbours in Montreal. He was visiting there, of course, and always came to my rooms. His wife was with him in Ottawa, and on one occasion his wife visited with mine; and talking over this matter with him I told him I would help him, and the contract was given to Mr. Fairman.

11591. You mean by Mr. Whitehead and not by the Government?—Yes; in that way I came into conversation and acquaintance with these gentlemen.

11592. Do you consider that the Government, or any member of the Government, is in any way involved in arrangements between Cooper, Fairman & Co. on the one side, and Mr. Whitehead on the other?—Certainly not.

W. F. JENNINGS examination continued:

JENNINGS.

By the Chairman:—

11593. You have alluded to a material change being effected by trestle work: please explain what change it is and how will it affect the result?—The change that has been made will reduce the immediate cost of the work to the extent of some \$500,000. The reduction may be less, but I believe that will be about it from the quantities returned to me.

Railway Construction—Contract No. 42.

Change as affected by trestle will reduce cost of work by about \$500,000.

11594. Then upon the whole cost of the work, including every kind of item, what do you consider will be the total reduction from the estimate at the beginning?—As at present arranged the reduction will amount to about \$1,500,000.

Upon whole cost the reduction will amount to \$1,500,000.

**Railway Construction—
Contract No. 42.**

Work as finished will amount to \$2,500,000 instead of \$4,000,000.

Trestle work temporary, gaps at future time to be filled in with earth.

Boring rods used for testing the depth of those water stretches with soft deposit at bottom.

From two to four men required for boring.

Some borings sixty feet, in one case 100 feet.

Borings made were not exhaustive. Points at which more borings must be made.

11595. The moneying out of the items in the original estimate, upon which tenders were given, we understand to be something over \$4,000,000 for the whole: is it that what you have understood?—It is.

11596. And do you think now that the work as finished under the changes which you have alluded to, will amount to somewhere about \$2,500,000?—That is about what I make it by the estimates returned to me. My returns would show that correctly.

11597. Is it intended that this trestle work should be only temporary and shall be at some future time filled in with solid earth embankment?—I should say that that course will be pursued.

11598. Then the expenditure required for that is not actually saved, but deferred?—In some cases there is a permanent saving made, and a very large one. For instance, if trestle work is used in some places for a number of years it defers the total cost of heavy works to such an extent that the interest derived from the sum may be saved, as it would more than pay for the trestle work. It is just a matter of calculation. In some cases it is decreased, and in some it is not.

11599. You were speaking of the bottom of the water stretches that in some places it was likely to be displaced to a great extent by the embankment?—The softer material on top will be displaced by the heavier material used for filling.

11600. How have you endeavoured to ascertain the depth of those water stretches which will probably be displaced?—We have used boring rods for the purpose of testing the depth.

11601. What kind of boring rods?—Three-quarter inch iron pipes jointed.

11602. How were they driven down?—They were bored down. There is an auger on the end and a cross bar through an eye on the upper end. This work was done over the water stretches, principally in the winter through the ice.

11603. Was the boring done by hand?—It was.

11604. No machinery was used?—None whatever.

11605. What force did you put on?—Sometimes four men and sometimes two.

11606. To what depth have you gone with any of those tools?—I think that borings have been taken sixty feet. It would be a great deal farther from the surface—100 feet in one instance—but there was a very small deposit of mud at that crossing.

11607. What is the greatest depth at which you have found a foundation sufficiently firm, in your opinion, to sustain the embankments put over it?—Ninety-eight feet is the greatest depth we have found, but at this point there will be no trestle work, it will be filled with rock.

11608. Do you think that you have made a sufficient test to ascertain the point at which it will be firm enough for trestle work?—I do not. Our borings were made to ascertain, as soon as we could, the character of the bottom; but now the trestle work has been substituted to such an extent, there are points it will require to take additional borings yet, and, as far as one can tell, to get a correct idea of the density of the material at the bottom.

**Railway Construction—
Contract No. 42.**

11609. Then do we understand that you have not had sufficient data yet to know how deep the bottom will be displaced?—Not generally so. I believe we have data sufficient for the completion of the work in the one decided upon, but you see by the substitution of filling there will be no displacing of material in the bottom, except the displacement in driving the piles.

Not enough data yet to know how deep bottom will be displaced.

11610. For the purposes of the work which at present is intended to be made over this line, have you, in your opinion, tested sufficiently the depth of these water stretches?—We have practically; but there are some points that we will have to go over to determine the length of pile necessary.

Generally depth sufficiently tested for present work, but points will have to be gone over in order to decide the length of pile.

11611. Mr. Manning stated, in his evidence, that he thought a depth of 200 feet, or thereabout, would be reached in some places?—Mr. Manning is entirely wrong. There is no point on the line that I know of where the solid rock lies at a greater depth than I have stated—ninety-eight or 100 feet—that I can remember of.

Manning entirely wrong in saying a depth of 200 feet would be reached. No point where solid rock farther than ninety-eight or 100 feet.

11612. Are you aware of any tests having been made by Mr. Manning or the contractors, or any one on their account, which showed a greater depth than those which you have mentioned?—I am not.

11613. Then you are not aware of any reason why he should have come to this conclusion?—I am not.

11614. What is your opinion as to the probable time when this work may be completed, if proper force is used upon it?—The work is to be completed on time as I understand it.

11615. You mean as agreed to be completed. I am not speaking of the time on paper, but of the physical results?—I do not see any reason why the work should not be completed within that time, with a reasonable force.

11616. Have definite instructions been given as to the manner of treating this work over muskegs or water stretches?—Definite instructions were given to me, or sent to me shortly after I left Ottawa, how they were to be constructed.

11617. Mr. Manning was under the impression, apparently, that it was still an open question as to the kind of work that was to be adopted, but that was before he went down lately on the line; do you know if he is still of the same opinion, or whether any one on the part of the Government has informed him to the contrary effect?—No; the original arrangement as to the construction of the line over muskegs, was that the muskeg was not to be used.

Original arrangement that muskeg material not to be used for bank, but Schreiber ordered muskeg to be allowed.

11618. You mean the muskeg excavation?—I mean the muskeg material. However, that was cancelled by Mr. Schreiber, who ordered me to allow muskeg to be used.

11619. Have the contractors, as far as you know, assented to the change from rock-borrowing and earth filling to the trestle work in the localities to which you have alluded?—I do not know that they have done anything with the exception of one point where they have asked for a bill of timber relating to work. It does not affect the water stretches materially. The order in connection with this was given to me at the same time, but it does not refer to these water stretches.

11620. Have they objected to the change from rock-borrowing and earth filling to the trestle work, in any case?—Not to me officially.

**Railway Con-
struction—
Contract No. 42.**

11621. Have they consented that such a change may be made at any locality or every locality?—They have done nothing definite, as far as I know, as regards it.

11622. Do you mean they have not dissented or assented formally to it?—I believe they will dissent from the present mode of construction.

Notified contrac-
tors of changes
from rock-
borrowing and
earth filling to
restle-work.

11623. Are the instructions as to these changes positively given up to this time?—I sent the contractors a memorandum of the changes as directed.

11624. When?—On the 10th of last month.

11625. Was that the first time at which the contractors were notified of those changes being made, or being about to be made?—In writing it was; at two points. At a previous date I informed Mr. McDonald, one of the contractors, that at two or three points rock-borrowing had been adopted, but it had not been decided as to when the work would be allowed to be commenced on it.

11626. Has there been any dispute between the Government and the contractors or their respective engineers, upon the subject of measurements—I mean either quantities or classification?—The contractors claimed that the classification of loose rock is not according to their ideas. They think that the items as returned in the estimates are far too small.

Loose rock - dis-
pute as what is
between Govern-
ment engineer
and contractor.

11627. Upon what ground?—On the ground that they say anything in the shape of a stone, no matter what size it may be, is loose rock, from the size of one's fist upwards. Of course I could not admit that.

11628. Are you adopting the classification directed by your superior officer?—I believe I am as far as possible. The only classification, as far as loose rock is concerned as to the size, is that anything under what two men can put into a cart alone is not to be considered as loose rock, unless boulders were found in a mass or cemented. I do not know whether I gave written instructions to the division engineers, but certainly I stated that anything over that should be measured and returned, or, if it was found loose, that the rock in cuttings was found in an awkward position that would put the contractors to greater expense in taking it out, their judgment was to be exercised in the matter. Speaking about the loose rock matter lately, I said I would go into it more fully.

Line improved in
consequence of
changes resulting
in a reduction of
cost.

11629. Have the changes of line and the grade and the consequent reduction of cost in any way affected the efficiency of the railway?—Not at all. I think it is improved.

Telegraph—
Maintenance.
Contract No. 4.

11630. Is there any other matter connected with this particular section which you think ought to be given in evidence in order to assist us in our investigation?—Not that I can think of relating to the contract.

11631. Is there any other matter connected with the railway generally, any part of it or any work on it, which you think ought to be given in order to assist us in our enquiry?—Relating to the telegraph, I think that a change would be beneficial.

11632. Have you found difficulties?—We have.

Line down a good
deal.

11633. What are the troubles?—The line is down a great deal; at least it was down during the early spring, and up until lately it was in a very bad state.

**Telegraph—
Maintenance—
Contract No. 4.**

11634. Who was the person representing the contractors for the maintenance of the line?—As far as my section is concerned, Manning, McDonald & Co. have had the maintenance for some consideration, that is in connection with their work. I believe they keep it in repair for the privilege of doing their business over the line.

Manning & Co. supposed to keep a telegraph line on their section in repair.

11635. Have you complained to them of its inefficiency?—I have. They have spoken to me about it, and I have telegraphed to Mr. Brown to send repairers out, which he did.

11636. What Mr. Brown?—Not Mr. Brown. I should have said Mr. Macdougall.

11637. What Mr. Macdougall?—I believe he is the superintendent of the line.

11638. Where?—In Winnipeg; and last year I telegraphed to Mr. Macdougall, at Thunder Bay, if I recollect aright.

11639. Have these obstructions delayed your business?—My business has at times been delayed, and I have been obliged to wait sometimes for answers to my questions.

11640. How long have you waited?—Several days at times; in fact until the time of my departure I have waited three days for an answer to a telegram that I sent to Eagle Lake, and had not received it up to the time I left Rat Portage to come here on this occasion; that is the longest interval that I can remember of just now, but according to the returns sent to me the line was in a wretched state; now it is somewhat better, although I have not got this last month's report in yet.

Line was in wretched state. Now somewhat improved.

11641. Could you say in what proportion of the time it is not in working order, owing to defective maintenance?—I think during the spring; as a through line, it must have been more than half the time out of order.

During spring line more than half the time out of order.

11642. Is it better maintained or does it work better at any other season of the year than the spring?—In winter time it works better.

11643. Can you explain the reason?—On account of the dryness of the atmosphere, the want of rain and fewer storms, the poles are more firmly held in the ground with the frost.

11644. Does the line go over water stretches?—It extends over several of the water stretches.

11645. Does the ice affect the usefulness of the line?—I have never seen the line down on the ice, but I have found it myself down in the water of the Winnipeg River, and ordered it to be put up, and I have heard of it being in the water at other points.

11646. Then, upon the whole, do you say that it is insufficiently maintained?—It would not be called now a first-class line. During the spring it was certainly in a wretched condition, but repairers have been at work during the last month or six weeks.

11647. Of course it is not very easy to understand the distinction between a first-class line and a second-class line; but we can understand if you say whether it is sufficiently or insufficiently maintained?—It is insufficiently maintained.

Insufficiently maintained.

11648. Is there any matter pertaining to the Pacific Railway which you think proper to give by way of evidence?—I think not now.

**Railway Location—
Contract No. 42.**

With more time probably a better line could have been laid.

11649. Have you any reason to think that if further time could have been given you would have been enabled to give a better line than the one as now at last arranged for?—I think the line could have been improved in places a little—perhaps deviations made. I am not at this moment positive, but it seems to me that a country of that kind will stand a very great deal of surveying, because when one can make changes from time to time, by which large reductions are effected, I think the more time you have, that is within a reasonable period, the more you can do.

With more time the line might have been somewhat though not materially improved.

11650. Would the changes which you think are possible materially affect the line?—I do not think that material changes could be made. I do not know of any, but of very minor ones. What I mean is, that if the contract had not been let, and the construction people following us, I would have, perhaps, diverged to other lines and tried other points. I did the best I could under the circumstances; but if I was going into the country to find a line I would take more time and go over a larger area of country to look for a line.

11651. Have you any reason to know that if you had taken more time there would have been a materially different result?—None whatever. I simply make that statement on the belief that a rough country will stand a great deal of surveying, and that it will turn out to be economical.

11652. Have you anything further to say on the subject?—Nothing further that I can think of.

NIXON.

THOMAS NIXON'S examination continued :

**Furveyorship—
Private transactions with
Alloway.**

Knows nothing about note for a \$1,000 which Manager of Bank swears bears his endorsement.

By the Chairman:—

11653. Since you gave evidence this morning, Mr. Brown has appeared again on our summons, and has said that, in his opinion, there was no other Thomas Nixon at that time whose name would have been accepted by him on Alloway's paper, and he expressed the opinion very strongly that you were the endorser: are you of the same opinion now?—I do not know anything about it. You can get the note from Alloway, I suppose, if you wish to do so.

11654. Do you say, as a matter of evidence, we can get the note from Mr. Alloway?—No. I said I supposed you could. I suppose Alloway is an amenable and can be brought before you. Mr. Brown showed me that there was a note discounted in the month of November, 1875, for fifteen days, for \$1,000.

11655. From what you know of Alloway's business habits, do you say it is likely that he would have the note now?—I do not know anything about Alloway's business habits.

11656. Would you take the trouble yourself to see if you could get the note from Alloway?—I shall not do it. I do not think it is fair for you to ask me. I have quite enough to do to attend to my own business without attending to Alloway's.

11657. Do you wish us to understand now that you adhere to your former statement, that you were never an endorser upon Alloway's paper?—I do not know anything about it. I do not remember; I do not remember now endorsing any paper for W. F. Alloway.

11658. And not remembering it, do you adhere to your former statement?—That I did not?

11659. That you did not?—I suppose I ought to.

11660. Do you, I am asking?—Yes.

11661. That will do?—Are you through with me now; because I would like to make a statement if you are?

11662. Is there any other evidence which you wish to give to the Commission upon any of the matters upon which you have been questioned?—Yes; I would like to tell you how I became first acquainted with Alloway, if you will accept it. I see there is an evident desire to make me a partner of Mr. Alloway's, and that desire has been evidenced by the way you have examined me all the way through, Mr. Chairman. I wish now to make the statement that when I came to this country I found, I presume some three months after my arrival, that Alloway was a partner with the Hon. James McKay in transporting goods for the Government, at the rate of \$5 per 100 pounds for 300 miles to Fort Pelly. The Hon. James McKay got five cents from the Commissioner of the Mounted Police or his adjutant. That was the contract; and the first transaction I had with this man—I mean Alloway—was his coming to my office and asking payment for some \$13,500 for this service, which had been performed before I came to this country. I then asked him what I had to do with him? and he explained to me that he was a partner of the Hon. James McKay in this contract. I just mention this to show that this man Alloway was in the freighting business before I came here, and that will account in some measure for my transactions with him. My next transaction with him was giving him \$4 per 100 for the same service, or for a little further service—it was really to Swan River, ten miles further than Pelly, and I really had to pay for the looseness of the manner in which the previous contract was made with McKay, as we had to pay an extra amount over and above the \$5 a 100 for the contract was made to Fort Pelly instead of to Swan River, and I had to pay for the extra distance. This threw me into communication with Alloway. Then you asked me about some hobbles, and you dwelt considerably on it. I have gone to Hugh Sutherland since, and he told me that he never paid less than a \$1.50 for a pair of hobbles, and he is willing to state it under oath. Then there is this freighting to the North-West Angle. Mr. Sifton has freighted out to the North-West Angle, and he is prepared to make an affidavit that he did pay \$2.50 per 100 for ordinary freight. I am not sure whether he said he ever paid less; and Charles Whitehead told me that they had paid \$2.25. I wish further to say that Dr. Schultz wrote a private letter to Sir Charles Tupper stating: "It can now be readily proved that Nixon was a partner with Alloway." I desire to say it is a most confounded lie; that I never was, directly or indirectly; and, more than that, that Alloway took a declaration before a Magistrate, that directly or indirectly, I had never received from him a present; I had never had any commission from him; I never was a partner with him in any transaction, in any connection with Government supplies, or in any transaction with the Government. Mr. Ashdown made the same declaration before a Magistrate; Mr. Bannatyne made the same declaration before a Magistrate; Mr. McTavish made the same declaration before a Magistrate; and, if I mistake not, the Honourable James McKay did before he died; and these documents I sent to the former Commission

**Purveyership—
Private trans-
actions with
Alloway.**

Swears notwith-
standing evidence
to contrary that
he did not en-
dorse Alloway's
note.

How Nixon first
became acquaint-
ed with Alloway.

First transaction
with Alloway.

Second transac-
tion with Allow-
way.

Hobbles, price of.

Denies ever
having been a
partner with
Alloway in any
transaction
directly or in-
directly.

**Surveyorship—
Private trans-
actions with
Alloway.**

that tried me, and when I forwarded these documents I made a request that they would be safely kept and returned to me, as they might form part of my certificate of character in my life, as I had no doubt the Government would dismiss me. I never could get the documents back. Mr. McArthur and Dr. Bown were the Commissioners. To this day I never could get them; and I think I have been very badly treated about the whole affair.

11663. There is another question upon which you can, perhaps, inform us; have you found whether that amount of \$2,861 went to your private credit?—It did not. Mr. Brown showed me the bank-books. We went over them, and I have my bank-book here. I think I have been very badly treated.

11664. Is there anything further you wish to give by way of evidence?—No; nothing further.

JARVIS.

EDWARD W. JARVIS'S examination continued:

**Railway Con-
struction—
Contracts Nos.
14 and 15.**

By the Chairman:—

11665. Since you have given evidence upon the last occasion before the Commission, have you inspected any portion of the Pacific Railway?—I have been over the portion of the line between Winnipeg and Rat Portage, or close to Rat Portage.

**Report on loca-
tion and con-
struction.**

11666. As we requested you to give us your views in writing, have you prepared any writing on the subject?—I have. I beg to hand you a report on the subject of my inspection over contracts 14 and 15 (Exhibit No. 108.)

11667. Does this report contain your views as fully as you wish to express them on the subject?—I think I have given my opinions very fully in the report on the state of the work. Naturally enough the inspection was a very hurried one. It only occupied one day going and returning by train; but I have reported on the salient features of the work.

11668. Is there any other matter, either in connection with this particular portion of the railway or any other part of it, upon which you think it proper to give evidence so as to assist us in our investigation?—I think that probably my report covers all the ground on which I can speak with certainty, or on which I can throw any light which will be of any use to you in your investigation.

**TAYLOR &
TODD.**

**Expropriation
of Land.**

JAMES TAYLOR appears before the Commission respecting a claim for land expropriated for the purposes of the Pacific Railway, and wishes to have the matter investigated.

THE CHAIRMAN:—

The Commissioners find it impossible to take up the subject of claims concerning lands between owners, or other persons interested, and the Government. If it is within the scope of their Commission to make such an enquiry, it will have to be done on some future occasion. It is not, therefore, necessary to decide whether it is actually within their duties or not. For the present, at all events, the decision is not to enquire into that subject.

ALBERT TODD appeared for the purpose of urging a similar claim. The matter was disposed of in the same way.

Telegraph—
Tendering—
Contract No. 4.

P. J. BROWN, sworn and examined :

By the Chairman :—

11669. Where do you live ?—I live at Ingersoll.

11670. Have you had any transaction connected with the Pacific Railway ?—None whatever.

11671. Or the telegraph lines pertaining to the Pacific Railway ?—I am one of the contractors for the construction of the telegraph line from Lake Superior to Red River. A member of the firm of Oliver, Davidson & Co.

11672. Was the work let by public competition ?—It was.

11673. Were you one of the persons who tendered ?—No; we did not tender. We took the tender of Mr. R. T. Sutton, or Sutton & Thompson, of Brantford—Oliver, Davidson & Co. Took over the tender of Sutton & Thompson.

11674. Were you one of the firm of Oliver, Davidson & Co. ?—I was.

11675. Who were the other members ?—Adam Oliver, of Ingersoll ; and Joseph A. Davidson, of Toronto.

11676. Did you take any part in the negotiations which led to the procuring of the Sutton & Thompson interest in the tender ?—No; except so far as the arrangement with Sutton himself. We did the work, supplied the capital, put up the security, and gave Sutton a quarter interest. We simply stepped into his boots, did the whole of the work, put up the security for the Government, and gave him a quarter interest. That was the agreement between our firm and himself. Witness's firm did the work, supplied capital, and gave Sutton a quarter interest.

11677. Who took part in the negotiations which brought about that agreement ?—Sutton came to Oliver and myself in the first place, and showed us a telegram from the Department calling upon him to put up the security within a few days. He said he could not do it, and he made us the offer, which we accepted. Oliver went to Ottawa and put up the security, and Sutton assigned us the contract, and we stepped into his boots. We had no communication with the Department at all on the subject, or with him, prior to his coming to Ingersoll to see Oliver and myself. Negotiations leading to agreement.

11678. Had he the telegram with him ?—He had, and produced it. I saw it. I think the telegram was calling upon him that his tender had been accepted, and calling upon him to put up the security in three days, if I remember right. It may have been five days; but I know the time was so short that Oliver left on the evening train, and went to Ottawa, and was only there in time to put up the security. Oliver bearing telegram to Sutton goes to Ottawa and puts up security.

11679. The telegram was addressed to Sutton, and not to Oliver, Davidson & Co. ?—We knew nothing about it, and paid no attention to it until we were approached by Sutton with this telegram from the Department.

11680. Do you remember who signed the telegram ?—I think it was Mr. Braun, the Secretary of the Department.

11681. And you say that the telegram stated that a certain time would be given ?—That he had three days time in which to accept the contract and put up the security. It may have been five days; but I am quite sure it was three days.

Telegraph—
Tendering—
Contract No. 4.

Witness and
Oliver purchased
\$10,000 bank stock
for security.

11682. Do you say that within the time named in that telegram your partner arrived at Ottawa and put up the security?—Yes; within the time named. The reason I know it so particularly well, Oliver was at that time a candidate for the local election in South Oxford, and it was two or three days before the nomination, and he wished to put it off until after the nomination, but the Department would not do it. So he and I went to Toronto that night, and the next day purchased \$10,000 of Federal Bank stock, which was the sum required to be put up for the security for the contract.

11683. Did you go to Toronto with him?—I did.

11684. Did you go on to Ottawa?—No; I did not. I signed the contract in Ingersoll. It was sent to me.

11685. Do you remember whether that telegram was addressed to him alone or to the firm of which he was one of the members?—I could not say.

11686. Do you know whether he was authorized to act on the part of William Thompson in disposing of the firm's interest in the tender?—He told me he had authority.

11687. Was it upon his word to that effect that you acted?—Yes; because he afterwards procured the signature of Mr. Thompson.

11688. Did he explain to you about the connection with Mr. Thirkell?—No.

11689. Were you not informed at that time that he and Mr. Thirkell were interested in the matter?—Not at that time; the thing was all done on the spur of the moment. The telegram that he had was that he had either to put up the security in three days or the tender would be passed over.

11690. Do you remember whether you communicated with the Department after you had acquired this interest from Mr. Thompson before Mr. Oliver went to Ottawa, or was the first communication with the Department Mr. Oliver's presence in Ottawa?—Mr. Oliver did not want to go down for a week until after the nomination for South Oxford, but the reply was that the thing must be done at once, and he went down to Ottawa next day.

11691. Do you think you saw the reply to that effect?—Yes; I remember it distinctly.

11692. Who signed it?—Mr. Braun, Secretary of the Department.

11693. So that the Department refused to give you the time that was first asked for, and in consequence of that refusal it was closed within the time first named to Mr. Thompson?—Yes; within the time first named in the telegram sent to Mr. Thompson—either three or five days, as I said before.

Never understood
how Thirkell's
interest had been
disposed of

11694. Did you ever understand from Mr. Thompson how Mr. Thirkell's interest had been disposed of?—No.

11695. Did you ever understand from the Department or any one else?—No.

● 11696. When Mr. Thompson came to you to explain?—Thompson never did come to me.

Telegraph—
Tendering—
Contract No. 4.
Sutton showed
his figures.

11697. I mean Mr. Sutton—when Mr. Sutton came to you to explain that the time was short and he wished to make arrangements with you without delay, had he any means of informing you of the price at which he was to get the work?—Yes; he showed us his figures, certainly; he showed us a copy of his tender.

11698. Was that Sutton & Thomson's tender or Sutton & Thirtkell's?—I think it was Sutton & Thompson's. I would not be sure, but I think it was.

11699. Did he say whether it was altogether his or whether Thompson and he had each an interest?—He treated the matter as his own. I know the agreement between Oliver, Davidson & Co. was with him personally.

Sutton treated the matter as his own. In addition to a quarter interest \$800 was given to be handed to Thompson.

11700. He led you to understand that Thompson's name was used, not because Thompson had any interest in the matter, but because he was a help to him?—In addition to the quarter interest we gave Sutton \$800, which he informed me had to go to Mr. Thompson. I do not know whether it did go to him or not, but I know he got \$800.

11701. Do you know whether Mr. Thirtkell made any claim afterwards in respect to the contract?—No, I do not. I never saw Thirtkell and never knew the man.

11702. Do you know whether the amount at which the contract was closed was the same amount as stated in the tender which he showed you, and if not, how much higher was it?—I think it was the same amount. I have got all the papers at home. It is scarcely fair to ask me at this hurried moment—my impression is, it is the same amount.

11703. Will you be able to send us the original papers?—I think so; but I am not going down for a month or more. I have the agreement with Sutton, and I think I have the identical telegram from the Department to him, but I would not be positive. I have all the papers together.

11704. You think they are still in your custody at home?—That is my impression—except when we settled with Sutton the other day—they might have been destroyed or put away. I could not say; that is two or three months ago I settled with him.

11705. Was the settlement with him since the Commission was appointed?—No, before. It was last March or April—I think it was.

11706. Who has been the active member of the firm?—Mr. Oliver was the active member in the construction. I have had charge of it during the last year and a-half.

Oliver was the active member in the construction. For a year and a half back witness in charge.

11707. Are you still jointly interested with the gentlemen named in the firm?—The firm has been dissolved. Davidson is out of the firm. I have his interest, but Oliver still has the same interest. I think with the Government the contract has not been changed at all, it is Oliver, Davidson & Co.

Firm dissolved.

11708. With an arrangement between yourselves?—Yes.

11709. There has been no release on the part of the Government of any member of the firm?—No.

11710. Are you aware that there has been considerable complaint about the manner in which the line has been maintained?—Yes.

Maintenance.

**Telegraph—
Maintenance.
Contract No. 4.**

Thinks the causes of complaint against telegraph line rest with the engineer and railway contractor.

Special cause on section B.

Line down ten days, the cause being outside witness's management.

On section B the difficulty arose in regard to removing the poles from the centre to the side

On section A contractor excavated round the poles and did not leave sufficient earth to keep them in position.

Thinks that outside of section B there has not been much cause for grumbling.

11711. Have the complaints been upon the part of the public or by any particular person?—I think the cause of the complaint has been more particularly with the engineer in charge of the line and the contractors as well. The contractors in doing their blasting blow the poles all to atoms, and then take their own time to put them up. I have furnished the engineers with offices and instruments wherever they have asked for them. They do their own operating when it suits them, go away to their work, turn off the ground wire and remain away two or three days, in one instance I remember three days. My chief manager at Fort William, Mr. Macdougall, has the whole day and date and where the thing occurred, and in several instances there is a half a day and a day when the delay arose in the engineer's offices. Then another cause of trouble that has happened, particularly on section B, as first located on that section, the line of poles were put in the middle of the road bed. As soon as Mr. Rowan called my attention to the facts I applied to the Department for permission to remove those poles myself to the side of the line.

11712. Was that at the expense of the Government or at your own expense?—At the expense of the Government. I made two applications, both to Mr. Rowan and Mr. Fleming, and I am not sure but that I wrote to the Department direct on the subject, but instead of giving me that permission they have given it to the contractors on section B, Manning & McDonald. They took down my telegraph poles and placed them over on the side on the cleared line. They place them where they wish, and when they wish; it is only recently the line has been down ten days on that account, that is what my foreman tells me. I have two repairers between here and Rat Portage who are up and down the line all the time.

11713. Is Conners one of them?—A man named Fleming is one of them, but I do not know the name of the other. Mr. Macdougall can tell his name. I have Mr. Oliver on B, and Mr. John Robinson on section A, and another man between here and Rat Portage, and I have spent within the last four months upwards of \$3,000 for new poles in endeavouring to put the line in order.

11714. Over what portion of the line has this difficulty occurred in removing the poles from the centre to the side?—On section B; frequently the poles are placed according to the instructions of the engineers, and they place them in the centre of the clearing. We were obliged, according to our contract, to clear to the width of 132 feet, and were instructed to place them in the centre, but the engineer on the other end (Mr. Hazlewood was then engineer in charge), on east of Eagle Lake, instructed us to put them on the side which turned out not to be all right. On section A the only trouble we have had there was in excavating; the contractor cared so little to assist us in keeping up the line that they excavated about the poles, and perhaps would leave a foot of earth about them, and the first wind that would come would blow them over, and I would have to send men perhaps eighty miles to put them up. I have charged in all those instances, and have made a memorandum of the number of poles that were left in that manner. The first wind that would come along would blow them over.

11715. With the exception of section B, where the trouble is occasioned as you say by the careless way in which the poles have been moved, has the line been maintained in good order?—I think so; I

Telegraph—
Maintenance.
Contract No. 3.

think east of Eagle Lake or probably east of Wabigoon, there has not been really much cause for grumbling, and I think the same thing may be said between here and Cross Lake. It is surely through that infernal region if you may so call it.

11716. You mean section B?—Yes; the great difficulty in a great many places was that there was not ground enough to sink a pole, and we had to build a frame to keep the poles up.

11717. Of what timber are the poles in that section?—All tamarack.

11718. I have an impression that Mr. Caddy, who is stationed at Thunder Bay, said that some of the poles are not tamarack?—Between here and Rat Portage I sub, let the work to Sifton, Glass & Co. Our firm sublet that 100 miles, and I was not aware of it until I came here about two years ago, or a year and a-half ago, that the most of the poles that they put in are poplar poles. They will all be replaced now with tamarack poles and peeled at that. My impression is that east of Rat Portage there are not a dozen poplar poles. There may be, but if there are I have never seen them. Quality of poles.

11719. Do you know whether there are a considerable portion of ordinary pine poles?—I do not know.

11720. Do you say that you think they are entirely tamarack poles?—I think the great bulk, if not the whole of them, are tamarack poles. Our agreements with our sub-contractors were that they should be tamarack poles; all subject to the approval of the engineer in charge. I have the sub-contracts at home. Sub contracts to the effect that poles should be tamarack.

11721. Do you know whether the poles put up for the purpose of replacing those that have fallen, are of the same material as the poles originally put in?—I could not say; but I understood that the Department authorized Manning, McDonald & Co. to remove those poles.

11722. I am alluding to other portions of the line where repairs have been made by the repairers?—You will have to ask Horace Macdougall who is the manager at this end, and Neil Macdougall who is manager at the other end, at Fort William.

11723. Do you know the life of the wood used in that work and whether poplar or tamarack is likely to last the longest?—Tamarack is the best.

11724. Upon what arrangements is the line working as to prices?—The same as Ontario rates.

11725. And for whose benefit?—For the benefit of the contractor. All Government messages, however, are free. Line worked for benefit of contractors: all Government business free.

11726. With the exception of Government messages you get the prices paid?—Yes; and I think that the engineers abuse the privilege of the Government messages. If they want a pair of boots they will telegraph for them; and I have known Mr. Caddy at Fort William telegraph to Sarnia to send him by the next boat, seed potatoes and seed turnips and other things—a message that must have cost \$5. I have known several instances where they sent their messages for every little paltry thing they want, but I have never grumbled about it, and I furnished them an office wherever they wanted it. I think I have some thirty or forty instruments on the line now.

**Telegraph—
Maintenance.
Contract No. 4.**

If line had been properly under witness's control there would not have been the same cause for complaint.

11727. Is Mr. Macdougall in Winnipeg?—Yes; Mr. Horace Macdougall is my agent in Winnipeg.

11728. Is there any other matter in connection with this contract, or the fulfilment of it, which you think proper to give by way of evidence?—I do not know of anything else. I would say this: if I had had the thing properly under my control I do not think there would have been the same cause for grumbling, not only on behalf of the public, but on the part of the Government, as there has been. I may mention the delays of the engineers and their incompetency. A great many of the engineers have the old way of operating, and take the message very slowly with the paper ribbon, and then with the most of the contractors it has been almost impossible to keep the line in as efficient a state as it could be.

11729. Is there any other matter connected with the railway, independent of this telegraph contract, which you can explain so as to assist us in our investigation?—No; I know nothing of the railway. I have tendered occasionally, but I have never been so fortunate, or unfortunate, as to get a contract.

O'LOUGHLIN.

**Steel Rails—
Cooper, Fairman & Co.**

MACROY O'LOUGHLIN, sworn and examined:

By Mr. Chairman:—

11730. Do you know whether Cooper, Fairman & Co, of Montreal, were engaged in furnishing any supplies to the Government, or any Government officer, for the railway?—I am aware of the steel rails contract, and also a contract, I believe—I cannot say that I am actually aware of the latter that is for the supply of the spikes and bolts.

11731. Where do you live?—In Winnipeg.

11732. How long have you lived in Winnipeg?—About three years and three months.

11733. What do you know about that contract?—I know nothing more than that they have a contract, but the details I know nothing about.

11734. How do you know that they had a contract?—I was in their employ in Montreal previous to coming up here on their business, and, while in their Montreal office, I understood that they had obtained a contract by tender from the late Government, to supply steel rails to the Canadian Pacific Railway.

11735. From whom did you understand that?—I cannot say that I understood it from any one in particular but it was the general impression in the office, and that is where I got the impression at the time. The detail, was carried out in the private office of Mr. Cooper and Mr. Fairman, of Montreal.

11736. Do you know whether they assisted Mr. Tuttle with the conducting of the *Times* Newspaper?—I do.

11737. Had the assistance any connection with this contract or with any other contract?—None whatever.

**Helping Newspapers—
Alleged improper influence.
Cooper, Fairman & Co. assisted Tuttle in connection with the Winnipeg Times.
This assistance had no connection with steel rails contract.**

**Helping News-
papers—
Alleged impro-
per influence.**

11738. Do you know for what reason the assistance was given, that is upon what ground?—The facts I do not know of; but I understand, at least, I have always understood, that Mr. Fairman and Mr. Tuttle were friends prior to Mr. Tuttle's coming to this country. I left there in 1877, and did not know Mr. Tuttle until after the paper was started here—the *Times*. The only reason that I knew of was to assist Mr. Tuttle, I think, on the grounds of friendship.

The only reason known to witness why Cooper, Fairman & Co. should assist witness was on the grounds of friendship.

11739. Do you know whether there was any understanding between them, or any reason for an understanding between them, that the assistance was given in consequence of Mr. Tuttle's influence with any Minister of the Crown or any Member of Parliament?—I do not know of any.

11740. Mr. Luxton has mentioned your name as one who could give information upon the subject of this assistance, and of the connection of Cooper, Fairman & Co. with the railway: we would like to know, if we have not asked the question on the subject, what you know upon the whole matter or any part of it?—Any assistance that was given to Mr. Tuttle, in Montreal or Ottawa, I know nothing whatever about it, if there was any given. The assistance that was given here amounted to, I think, \$200, if I remember right, for which Mr. Tuttle gave me a note payable to Cooper Fairman & Co. in settlement thereof.

In Winnipeg \$200 given to Tuttle for which he gave note payable to Cooper, Fairman & Co.

11741. Were you in that matter acting as agent for Cooper, Fairman & Co.?—I had charge of Cooper, Fairman & Co.'s business here for two years and a-half, until I changed from Cooper, Fairman & Co. to the Hamilton Powder Co., about the middle of January last.

11742. Was it while you had charge of Cooper, Fairman & Co.'s business that this advance was made and note given?—Yes.

11743. Was it negotiated through you—I mean the advance and the taking of the note—was it negotiated through you, or did you obey somebody's instructions?—No; I did it on my own responsibility, feeling confident on the position that I held that I was justified in doing so, and that Mr. Cooper and Mr. Fairman would uphold me in doing so. They were away at the time.

Witness acted as agent of Cooper, Fairman & Co.

11744. As it was done on your responsibility and entirely through you, you ought to know the motives which led to its being done; now, as to those motives, what do you say?—So far as the motive is concerned, the only reason that I can remember of at the time was, that Mr. Tuttle wanted \$200 for some purpose that day, and he came to me, being the agent of Cooper, Fairman & Co., and got it. I do not know any other motive than mere friendship at that time.

11745. What position did you occupy in the Montreal establishment?—I was in the general office.

11746. Was it a wholesale house?—Yes, it was wholesale—heavy hardware and railway supplies.

11747. Was it in connection with the books or the active management?—No; it was in connection with the active management; the book-keeper was there as well, he had charge of the books, and I had nothing whatever to do with them.

11748. Do you remember about the time that it was understood that they got the contract for steel rails?—I do.

11749. About what time?—You mean about the date?

**Cooper &
Fairman-
Mackenzie
Partnership.**

Personally knew nothing about contract for steel rails.

11750. Yes?—I cannot place that exactly.

11751. Do you remember the circumstance of Charles Mackenzie going out of the firm?—I knew personally nothing about that; that was entirely done, I believe, with Mr. Cooper and Mr. Fairman. I remember Mr. Cooper mentioning, prior to the steel rails contract, that Charles Mackenzie had retired from the business, and that they were going to continue it on alone.

11752. Was there any general understanding about the establishment at that time as to the extent of the business, whether it had been successful or otherwise or were there any difficulties?—That I could not say; I had not been with them sufficiently long to know that. I knew nothing at all about their private affairs whatever.

**Helping News-
papers—
Alleged Impro-
per influence.**

Cooper, Fairman & Co's. business successful.

Cooper, Fairman & Co's. furnishing Whitehead with supplies nothing to do with the \$200 advanced on Tuttle's note.

11753. I am asking you if it was the general understanding among the persons in the office?—The general understanding in the office among the clerks and employes was that they were perfectly good, they felt quite confident.

11754. Cooper, Fairman & Co. also furnished supplies to one of the contractor. Mr. Whitehead?—Yes.

11755. Had their advances anything to do with that transaction?—Nothing that I am aware of.

11756. Would it have had any connection with them without your being aware of it: in your opinion was there any person else who would have been more aware of the reasons of the transaction than you were?—No one except Mr. Cooper or Mr. Fairman.

11757. Would they have understood it better than you did?—Certainly; if there was any other understanding.

11758. But I was led, from what you stated, to believe that it was done entirely on your own responsibility and not through them?—When I say on my own responsibility, I mean on the responsibility as their representative, I advanced \$200 of their money—I think it was \$200.

11759. Was it in obedience to instructions from your employers, or was it done on your own responsibility, assuming that they would approve of it?—I did it on the responsibility assuming that they would approve of it.

11760. Then is there any person else better able than you are, to tell the reasons for it being done?—Not that I know of. There is no other party.

11761. Is there any other matter connected in any way, directly or indirectly, with the Pacific Railway on which you can give us information by way of evidence?—Nothing that I know of.

LYNSKEY.

**Railway Oper-
ating—
Pemb. Branch
& Contract 14.**

THOMAS J. LYNSEY sworn and examined:

By the Chairman:—

11762. Where do you live?—In Winnipeg.

11763. How long have you lived here?—Since the 10th of February last.

**Railway Operating—
Pemb. Branch
& Contract 14.**

11764. Have you had any connection with the matters of the Canadian Pacific Railway?—Since then?

11765. Yes?—Yes; but none before that.

11766. In what way have you since then?—As superintendent of the operating of the lines.

Since February, 1880, superintendent of operating lines between Emerson and Cross Lake.

11767. What lines—between what points?—Between Emerson and Cross Lake.

11768. From whom did you receive your appointment?—From the Minister of Railways.

11769. What are your duties?—I have charge of the freight and passengers, and the running of all trains and the main working of it.

Duties of staff.

11770. What staff have you besides yourself to manage that business?—I have an accountant acting as cashier, an auditor who is acting as auditor and paymaster, a store keeper, two clerks, and four clerks in the accountant's and auditor's departments; and in my own office I have one clerk and two train despatchers.

11771. Are the movements of the trains conducted by telegraph?—By telegraph when in operation.

Telegraph.

11772. Who built the telegraph on the Pembina Branch?—I understand that it has been built by the North-West Telegraph Co., and it was formerly on the west bank of Red River. At the time of the building of the branch it was moved on to the Pembina Branch, but I cannot say from my own knowledge.

Telegraph line built by North-West Telegraph Company.

11773. Do you know if it is Government property in any way?—No; I think not.

11774. What is the arrangement between the Government and the company concerning it?—As far as I can understand there is no arrangement at present, they are there on sufferance.

No arrangement with Government—there on sufferance.

11775. Are the messages paid for on any particular tariff?—The regular tariff, and the Government gets 25 per cent. reduction under the arrangement with the late lessees, Upper & Co., and that arrangement continues at the present time.

Government gets 25 per cent off regular tariff.

11776. Could you say, in round numbers, what is the expense to the Government for messages over this branch?—I could not say, but I think my own will average about \$25 a month, but Mr. Schreiber's and Mr. Owen's are separate accounts and I do not know. I could only give you in connection with my own office. This arrangement I speak of only extends from Winnipeg southwards—from Winnipeg to St. Vincent.

11777. There is no telegraph on the Pembina Branch north on the line?—No, it is on the west side of the river and is very unsatisfactory to have it work on the west line, because there is a great deal of delay and loss for not having it even to Birds Hill where we were working steam shovels and ballast trains. We have to work it by rules that they will cross at certain points. Trains that are delayed have to stop there in case another train is passing.

Telegraph arrangements very unsatisfactory.

11778. So that the movements of the train cannot be worked from time to time as occasion may require, but they are worked by some previous arrangement?—Yes.

**Railway Oper-
ating—
Pemb. Branch
& Contract 14.**

When witness
took charge
road-bed in a bad
condition.

11779. In what state did you find the road and properties connected with it when you took charge?—The road-bed was in a very bad condition. There was about twenty-six miles that had a light coating of ballast, say between St. Boniface and Niverville, and a little beyond Niverville the other portion had no ballast at all.

11780. And what else?—No water tanks on the line. We had to syphon water from the river, which often took longer to get the water required than the time it took to run between St. Vincent and St. Boniface.

11781. Do you mean that the whole time during which the train was in motion would not be as much as the time taken to procure the water to run the train?—In many cases.

11782. Has this defect been remedied?—It has been remedied. There is a tank containing 50,000 gallons erected at Emerson, another at Otterburn, and one at St. Boniface, and there are two more, one at Niverville and one at Dominion City, now in course of construction.

11783. Are these answering the requirements?—They will answer fully the requirements this winter.

Road in good
order now.

11784. Has the defect in the road-bed and track of which you speak been remedied?—Yes. The track between Emerson and St. Boniface is very nearly complete now, fully ballasted. The portion between St. Boniface and Niverville, which had formerly one coat of ballast, we are going over now and putting it up to the full standard. The point from there to Emerson is fully ballasted and the road is in very good order now.

Bed made too
wide originally.

11785. Was the condition in which you found the road-bed, when you took charge, attributable to the operation of frost going out of the ground, or was it from the improper formation of the road-bed?—I think the bed was made too wide, and the water lay on it, as well as the nature of the soil. Just immediately after the rainy season commenced the ties and rails went down out of sight, and we had to plough the mud with the cow-catcher in going over it, and had to slacken the speed to at least ten miles an hour.

11786. Do you mean that is the greatest speed at which it was safe to run the trains?—A good part of the road it was, in fact, in many parts of it we had to reduce the speed to five or six miles an hour.

11787. Do you consider if the road-bed had been narrower, that trouble would have been prevented?—To a certain extent I believe it would.

Frost will have
very little effect
on road as at pre-
sent finished.

11788. What did you think of the operation of the frost or rains in spring, now as the road is at present finished?—I think it will have very little effect on it.

Good drains.

11789. Is there plenty of drainage?—There is a good drainage; there are deep drains on each side, and between twelve and eighteen inches of gravel on the road-bed.

Freight sheds at
St. Boniface un-
equal to the
demands even
now.

11790. What accommodation did you find in the buildings at the time you took charge?—The buildings between Emerson and St. Boniface were very fair, they were new buildings, the same as we have at present. At St. Boniface the buildings were defective, in fact they did not afford one-tenth of the freight accommodation that is required, then or now.

**Railway Oper-
ating—
Pemb. Branch
& Contract 14.**

I put up a shed about 150 feet, temporarily to cover in the freight until there is a new building erected.

11791. Have orders been given to erect buildings which you consider to be sufficient?—I think not yet; it is under consideration, and I think will be attended to very shortly now for the winter.

11792. So as to make them useful for the winter?—I think so.

11793. Can it be done?—Yes; it could be done in four or five weeks. There is no plastering, it is all wood work. If the piles were driven the building can be put up in four or five weeks.

11794. Did you organize the staff under you, or where they here Staff. when you came?—I brought them with me, and found some of them here.

11795. Has there been any trouble on account of the conduct of your subordinates since you came here?—There has been considerable trouble.

11796. Of what nature?—Some claiming higher wages than I was instructed to give, and from time to time we had to meet the difficulty about it, and put it up to the rates paid by lines which we are now paying at present. In many cases we were paying more than what they were paying. On connecting lines they were paying by the hour, and on the St. Paul, Minneapolis and Manitoba Railway, they are paying at the rate of \$45 a month. Our men worked long hours, and many of them drew \$70 a month, according to the time they made.

11797. Did you encounter any other difficulty in the management of the business?—There was considerable drinking, in the beginning among the staff, and I had to dismiss them and replace them by better men.

11798. Have the difficulties with the men been overcome, in your Staff in good opinion?—Yes; the men are working now in good order. shape now.

11799. Is there any other matter which has occasioned you unexpected trouble?—The want of proper accommodation.

11800. Do you mean of buildings?—Yes; want of buildings in St. Boniface and Winnipeg.

11801. That I understand is likely to be remedied?—Yes; it is likely to be remedied.

11802. But no positive orders have been given yet?—Not that I am aware of. We were also short of rolling stock and locomotive power.

11803. What rolling stock had you at your command in the beginning?—I had three locomotives when I took charge, two old passenger cars, six box cars, and forty flat cars. Rolling stock at witness's command when he took charge

11804. Do you say that was insufficient for the business?—Yes.

11805. How much more were required at that time?—About as many more engines as we had then were required, and thirty or forty box cars, and about 100 flat cars.

11806. Had you been given to understand at all the amount of business which was likely to come over the road when you first came up. —Yes; I was told that the business would be a good deal larger than I expected.

**Railway Oper-
ating—
Pemb. Branch
& Contract 14.**

Found business
good.

11807. How did you find it?—I found it very good. At the first month, February, the St. Paul road was pretty well blocked with snow, and most of March it was blocked, and when the season advanced, the freight was rushing in on us very rapidly, as high as 100 cars a day, the latter end of March, so that our work came all at once.

How he managed
with defective
rolling stock.

11808. How did you manage with the short rolling stock?—I had to work them night and day, and kept them on the move. The moment a train came in I had to send it right back with a fresh crew on it.

11809. Was there any other difficulty with which you had to contend at the beginning?—I think these were the chief difficulties.

Bulk of business
formerly done by
water, done by
rail.

11810. What sort of business has there been done while you have been here?—It is getting brisk, and steadily increasing. The business formerly done by water here has been done this year—the bulk of it—by rail.

Rolling stock at
present.

11811. Have both departments—I mean freight and passenger—kept up?—Both freight and passenger have kept up, and are now increasing. At present we have ten locomotives, ninety flat cars, six box cars of our own, and about ten from the Intercolonial Railway. We do not miss the box car service as much as the flat, for all through freight comes in foreign cars, and we get the use of them by paying the mileage on them.

Eighty flat and
fifty box cars
ordered.

11812. Is there a further supply of cars under contract?—Yes; there are eighty new flat cars, I understand, ordered, and about fifty box cars.

Passenger and
baggage cars
increasing.

11813. As to passenger cars?—Lately I received two new passenger cars and three new baggage and postal cars, and I understand there are two more passenger coaches to follow.

11814. Did you keep separate accounts for the earnings of the Pembina Branch and the main line east of Selkirk?—Yes.

Passenger travel
good.

11815. How has the business been on the main line east of Selkirk?—The passenger travel has been very good, an average of fifty passengers every trip that we go, in and out each way.

Government
alone interested
in receipts.

11816. Is that portion of the line working entirely on Government account?—On Government account.

11817. The contractors have no interest in the receipts now?—Not to my knowledge.

Earnings of road
from Cross Lake
to Emerson from
10th February to
30th June,
\$104,975.69.

11818. Do you know, in round numbers, what the net earnings of the Pembina Branch proper has been since you have been on it?—I could not give you the figures without looking to the accounts. I have come away hurriedly from the office, I did not bring them; but I can tell you what they were for the first five months, from the 10th February to the 30th June.

11819. That will be sufficient?—\$104,975.69.

11820. Is that the net earnings?—Yes, the net earnings; that is taking from Cross Lake to Emerson.

11821. I did not speak of the Emerson Branch, but that will answer. You have deducted from the gross, expenses for labour and all running expenses?—Yes.

**Railway Operating—
Pemb. Branch
& Contract 14.**

11822. You mean the operating expenses?—No; that is the total amount—the total earnings.

11823. I asked you for the net earnings?—The net earnings, or at least the balance after paying everything, would be about \$26,083.63.

Net earnings
\$26,083.63.

11824. What expenses have you deducted from the gross earnings to arrive at that net earnings?—Everything that was consumed by locomotive power, wages, labour of every kind, and material used for repairs.

11825. The maintenance of the road?—The maintenance of the road as far as keeping up the track and telegraph goes.

11826. How often are your returns made to the Department?—
Monthly.

Returns to Department made monthly.

11827. Do these returns exhibit the net earnings?—Yes.

11828. Not the gross earnings?—Net and gross.

11829. In deducting from the gross earnings have you deducted the expenses for ballasting and completing the road?—No.

Money expended under witness in ballasting road not placed to account of working expenses.

11830. You have kept that distinct on construction account?—Yes; it is expected that that will be handed over in working order to the operating department. A road is supposed to be in good working order when we get it.

11831. Do you know what percentage of the gross earnings, in other localities, is considered to be a fair allowance for working expenses and maintenance?—No; I do not.

Working expenses and maintenance 75 per cent. of gross earnings.

11832. In this case it amounts to about 75 per cent.?—Yes.

11833. Have you had experience in the working of other roads?—
Not as a manager, with the exception of three years in Nova Scotia.

11834. What road did you manage there?—The Western Counties, a branch from Halifax to Windsor, and from Digby to Yarmouth.

11835. In what capacity?—As general superintendent.

11836. Similar to the office you have here?—Yes.

11837. How do the climatic influences affect the road here as compared with Nova Scotia?—I would sooner work a railway here than in some parts of Nova Scotia. I think, taking the parts between Truro and Quebec, it is fully harder to work than a railway in this country.

Climatic influences not so difficult for railway working in Manitoba as between Truro and Quebec.

11838. What are the principal difficulties that you have to contend with here on account of those influences?—Drifts; the snow becomes very hard, as hard as if it were gravel.

11839. Have you a snow plough?—None yet. The drifts piled up last season and I had to use road scrapers and teams of horses to keep it open; but there was only one portion, about three miles to three miles and a half, we experienced any difficulty—five miles this side of Emerson.

Snow drifts principal difficulty to be encountered in Manitoba—but these affect only small portion of line.

11840. Do you know whether it was understood that there was more snow last season than usual?—I understood that there was more snow last year than there was for twenty years, in any one season before. I am quite satisfied that the drift was a good deal heavier down in Minnesota than in the North-West, in the district where I was operating.

More snow winter of 1879-'80 than in any season for twenty years. Drift heavier in Minnesota than in Manitoba.

**Railway Oper-
ating--
Pemb. Branch
& Contract 14.**

11841. Do you think that the rest of the year, beyond these five months, is likely to require the same proportion of expenditure—that is, the same percentage of the earnings?—I think not.

11842. Will there be much difference, in your opinion?—There will be considerable.

Some exceptional expenses at present for want of accommodation.

11843. The work then was a good deal more expensive?—We had to keep men night and day in the engines to keep them from freezing, in consequence of having no sheds, and we had, in consequence, to keep them consuming fuel all the time. It is very expensive.

11844. Then do you mean that you consider that for the whole year the net earnings will be more than 25 per cent of the gross earnings?—I think it will be.

11845. The maintenance and working expenses for the five months would be about three-quarters of the whole gross earnings?—Yes.

11846. But you think that for the rest of the period the maintenance and working expenses would be a smaller proportion of the gross earnings?—Yes.

Repairs at present done in the Round House at Selkirk, there being no sufficient accommodation yet.

11847. Where do you make the repairs to your rolling stock?—On the sidings principally, so far. At present, we are doing what little repairs we have at Selkirk, in the round house.

11848. Have you sufficient accommodation there for the repairs on your line?—We have not.

11849. Nor at St. Boniface?—No; we have no accommodation there at all.

11850. Is Selkirk a convenient place at which to make your repairs for the whole line?—It is not.

Winnipeg the best situation for repairing sheds.

11851. Where would be a better place?—Winnipeg would be more central. It is where the most business is done.

11852. Is this defect being remedied?—Not yet.

11853. Has it been ordered?—I do not think it has. The location has not been laid out yet where we will have the workshops. It is under consideration.

11854. Have you sidings enough to operate the road conveniently?—We have not—not for the growing traffic that is at the head point here, St. Boniface and Winnipeg; we have along the line at all the small stations.

Want of sidings being remedied.

11855. Is that being remedied?—Yes. There have been sidings put down at Telford, Darwin, Whitemouth, Shelly and Tindall. There were five new sidings put down this season—one at St. Norbert, Niverville, Dufrost, and Arnaud, Dominion City, have been made and ballasted, so that they are now ready for use, and at Emerson there are very large sidings put down.

11856. Who conducts the operations of putting in the sidings?—The construction department.

11857. That is not under your supervision?—No; it is not under my supervision. It is under Mr. Schreiber, or Mr. Rowan.

**Railway Oper-
ating—
Pemb. Branch
& Contract 14.**
Everything need-
ed being done.

11858. Upon the whole, are there sufficient facilities being or about to be afforded to you for the fair and proper working of the line?—Yes; everything is being done that can be done up to the present time.

11859. Do you remember whether the deepest snow drifts which you had to contend with were at places where the road-bed was higher than the level of the prairie or nearly even with it?—Nearly even with it, and caused by the long grass and weeds allowed to grow without being burnt down or cut in the fall. They hold the snow and accumulate it on the track. I believe if the weeds and grass were cut down that the snow would pass right over it, and we would have no more trouble there than on any other part of the line.

The long grass
and weeds the
causes of drifts
where they did
occur.

11860. How deep does the snow fall on the average over the country which this railway traverses?—An average of about two feet between St. Boniface and Cross Lake.

Snow fell last
season two feet
between St. Boni-
face and Cross
Lake.

11861. Was that last season?—Yes.

11862. Do you understand that that is the ordinary average?—No; it is higher than the average, as far as I can understand.

11863. Did the snow drifts interfere with the working of the road?—Not between here and Cross Lake and the woody part of the country.

11864. It was in the prairie country?—Yes. There was more snow between St. Boniface and two miles out of here on the Winnipeg branch, than any part of the line that I know of. It drifted more in the city and around it—this portion of the main line between here and the temporary bridge—and from here to a mile and a-half west.

11865. Did you find, do you say, that those portions of the line which are a little above the level of the prairie, say two feet or thereabouts, were clear from difficulties caused by snow?—Yes; quite as clear as in summer. There was no trouble with it.

11866. At these points which are level with the prairie, and where the difficulties occurred, were there side ditches?—Yes; there were side ditches.

11867. Of what dimensions?—I suppose they would be about four or five feet wide and two feet deep.

11868. Do you know whether those ditches had any effect upon the accumulation of the snow?—No; I think not. I think the grass and weeds had most to do with it.

11869. Is the branch fenced now?—Only part of it, from St. Boniface to about Niverville.

Only part of
Pembina Branch
fenced.

11870. Have you had any difficulties of that kind?—There were several cattle killed between Selkirk and here. The fence was burnt down in the spring, and in several places we had eight or nine head of cattle killed.

Nine head of
cattle killed for
want of fencing.

11871. Is the fencing contracted for or in progress of construction?—It is under contract, and the wire is here now, or part of it.

11872. Is there any other matter which you think would be proper to give by way of evidence, so as to assist us in our enquiry?—I do not think there is that I have not given fully.

Nixon's Purveyorship—Carrying Mails. AUGUSTIN NOLIN, sworn and examined:

By the Chairman:—

Mr *Henry Clarke* acting as Interpreter.

11873. Where do you live?—*Ste. Anne's, Point du Chêne, County Provencher.*

11874. How long have you lived there?—*Ten years.*

11875. Have you come of your own accord to give evidence before this Commission?—*Yes; I came to this Court voluntarily to give evidence.*

11876. Upon what matter do you consider it proper that you should be examined?—*I presume it is on the question of carrying the mail.*

Mail from Winnipeg to section 15.

11877. Between what points?—*From the office of the engineers in Winnipeg to section 15.*

11878. What do you know upon that subject?—*I was here in the month of April when W. Alloway came and spoke to me in front of Bannatyne's door on Main street.*

11879. What he did he say?—*He said: "I have a contract to give for carrying the mail up to the North-West Angle, and Thompson told me that you are the best man to do it."*

11880. How often was it proposed that the mail should be carried?—*Once a week.*

Five stations.

11881. Were you to go direct to the end of that distance, or was it to be delivered at different points?—*I have to leave the mail at five different places.*

Mail sent to North-West Angle by horses and from North West Angle by canoe.

11882. Was there any arrangement as to the means by which it should be carried?—*From Winnipeg to the North-West Angle it was to be sent by horses, and from the North-West Angle it was to be sent by canoe to be delivered at the different stations along the line of section 15.*

11883. Was it part of the agreement that this mail should be carried by way of the North-West Angle, and not by any northern course?—*I was obliged to pass by the North-West Angle. It was the only route by which we could arrive at the destination of the mails. The road was not completed to Cross Lake.*

11884. Did you conclude any agreement on the subject?—*Yes.*

Contractor to carry mail for seven months.

11885. For how long a period?—*To the best of my recollection it was for seven months.*

11886. Do you remember the time it began?—*I signed the contract for it on the sixteenth of April.*

11887. Of what year?—*I do not remember exactly the year, but it is about three years ago. I can ascertain it after I return home; but I think it will be about three years next April.*

11888. Did you enter into more than one agreement on this subject with Alloway?—*No; I made but the one contract for carrying this mail.*

11889. Did you close an agreement at the first interview?—*No; I returned home but came back before I signed the contract.*

**Nixon's Pur-
veyorship—
Carrying Mails.**

11890. Did you arrive at a verbal understanding upon the first occasion?—It was understood before I left for home, that I was to return in the course of a couple of days to sign the contract.

11891. Then the terms upon which the contract was to be signed were finally agreed upon at the first interview?—Yes; and I believe he had the contract made during my absence, ready for signature.

11892. What price was paid to you for this service?—\$225 a month.

\$225 paid witness for carrying mail.

11893. Did you know before that verbal agreement that this service was put up to public competition?—At the time that I was spoken to about carrying this mail I was not aware that there had been public tenders asked for, but after I had signed the contract I met the late Honourable James McKay, who asked me if there had been public competition and public tenders asked for; I told him no. He said then there were public tenders asked for, and I told him the price, and he said Alloway is making \$200 or \$300 a month out of you on the contract.

McKay said to him that Alloway was making \$200 or \$300 a month out of him on the contract.

11894. Do you know whether any one else than Alloway was interested in the profits of the bargain?—When I offered to perform the service for \$250 a month, I was sitting in Alloway's office, which was directly opposite Mr. Nixon's office. He said "Wait awhile and I will see." He made across over to Nixon's office, and after awhile returned to his own office. He then returned and made a lower offer than that I had asked, but I refused. When Alloway returned to his own office from Nixon's office, he said: "I will give you \$200 a month." I refused. I said then: "I will take it for \$240 a month." He said again: "Wait awhile," and left the office and crossing the street again, and so on three or four times. At last he agreed to give me \$225, which I accepted.

11895. Did he go each time that he crossed to Nixon's office?—There was only that place that he could go to, and there was only that house where Nixon's office was. I am perfectly well aware that he was going there to consult with somebody, for every time he returned he offered a little more until we agreed on the \$225.

11896. Had you any other reason than that appearance of Alloway consulting with somebody else, to lead you to suppose that any one else than Alloway was interested in the bargain?—I knew that Alloway was in the habit of getting all the contracts from Nixon, and for that reason, when he went there to consult with him I was satisfied that there was something going on between them.

11897. Had you any other bargain for carrying the mail between any other points with Alloway?—The 22nd of June, following that time, I entered into an arrangement with Alloway for carrying the mail to the North-West Angle, that was the mail that was going to Fort Frances.

On 22nd June, agreed with Alloway to carry mail to North-West Angle from Fort Frances.

11898. How far were you to carry that mail?—110 miles from here to the North-West Angle.

11899. How often did you undertake to carry the mail?—Once a week.

11900. In what place did you make that arrangement with Alloway?—It was here in town. Alloway met me on the street and brought me to the Post Office; I signed no contract, but did the whole thing verbally.

Nixon's Purveyorship—Carrying Mails.

Alloway had told him he was to get such a contract and would turn it over to him.

11901. Did you make an arrangement at the first interview?—He had already spoken to me previously, saying that he was going to get such a contract, and that he was going to turn it over to me.

11902. How long before that bargain was made with Alloway, was it that Alloway said he was going to get such a contract?—I could not tell exactly, but it was not long before.

\$150 a month.

11903. How much were you paid for the service?—\$150 a month.

11904. Have you reason to believe that any person other than Alloway was interested in the profits of this arrangement?—I cannot say positively; but I have reason to believe, and do believe from the fact that he went out so often to consult with the other man before making the final arrangement with me.

11905. That is upon the former occasion?—Yes; the contract for section 15. The \$150 a month was for the North-West Angle.

11906. Do you know whether the Government asked for tenders for the carrying of the mail to the North-West Angle?—Perhaps it was so in the English papers, but we did not see any thing of it. At the end of the time for which I contracted, Alloway came to me again and said the contractors were ready to take it for \$120 a month, and if I would take it for the same price, he would give it to me. You will have "the preference if you will take it at the same price." I refused and said I could not work any longer for nothing.

Used two horses on the road.

11907. In carrying the mail to the North-West Angle, did you use any more than one horse?—Always two at least, but I had several horses engaged for the business.

Mail carried in vehicle.

11908. Then it was not on horseback, but in some vehicle?—It was always carried in a vehicle that I had made for the purpose, in the style of a buck-board. Then I always had two men and a canoe waiting. The men with the canoes took the mail from the North-West Angle to Lake Deception where the two men separated. They had eighteen miles each to make. There were five stations, and one man had to go to Rat Portage, and the other returned by the way of section 14.

Time occupied.

11909. About how long did it occupy a team to carry the mail from Winnipeg to the North-West Angle?—The mail was given to me here on Saturday. Saturday we took it to my house out thirty-two miles to Pointe du Chêne. We remained there over Sunday. On Monday we started, and we returned to my house by Thursday evening. We never missed our time. We were always exact.

11910. After starting on the Monday, at what time would you reach the North West Angle?—Always two days from my house to the North-West Angle and two days to return. I kept relays of horses on the road, and the mail was always delivered here on Friday, so that it just took the round week.

Freighting.
Carried freight for Government for seven years.

11911. In ordinary freighting how long would be the average time taken to go from Winnipeg to the North-West Angle, without reference to mail carrying?—We carried freight—that is, myself and my brothers, carried freight for the Government for seven years from here to the North-West Angle. They always allowed us seven days to go and return, that is starting from Pointe du Chêne, thirty-two miles from here and return seven days. Sometimes it took us more; some-

Nixon's Purveyorship—Freighting.

times less. That is before the road was built, and while they were building the Dawson Route.

11912. Do you mean seven days from Pointe du Chêne to the North-West Angle and back, or from Winnipeg to the North-West Angle and back?—From my place to the North-West Angle and back; this was with horses. If we went with oxen it took longer.

11913. After the Dawson route was made, how long would it take for an ordinary team to take an ordinary load from Winnipeg to the North-West Angle?—We could go in about seven days from here to the North-West Angle and back, taking a load one way; but a great deal depended on the state of the roads.

11914. At some seasons it took longer and some less?—When the roads were good we could do it faster than that. When they were bad, of course, we could not do it so fast. We have been from my house to the North-West Angle and back in four days. When I speak of seven days I wish it to be understood that we worked for the Government for years, as much as seven months in the year, and it was an understanding that we should be allowed seven days for the round trip from my house to the North-West Angle and back.

11915. What was considered in the year of 1875 to be a fair price for the use of a team and vehicle, and a man's services as a driver?—I should say that a reasonable price for a man and team for the service that you have mentioned, would be about \$4 or \$4.50 per day. We received more than that sometimes, sometimes less, but I give that as the average. For my own part I would have done that service for \$4 a day. I have done it for less than that for the Government.

Fair price in 1875 for use of team, vehicle and driver \$4 or \$4.50 per day.

11916. Have you been accustomed to the purchase and sale of horses at different times, and particularly about the years 1875 or 1876?—Yes; that has been my special business buying and selling horses.

Buying Horses.

11917. About the year 1875 what was a fair price for a good half-breed horse?—For a good cart horse the price would be about \$50; that would be a good cart horse.

In 1875, \$50 price for a good cart horse.

11918. Suppose they were selected carefully for the purpose of carrying loads over long distances, what could horses be obtained for that purpose?—When I speak of a good horse at \$50, I mean horses that you would buy if you were going to load them to the base of the Rocky Mountains. For instance, in carrying my mail I bought horses at \$50, and made fifteen journeys successively with them in carrying that mail.

11919. Do you know whether that was the price generally paid for such horses in and about Winnipeg in that year?—I have seen them sold at a great deal less. At that time horses were not very dear here. At auction such horses as I have described would sell at about \$30.

Good horses sold for \$30.

11920. Did you ever sell any horses to Alloway about the year 1875, or afterwards?—No; I did not sell any horses myself to Alloway.

11921. Did you know of any being sold by other persons?—No; I was only present and saw a horse sold by a Frenchman—a cream-coloured horse—but I did not catch the price.

11922. Do you know the prices of ordinary horses of the country, or better horses, in 1877?—I have, in giving the price of \$50, given the price that has ruled here for years; and with the exception of horses

Unless for horses with a pedigree or trotters, a higher price would not be paid.

**Nixon's Purveyorship—
Buying Horses.**

that had a pedigree or some peculiar qualities, such as trotters, I do not know that people would pay a higher price.

Freighting.
1875 and 1876
freighting to
North-West
Angle, \$2 per 100
lbs. afterwards
\$1.50.

11923. Do you know the price by the 100 lbs. at which freighting was done from Winnipeg to the North-West Angle, about the years 1875 or 1876?—When the Dawson route was first opened, we got \$2 per 100 lbs. for freighting from here to the North-West Angle, and after that the price was reduced to 6s. sterling, or \$1.50

11924. Was the Dawson route open before the year 1875?—The Dawson Route was opened about the year 1870, after the troops arrived. It was on the arrival of the second expedition of troops, they came by the Dawson route and we carried their freight. I mean myself and my brothers.

**Sale of old
waggons and
harness.**

Bought old waggons and horses condemned by Government.

11925. Is there any other matter connected with the purveyor's office (Mr. Nixon's), or with the Pacific Railway upon which you can give evidence?—I carried a great lot of freight for them, and I bought some old waggons from him—old waggons and old harness that had been condemned by the Government and left at different stations along the road.

For these Alloway retained, money out of witness's contract.

11926. To whom did you pay the money?—Alloway retained the money on my contract with him. In my freighting for the office, when I would make my monthly claim Alloway would retain the price of those things out of my estimates. I had charge of a lot of their things at my house for a whole year, and they never paid me for it.

11927. Was this property the property of the Government or of Mr. Alloway?—Yes; it belonged to the Government. Mr. Nixon gave me an order to pick up all this property belonging to the Government, and bring it to my house and take care of it.

11928. Did the property which you bought belong to the Government?—Yes; what I bought from them belonged to the Government. It had been used on the Dawson route.

Made bargain with Nixon and Alloway.

11929. With whom did you make the bargain about the price at which you bought it?—It was with Alloway and Nixon both.

11930. Were they always together when you made a bargain?—They were together at the time that I bought those waggons.

\$93 for lot.

11931. Did they consult together about fixing the price, or did one of them fix the price?—Nixon appeared to want a higher price, and Alloway seemed to be saying to him: "Better give it to him; it is all old stuff." There were three old waggons, and a lot of old broken harness. I paid them \$93 for the lot.

11932. Who owed you this money from which this price was deducted?—It was Alloway who owed me the money from which the price was deducted.

Alloway acted as interpreter.

11933. Do you know whether Nixon agreed that this price might be deducted from what was owing by Alloway?—When I bought the things in question, I said: "I have not the money to pay you" to Nixon. Alloway said: "It does not matter." Alloway was interpreting for me in the matter. He said: "It is no matter, you can take the things, and at the end of the month the price will be deducted from the amount I have to pay." Nixon consented to that.

11934. Do you know about what date you made this purchase?—I think—I am not very positive as to the date—but I think it was about

**Nixon's Purveyors—
Sale of old
waggons and
harness.**

the month of September of the same year that I made the contract with him. I think it must be about the year 1877. I could ascertain the date exactly if I were at home, and looking at my papers.

11935. Did you get any receipt in writing for the price of this property, which was deducted from the money coming to you by Alloway?—I do not think I did. They had to pay me \$225 every month, and they simply deducted that from the amount they had to pay me.

11936. Is there any other matter upon which you can give evidence, so as to assist us in our enquiry?—I am rather reluctant to speak, I always worked for them.

11937. You have sworn that you would speak?—There may be a great many things that I might remember, if I were questioned, or had time to think; but, at the present moment, I do not remember. I know that my son sold some oxen to Alloway, with carts and harness, all complete. I do not know the price, but I think it was £13 sterling for each—\$65. Each ox had a harness and cart with it, at £13 sterling.

Witness's son sold Alloway oxen and carts and harness complete at \$65 each.

11938. Do you know whether that sale was for the Government—I mean was the property bought to be sold to the Government?—I could not say, as it was not myself sold them; it was my son.

11939. Is there any other matter?—No; I do not think there is.

11940. Was that about the ordinary price for an ox and cart?—That was rather a high price at the time.

11941. Did you come from your home to give this evidence, or did you come on your own business to Winnipeg?—I came for the purpose of giving my evidence.

W. T. JENNINGS' examination continued :

JENNINGS.

By the Chairman :—

**Railway Construction—
Contract No. 4**

11942. Do you wish to add to or explain your evidence given on a former occasion?—I should like to enlarge on the statement regarding the present class of line as in comparison with that as originally arranged. By the substitution of trestle work for solid embankment the class of line has been somewhat reduced, trestle work not being permanent. This would in no way alter the working of the line as compared with the former arrangement.

Present line as compared with that originally contemplated is less useful but is valuable from a money standpoint.

11943. Do you mean that this change makes the property a less valuable one for the present but not less useful?—It does not make it less useful. It makes it less valuable in a monetary sense, but not from the working point of view.

11944. Have you estimated what the probable cost will be to fill in the trestle work so as to make it a solid bank eventually?—The difference between the two estimates made up by me represents the difference of the two estimates referred to in my evidence.

Replacing trestle by solid embankment will cost \$500,000.

11945. Could you tell me now?—\$500,000—that is by the prices in the contract.

11946. Then the saving with the trestle work as at present used would be \$1,500,000?—No: \$500,000 is the difference.

**Railway Construction—
Contract No. 42.**

11947. I think you said that the saving on the whole work of section 42 would be about \$1,500,000?—Yes.

11948. That includes the trestle work in its present proposed shape?—It does.

Eventual saving
\$1,000,000.

11949. But if that is converted into a solid embankment then the saving upon the whole work will be eventually about \$1,000,000—is that what you mean?—That is what I mean; taking as a basis the rate given in the contract.

11950. Is there any other subject which you wish to remark on by way of evidence?—Nothing further than simply all my statements are to the best of my knowledge, speaking from memory.

11951. Did you mean in your former evidence to say that the original instructions concerning muskegs and water stretches had been modified?—I d d.

Contract
modified,
use of muskeg
being allowed.

11952. In what manner have they been modified?—That the use of muskeg material has been allowed in places.

11953. Has this been positively adopted, or is it under discussion still?—It has been positively adopted, and the work is now going on.

11954. Mr. Manning's solicitor seemed to think that it was still an open question; that some of these changes had not been finally authorized, and, in consequence, that they were not able to proceed with their work on it, and therefore I wish you to be particular as to your answer to that question. Have you any explanation to give on that subject?—As far as I am aware, I am acting in keeping with my instructions regarding how the embankments are to be made up from muskegs.

11955. Is there any other matter concerning either muskegs or water stretches on which you are unable to give positive directions to the contractors, because you have not received definite instructions from your superior officer?—Not that occurs to my memory at present.

No doubt that the
change of grade
has diminished
rock cutting.

11956. Is there any other matter which you think it advisable to have more fully explained, or to have altered in your evidence? Have you any doubt that the deviations in the line, and the changes in the grade have diminished the amount of rock cuttings?—I have no doubt about it.

11957. Have you any doubt that the grades alone have diminished the amount of rock cuttings on the work?—The deviations and change of gradients have combined to reduce the work.

11958. Have you any doubt that the change in the grades alone has diminished the rock cuttings on the work?—I have no doubt.

11959. Have you now any doubt whether you have heard officially, or otherwise, that the Government had retarded the progress of the contractor's operations?—I have no doubt.

Rock-borrowing
in some places,
rock base in
others used for
embankments
across water
stretches.

11960. In reference to embankments for water stretches, do you wish to state more fully the mode in which the work is to be finished than you did in your previous examination; if so, please do so?—I should like to say that at some points rock-borrowing has been adopted to complete embankments across water stretches; at others a rock base has been determined upon.

**Railway Construction—
Contract No. 42.**

11961. You distinguish between rock bases and rock-borrowing; please explain what the distinction is?—Referring to a rock basis, I mean rock borrowed for the purpose of making an embankment to a few feet above the surface of the water, upon which trestle work will be erected. When I speak of rock-borrowing in the ordinary way, I mean that course had been adopted to complete embankments where the material from adjoining cuttings was insufficient.

11962. You mean by the borrowing to make it a complete embankment of rock?—As arranged, a complete embankment of rock with the exception in some instances of sufficient openings for the passage of water, such openings will be crossed by trestle work.

11963. Is there anything further that you wish to say by way of evidence upon this subject?—Nothing further that I can think of now.

WINNIPEG, Saturday, 9th October, 1880.

WILLIAM MURDOCH, sworn and examined :

MURDOCH.

**Surveys: 1871—
Party W.**

By the Chairman :—

11964. Where do you live?—In the city of Winnipeg.

11965. How long have you lived here?—About a year.

11966. And before that?—Before that in Bowmanville, which was my headquarters.

11967. Have you been in any way connected with the Canadian Pacific Railway?—I have.

11968. From what time?—From June, 1871.

Employed
June, 1871.

11969. In what capacity were you first employed?—As division engineer.

Witness, Division
Engineer to survey
from Sault
St. Marie 100
miles eastward;
then exploration
to French River

11970. Where?—To make a survey of the Sault Ste. Marie Railway, from Sault Ste. Marie to 100 miles eastward instrumentally; then to the crossing of French River exploratory. These were preliminary surveys.

11971. Had the country been examined by a simple exploration before that?—Not previous to that, to my knowledge.

11972. What was the number of the party of which you had charge?—There were altogether about thirty men, as far as my recollection serves me. Size of party,
thirty men.

11973. Were they divided into more than one party?—No; it required the whole party to carry out the instrumental work, and get provisions forwarded, &c.

11974. About what proportion of the party would be for engineering purposes, and what for transportation and other work?—The full party would consist of about eleven or twelve men of the working party, engineering. The rest would be packers, cooks and camp men. About eleven en-
gineers, the rest
packers, cooks
and camp men.

11975. Where was your base of supplies?—The base of supplies was originally to land at Sault Ste. Marie. I had then to distribute them throughout the whole distance to French River. Base of supplies
Sault Ste. Marie.

**Surveys: 1871—
Party W.**Distribution of
supplies.

11976. How was the distribution of the supplies accomplished?—In making the survey it ran for the first 100 miles in many places close to the river bank of the St. Mary's River, in some places five or six miles inland, and I took them up by boat and distributed them at those points. I sent by boat to three different points between French River, at the end of the first 100 miles going eastward, and had provisions put at different points inland to meet me at my exploration as I arrived at those points. That service was performed by three men, I think.

Commissariat
officer attached
to party.

11977. Was any commissariat officer attached to your party, or did you take the responsibility of providing?—Yes; I had a commissariat officer immediately under my control.

Supplies purchas-
ed by Mr. Wallace

11978. Did he take the responsibility of purchasing the supplies, or was that done by some other officer superior to him?—The supplies, I think, were purchased by Mr. Wallace, if I recollect rightly.

11979. Was there any difficulty during that season's operations on account of the supplies?—None; whatever I had them directly under my own control.

Work done first
season.

11980. About what time did the operations end for that season?—The first 100 miles of instrumental work ended in November.

11981. What was accomplished during the first season?—An instrumental survey of 100 miles was accomplished, plan and profile furnished to the Government, and the report upon it; also an exploration of the remaining distance over the 100 miles eastward to French River, with a sketch plan, and report accompanying it as to the feasibility of the railway.

11982. Was the exploration proceeding on the eastern portion at the same time that your instrumental survey was going on at the western?—Not until I had run 100 miles eastward instrumentally, did I commence to continue my exploration easterly to French River.

11983. Was the party diminished for exploration purposes?—All but nine were sent home, who accompanied me with sleighs and provisions hauled through by men.

Remained in field
until he knew the
most favourable
points to cross
French River.

11984. Then did you remain in the field during the winter of 1871-72?—I remained in the field until I had walked through to the crossings of French River and determined the most favourable points for crossing. Then I took my way to Ottawa by the Maganetawan and Nipissing colonization road to Toronto, and then to Ottawa.

Reached Ottawa
February, 1872.

11985. About what time did you reach Ottawa?—Some time in February.

Party all
discharged.

11986. Had the party been all discharged then?—All discharged.

11987. How long did you continue at office work in Ottawa?—My office work was pretty well up. Plans and profiles were in a sufficiently forward state to be left there, and I was then sent by Mr. Fleming on another service.

11988. Is the result of your season's operations for 1871, and the ensuing winter, reported?—Yes.

11989. Among the printed reports?—Yes; the Sault Ste. Marie Railway.

**Surveys: 1872—
Winnipeg
River to
north of Lake
Nipigon.**

Directed by Fleming to run from Winnipeg River via English River to south of Lac Seul to head of Nipigon Lake, then to Nipigon Bay.
Route proposed by Fleming impossible.

11990. What was the service at the beginning of 1872?—I was four days at home, I think, and Mr. Fleming desired me particularly to go to Winnipeg to determine upon the feasibility of a line for the Pacific Railway, from the crossing of Winnipeg River *via* English River, then south of Lac Seul to the head of Nipigon Lake; then by the branch to Nipigon Bay. I found, on arriving at Rat Portage, that the route proposed by Mr. Fleming was impracticable. I had then to determine the crossing of the Winnipeg River, and decide upon the route eastward. In order to attain the information, I found a number of the Indians and chiefs of the locality eastward assembled at Rat Portage; and through Mr. McPherson, the Hudson Bay Agent, and from my own personal examinations, determined to make my exploration of the crossing at Rat Portage as the objective point eastward, and from information received I adopted the route as laid down on the plan which I now produce and file. (Exhibit No. 109.)

11991. Is this the red line marked "William Murdoch, March, 1872?"

—Yes; that is the line with altitudes taken at different points, and shown on the plan.

11992. Was this route different from the one which had been projected when you started on the work?—The responsibility was thrown upon me of choosing that route through the country. At that time the Government did not know where to send out their parties for the ensuing year until that line was determined upon.

Responsibility thrown on witness of choosing route.

11993. I understood you to say that Mr. Fleming had proposed some line which you found impracticable?—*Via* English River.

Line proposed by Fleming.

11994. Then he had proposed to you a different course from the one which you found to be the most favourable?—Yes.

11995. What was the route which he proposed?—*Via* English River, by what is called White Dog to Islington.

11996. The starting point was Red River?—No; I had nothing to do with Red River and these points.

11997. I am speaking now of what Mr. Fleming had intimated that he desired you to do?—He proposed a route by English River through by the south of Lac Seul.

11998. Is that the route which you say you found to be impracticable?

—Yes; on examination of the different points, I found it impossible to construct a line along the English River. I had discretionary powers to adopt a different one if I wished.

11999. What was the number of your party for that season's operations?—Nine men and eight dog trains.

Size of party, nine men and eight dog trains.

12000. Do you mean only engineers and packers?—I had simply one man with me, as assistant.

12001. Was that a simple exploration?—It was an exploration, what you may call a track survey, the points were laid down—lakes and notable points—so as to enable Mr. Fleming to distribute parties from the information that he had got as to the best section of country to make instrumental surveys.

An exploration to enable Fleming to distribute surveying parties.

12002. Where was your base of supplies for that season's operations?—I carried them through from this place, Fort Garry, to Lake Nipigon with me.

Carried supplies with him.

Surveys: 1872—

**Winnipeg
River to
north of Lake
Nipigon.**

Exploration end-
ed at Ombabika
Bay 2nd May, 1872.

12003. At what point did the operations end?—The operations ended north of Lake Nipigon at Ombabika Bay.

12004. About what time?—About the 1st of May, 1872.

12005. Was any attempt made to ascertain the height at different points of the country?—Yes; but my barometers were broken and my judgment had to guide me as to the lay of the country. I may state, I suppose, that for some years afterwards, from the difficulty of the sections, instrumental surveys were carried on by the Government to try and better the choice of location, but had finally to adopt the route as laid down as nearly as indicated on the plan in the vicinity of the route laid down.

12006. Was that the general course of the railway as now being constructed?—Up to Eagle Lake, the east end of Eagle Lake.

12007. After May, 1872, what was your next work?—I was detained, through ice at Nipigon Bay for some considerable length of time, before I was enabled to proceed to Ottawa by boat, where I reported to Mr. Fleming from the sketch plan and verbal report which I gave him at the time. On the surveys being distributed over the exploration referred to, the report that I gave to Mr. Fleming was substantiated by the instrumental work.

12008. Do you know whether the substance of that verbal report appears anywhere in the records?—I do not think so. The offices were afterwards burnt, and everything, with the exception of the profile and the Sault Ste. Marie work, was destroyed.

12009. In a report of 1874, by Mr. Fleming, does he not make some allusion to the substance of this communication?—None whatever that I am aware of.

12010. And what after that?—I was then given instructions on November 5th, 1872.

12011. Between May, 1872 and November, do I understand that you were occupied in connection with the Pacific Railway?—Yes. Previous to Mr. Fleming's departure for British Columbia, I was instructed to co-operate with Mr. James H. Rowan in looking after the parties in the Nipigon District. I remained there until the fall at Nipigon Bay. Mr. Rowan went to Ottawa to take charge of the office, and I took charge of the parties in the field.

12012. During what time did this arrangement last?—During the summer.

12013. What was your duty in regard to field work for that summer?—My duty was to visit some of the parties in the field, to see the objective points, and give them instructions generally.

12014. Had you any responsibility as to the supplies or only engineering work?—Engineering work entirely; Capt. Robinson was the commissariat officer.

12015. Were the engineers in charge of the different parties subordinate to you during that period?—Yes.

12016. Were their movements directed on your responsibility?—They were; their instructions had been received previously and they knew their duties.

**Surveys be-
tween Red
River and
Nipigon.**

Took charge of
parties in field
while Rowan at
Ottawa.

12017. Were the operations of that season, by the different parties, conducted satisfactorily?—It substantiated the report that I made to Mr. Fleming in connection with the route from Red River, and a portion of the route from Lake Nipigon westward.

12018. But had you any charge of other parties working east of Lake Nipigon?—Not immediately.

12019. Under whom were they operating?—Mr. Rowan.

12020. Then your jurisdiction extended from Nipigon to Red River?—Yes; westerly as far as the parties were out.

**Surveys: 1872—
Between Red
River and
Nipigon.**

Surveys confirmed report made by witness to Fleming as to route from Red River east and west from Nipigon.

Witness's jurisdiction west from Nipigon.

12021. About how many parties?—Four or five parties, I think; I do not remember exactly. I was ill part of the season, and laid up at Red Rock, when Mr. Fleming was going through.

12022. Do you know whether these parties under your control met with any unexpected difficulties?—There may have been some slight difficulties in connection with the carrying out of the commissariat; I remember hearing that the supplies were not regularly forwarded to them on the eastern portion of it. Aside from that nothing unusual.

12023. Did the work for that season proceed to your satisfaction?—No; I cannot say that it did so.

Work not to satisfaction of witness that season.

12024. In what respect was it not satisfactory?—There were some slight mistakes made in starting, at one of the points, which were afterwards corrected on the return of the party coming in; it was about the only thing that I had to find fault with.

12025. Did you remain in control of these operations after November, 1872, when you received those other instructions from Mr. Fleming?—No; my connection ceased with that part of the district.

**Exploratory
Survey: 1873
Thunder Bay to
White Fish
Lake.**

12026. Then what was the new work which you undertook?—I was given instructions to run a preliminary line, an exploratory survey, from Prince Arthur's Landing, Thunder Bay, to White Fish Lake.

Instructed to run an exploratory survey from Prince Arthur's Landing to White Fish Lake.

12027. What was the number over which you had charge?—About twenty-eight or thirty men, with dog-trains.

Size of party, thirty men with dog trains.

12028. What was done?—An instrumental survey was made between those two points, plans, profiles and reports.

12029. Up to what time were you occupied in that winter?—During the winter, and I returned in the spring to Ottawa.

12030. Does your report on that subject appear in any of the printed volumes?—I think that was burnt as well, at the time the Pacific Railway offices were destroyed.

12031. Have you now any copy of your report on that subject?—I have not.

12032. Was there any trouble about supplies during that operation?—None whatever.

12033. What was the next work undertaken by you?—The Collingwood breakwater, I think, was the next work I was entrusted with.

12034. Is that in any way connected with the Pacific Railway?—No.

**Railway Location—
Kaministiquia to Lake Shebandowan.**

12035. What was the next work you undertook in connection with the Pacific Railway?—Preliminary location of a line between the head of the Kaministiquia and Lake Shebandowan.

12036. About what time did you commence that?—In the spring or July, 1874.

12037. Were you in charge of a party?—I had charge of two parties.

Extension of line from Shebandowan to Lac des Mille Lacs.

12038. Were they engaged upon different works?—They were engaged upon the two ends of the work. I have written instructions dated 30th June, 1874, which are in substance to locate the line of the railway in the best position over the shortest route between the points referred to, having due regard to economy in construction, and especially to secure a favourable alignment and easy gradient for traffic running eastward; also the extension of the line from Shebandowan to Lac des Mille Lacs, and a trial line over a portion of the ground in advance of the location line.

Thunder Bay base of supplies.

12039. What was the base of your supplies for that operation?—Thunder Bay.

12040. Were there any difficulties connected with supplies during the work?—None whatever.

12041. Up to what time were you engaged in that work?—Up to the latter end of November.

12042. Were the parties discharged then?—They went down on the boat when the season's work was not completed.

12043. Was the work not finished that year?—Not completed.

12044. For what reason?—The season was too short to make the location satisfactory.

Work not finished. Hazlewood sent up to supersede witness.

12045. The work was not countermanded?—No; the work was not countermanded, but Mr. Hazlewood was sent up to supersede me.

Witness left service.

12046. What was the result of that?—The parties went back the ensuing season, and Mr. Hazlewood resumed charge. That fall I was discharged by Mr. Mackenzie.

12047. Did you proceed to Ottawa before that happened?—Yes.

Charges of improper conduct.

Charges preferred against witness and S. J. Dawson,

12048. Had you any intimation, before the discharge, that the Government were not satisfied with your management of the business?—No. Certain charges were preferred against myself and S. J. Dawson in connection with the work.

Investigation demanded by witness.

12049. Were those charges investigated?—They refused an investigation; Mr. Mackenzie refused an investigation. I demanded an investigation.

12050. Were the charges communicated to you?—Privately.

Fleming communicated charges privately

12051. Not officially, from the Department, or from any superior officer?—No; privately from Mr. Fleming.

12052. Do you know whether Mr. Fleming made any report, or recommendation, on the subject to the Minister?—I have no idea. I demanded from him, by letter, that an investigation should take place, on oath, into all matters connected with it.

12053. Upon whom was this demand made?—Upon Mr. Fleming and upon Mr. Mackenzie.

**Charges of
improper
conduct.**

12054. Had you any official answer to that demand?—None whatever; but I have a copy of the letter which I sent to Mr. Mackenzie.

12055. Was a copy of that letter produced at any previous investigation, or any examination before a Committee?—It was produced on my last examination before a Committee on matters connected with the Pacific Railway, and a sub-Committee concerning the Kaministiquia. I read it before the Committee to exonerate myself from charges brought by certain members of the Committee.

**Read a letter
addressed to Hon.
A. Mackenzie
before a Com-
mittee of Inquiry.**

12056. Did you on that occasion intimate to the Committee the substance of what you are now intimating—that you were discharged without any investigation?—I did; the matter was fully discussed before the Committee.

12057. Was evidence taken before that Committee on oath?—Yes; I was sworn at that time.

12058. In consequence of that statement before the Committee, were any steps taken towards a further investigation of this matter between you and the Department?—Nothing further, I imagine, than the reports—I have reason to think that there was.

12059. Would there be any difficulty in investigating this matter between you and the Department now, or at some future time, on account of the absence of witness or any other trouble?—I should think not. The absence of witnesses would, of course, materially affect the thing now.

12060. Are you willing that the matter should stand as it is, or do you require that a further and fuller investigation should be made, either now or at some future time?—I see nothing, either one way or the other, that would be of interest to me or to the Government to go on with it, or let it rest as it is. The matter is a dead issue now.

**Matter a dead
issue now.**

12061. Then do we understand that you are indifferent in the matter?—I agree to whatever action the Commission think fit to take. It is a matter that is past and gone, and when it was not investigated at the time, it is of no consequence to me now. I have survived the obliquity that was thrown upon me, after pressing in every possible way to get it brought to an investigation at the time.

12062. What was the next work you undertook in connection with the Pacific Railway?—The next work immediately concerning the Pacific Railway was the Georgian Bay Branch and Canada Central Extension.

**Railway Loca-
tion—
Georgian Bay
Branch—
Contract No. 12.**

12063. About what time was that commenced?—In 1874; I left in 1874. It was immediately after leaving the service of the Government that I became Mr. A. B. Foster's engineer on the Georgian Bay Branch—immediately.

**In 1874 became
Foster's engineer
on Georgian Bay
Branch.**

12064. Mr. A. B. Foster obtained a contract?—Yes; he obtained a contract for building the Georgian Bay Branch.

12065. In this matter you were acting in his interest?—Yes.

12066. What was the first work you did in that capacity?—I proceeded to make an instrumental survey from the harbour of French River to the Nipissing road, and from thence to the Amable du Fond, which was to be the terminus of the Georgian Bay Branch proper.

**Instrumental
survey from har-
bours of French
River via Nipis-
sing Road to
Amable du Fond.**

**Railway Location—
Georgian Bay Branch—
Contract No. 12.**

12067. That is near the central point of the four townships marked A, B, C, D?—Yes.

12068. Which was, in the contract with Mr. Foster, designated as the eastern terminus of the Georgian Bay Branch?—Yes.

A year occupied on this work.

12069. How long were you occupied on that service?—That, together with the Canada Central, I was a year.

12070. Was Mr. Foster also interested in the Canada Central?—Yes.

12071. You were still in his employment at that time?—Yes.

Condemned road and advised Foster to have contract cancelled.

12072. I believe the result of the exploration on the Georgian Bay Branch was to find that there was no feasible route within the gradients required?—I condemned it on account of the difficulties to be encountered in constructing a road under the cast iron contract that was entered into between Mr. Foster and the Government. I advised him to have the matter cancelled, as it was impossible for him to build it.

Opinion corroborated by Walter Shanly.

12073. Was this opinion corroborated by some other independent engineer?—It was corroborated by Mr. Walter Shanly, who acted in conjunction with me when it was brought before Mr. Mackenzie's notice and Mr. Fleming's.

12074. Was any attempt made to induce the Government to change the gradients, so as to make it a practicable route?—Yes; from information so given with all the details and data of elevation of that part of the country.

12075. What was the result of this representation and application?—Mr. Mackenzie refused, and Mr. Fleming refused to consider the matter, as I imagine from the final result of it. I never had an interview with Mr. Mackenzie. They had to bring Mr. Walter Shanly, but I know the results.

The crossing in connection with Sault Ste. Marie line of witness's survey 1872, were those fixed on had the line been carried out.

12076. The work was finally abandoned, I believe, and the contract annulled?—It was. I may state that the crossings in connection with the Sault Ste. Marie line that I chose in 1872—

12077. You mean the crossings of French River?—I do; were the points determined upon to make connections with Sault Ste. Marie, had the line been carried out.

Hazlewood sent to report on route from Renfrew to mouth of French River.

12078. Do you know whether before you went upon the ground yourself there had been any previous explorations or examinations of the country to ascertain whether a feasible line could be obtained?—There was a report issued. Mr. Hazlewood was sent out by the Government to report on the whole road from Renfrew to the mouth of French River.

12079. Do you know the result of Mr. Hazlewood's examinations?—Yes; I went carefully over the Georgian Bay Branch portion of them.

12080. Were they planned and profiled?—There was a plan.

12081. A location plan?—No; what we call a track survey plan and a report.

12082. Had there been any profile or had the examination been conducted so as to permit of it?—I think the profile was taken from Sir William Logan's geological plans and survey under his direction.

12083. There was nothing like a working profile?—No.

- | | Railway Loca-
tion—
Georgian Bay
Branch—
Contract No. 12. |
|--|--|
| 12084. And what was the result of Mr. Hazlewood's examinations as to the probability of obtaining a practicable line?—Altogether erroneous; entirely impracticable. | |
| 12085. But I mean to ask at what result did he arrive?—That a satisfactory line could be got according to his report. His report testified that taking each distinct portion of the country as far as he had examined it, that a satisfactory line could be got. I think there are files of that report still in the office, which can be referred to. | Hazlewood reported a satisfactory line could be had. |
| 12086. Had he made an examination of the continuous line between the centre of those four townships or thereabout, and some points on French River, to which a railway could be constructed, or was it only in detached localities?—He represented that he had done so, but I went over the ground with some of the men whom he had in his employ at that time, and found their camp fires, found their crossing places where they had crossed, &c., and he came over from where the four townships are about a creek called Rush River, where he did not walk over that portion between that point and the mouth of French River, but went around in a canoe. | |
| 12087. Did you find any serious difficulties in that portion which you think he had not carefully examined?—The whole difficulties appeared to occur between those points that he had not examined any portion of, and from there almost the entire distance of fifteen miles out of the twenty-two miles was undulating bare rock, with nothing to construct a railway—to form a railway bed of very wide crossings and over numerous openings of water courses. | Hazlewood did not examine country where the difficulties occur. |
| 12088. That is what you mean by crossings?—Yes; crossings of water courses. | |
| 12089. Was this length of twenty-two miles from the mouth of French River or thereabout, to a point further north-east at which the crossing of the line was expected to be made at one time?—That was between French River and what is called Cantin's Bay. The crossing is six miles further up which I recommended them to adopt, making a connection with the Sault Ste. Marie line. | |
| 12090. Is it your opinion that at the time the contract was let to the late Honourable Mr. Foster, to build this Georgian Bay Branch, there was a reasonable probability of a feasible line being obtained over the route indicated in the contract?—No; not in my mind. None from what I had previously seen of the country in 1859 and 1860. | When contract let to Foster no reasonable probability of a feasible line over route laid down in contract. |
| 12091. Do you mean also from what you have seen since?—And also from what I have seen since. I condemned the whole line from the inception, from the fact that in starting from Douglass it ran over the projected line running over the heights of land of the highest part of Ontario in that vicinity where all the rivers—the principal rivers flowing into the Ottawa and Lake Huron—from their sources. | |
| 12092. These last remarks seem to apply more to the extension of the branch—I mean the extension of the Canada Central from Douglass westward. My question was intended to apply to the Georgian Bay Branch?—Then my answer is: had not the specification been so framed demanding grades of twenty-six feet to a mile ascending easterly, the work might have been carried out by Mr. Foster. | Had not specification demanded grades of twenty-six feet to a mile, work might have been carried out. |

**Railway Location—
Georgian Bay Branch—
Contract No. 12.**

The Government refusing to modify this and to abandon twenty miles of the line contract was given up.

Profiles and location maps not prepared before contract.

Instructed by Foster to make exploration to find best line.

Proposed that the line should take the valley of the Ottawa.

Foster constructed branch to Renfrew, hoping to command traffic of the Canadian Pacific Railway.

12093. It was upon that matter, I believe, that you applied to the Government for a modification of the terms of the contract?—Yes.

12094. And in consequence of the refusal to modify, the matter was abandoned?—The matter was abandoned on these grounds, and certain alterations of the line were also demanded. The abandoning of the first twenty miles of road to Cantin's Bay.

12095. Adopting water way instead of railway?—Yes; on which locks were spoken of at a point on the river to improve the navigation of the river to a point twenty-six miles up.

12096. What was your next connection with any works pertaining to the Pacific Railway?—Next the Canada Central.

12097. When was that?—During a portion of the same year, and for some little time afterwards.

12098. What was your duty in connection with that?—Mr. Foster, on his arrival from England, from the advices I had given him, began to fear that the line throughout was not represented truly or to his interest, in the report given by Mr. Hazlewood.

12099. For this, which you call the extension of the Georgian Bay Branch, had there been profiles and location maps prepared before the contract?—By me?

12100. No; by anyone?—No, I think not; simply an examination as Mr. Hazlewood conducted it.

12101. Do you mean examination in the shape of exploration?—I think one line was run from French River eastward for a short distance by Mr. Mortimer, from what is called the "Key," six miles east.

12102. We are now speaking of the extension which was undertaken by the Canada Central as distinguished from the Georgian Bay Branch proper: do you know whether plans or profiles of that had been prepared before the contract with the Canada Central, as to the extension?—I think not; it was simply on Mr. Hazlewood's report.

12103. Without plans?—Without plans.

12104. What were your duties in connection with that portion of the line,—the extension?—Mr. Foster asked me to make an exploration where, in my opinion, the best line of railway could be got for the extension of the Canada Central,—to make an examination of the country.

12105. What were the results?—We proposed that the line should take what is called the valley of the Ottawa, the natural great artery of the country, where the lowest elevations could be obtained.

12106. Was the central extension abandoned finally?—No; Mr. Foster instead then of building from Douglass *via* the route projected by Mr. Fleming, and reported upon by Mr. Hazlewood, constructed the branch to Renfrew, some thirty-two miles, with a view that should the Northern Colonization Railway on the other side of the river cross at Portage du Fort, he would have command of the traffic of the Pacific Railway.

12107. Was the extension as contracted for with the Canada Central abandoned?—It went through other hands, and went into the hands of other contractors, McIntyre & Worthington.

12108. Not over the same route?—No; that was abandoned entirely from my showing the inexpediency of taking a line by the projected route as indicated by Mr. Hazlewood.

Railway Location—
Terminus of Canada Central on Lake Nipissing.

12109. What was your next connection with the Canadian Pacific Railway?—My next connection was the determining of the terminus of the Canada Central Railway on Lake Nipissing, to the east of Lake Nipissing, with a view of getting a common point so as to admit of the line running north and also to the south of Lake Nipissing, and to carry the railway to the north sufficiently far back from the waters of Lake Nipissing, should they be used for navigable purposes, so that the line should not be overflowed.

Determines terminus of Canada Central on Lake Nipissing.

12110. By whom were you engaged in this service?—By the present Government.

12111. About what time did the service commence?—In December, 1878; also to make a survey and soundings of what is called the East Bay of Lake Nipissing, for the purposes of a harbour in connection with the railway.

Engaged in December, 1878, for above purpose, and to make soundings of east bay of Lake Nipissing in order to fix on harbour.

12112. Is that the bay laid down on the map, marked South-East Bay?—Yes; and plans and profiles showing terminal points of the bay and the terminal point of the Canada Central Railway are in the office.

12113. With a report on the subject?—With a report—yes.

12114. What was the number of the party for that service?—I think it was about eighteen altogether.

Size of party, eighteen.

12115. Was there any difficulty about supplies?—None whatever; I took them with me.

12116. When did the service end?—I think it only occupied about two months altogether.

12117. Then what was your next operation?—My next service was, I had instructions to locate the first 100 miles from Winnipeg westward.

Contract No. 48.

12118. About what time did you commence?—On the 9th June, 1879.

9th June, 1879, commenced to locate 100 miles west of Winnipeg.

12119. Where were your headquarters during that service?—Winnipeg.

12120. Were your instructions from the head office?—Yes; from Mr. Fleming. I had nothing to do with the office here virtually, but my instructions were to submit the instructions to Mr. James H. Rowan, the District Engineer, to supplement any directions not therein given, if there was anything omitted, from his knowledge of the country.

12121. Your instructions were to report direct to the head office?—Certainly; I never reported to Mr. Rowan on any subject whatever.

Instructed to report to head office.

12122. What party had you in your charge?—I had the usual location party of twenty-one or twenty-two men altogether.

Size of party, twenty-two men.

12123. How many for engineering work?—The usual transit man, leveller, chain men, rod-men, picket men, axe men, generally comprising thirteen or fourteen of a party.

**Railway Location—
Contract No. 48.**

12124. And the other men?—For packing provisions, moving camp, making stakes, pickets, &c., involving all the work necessary to carry on the work collectively or with any advantage.

12125. I suppose Winnipeg was the base of supplies?—Yes; everything was brought from here.

No difficulty about supplies.

12126. Was there any trouble about supplies?—None whatever, except from the badness of the road and the generally wet season which impeded work some.

Survey completed 1st September. Party sent at Fleming's request to run a line into Portage la Prairie.

12127. About what time was that survey completed?—About the latter end of August or 1st September—surveys were completed in the fall. There was one party sent from me, at Mr. Fleming's request, to run a line into Portage la Prairie.

12128. Was that intended as a branch line or as a deviation of the main line?—It was run simply to make a connection to show the extra length that would be entailed by running a line there.

12129. And to deviate the line?—And deviate the line—yes, and to get the general features of the ground over which it passed.

Location plans and profiles prepared as far as work ready to go on with.

12130. Were location plans and profiles prepared comprising this work?—Yes; they were prepared as far as the work was ready to go on with forthwith.

12131. Was this a final location or a trial location?—It was a final location. There were portions of the work that would have been altered when the road was being constructed. For instance, there were two routes, one on the 4th base line and there was another running from three miles to three and a-half miles further north—the 4th base line was completed, but there would have been an alteration in the wet piece of ground eight miles in extent to the west side of the Province. It would have kept half a mile to a mile or a mile and a-half further south to obviate the necessity of going through wet ground, but the survey had to be carried through to ascertain the extent and the advisability of taking it through the wet ground or abandoning it.

Explains how his connection with this work ceased: Instructed by Fleming to get a line from end of first 100 miles towards the coal regions.

12132. When did your connection with this particular work cease?—During the winter—in January. The latter end of January I got imperative instructions from Mr. Fleming, by telegram, to make an examination of the country from the end of the first 100 mile contract *via* the valley of the Assiniboine towards the coal regions with a view of getting a line that would be not adverse to the coal traffic, with the least gradients adverse to the coal traffic.

Rowan took possession of witness's office and papers.

12133. Did that end your connection with the first 100 miles?—If you will allow me, I will make an explanation. During my absence, my staff who were working in my office at that time, preparing those plans, I got a letter here stating that Mr. Rowan had taken possession of my office and all my papers at the instance of Mr. Fleming, and my offices were turned into traffic offices for the Department connected with the Pembina Branch.

12134. Do I understand that you had an office in connection with this first 100 miles separate from the general engineers' office occupied by Mr. Rowan?—Certainly.

12135. In the same building?—Not in the same building at all. This building I applied for to Sir Alexander Campbell, who was the Postmaster-General, for the reason that there was no room in the

**Railway Location—
Contract No. 48.**

office below for two parties to work in at the beginning, and I chose those offices. I had my office apart from Mr. Rowan's, and the work was going on when this action was taken, which I felt very indignant at. It might easily have been left until I returned from the exploration of the work which I was sent upon, and I wrote very strongly on the matter in connection with it. What object there was in it I cannot conceive. Mr. Rowan also sent for my own private papers at my own house, for what object I cannot understand. It was a most unpardonable thing for a professional man to do. At the same time Mr. Rowan, knowing I was 150 miles west of this, wrote me letters to give up everything connected with this, previous to my getting any knowledge from Mr. Fleming of his desire to have my office, and that the Minister had instructed him to request me to take charge of the second 100 miles west. Consequently, after bringing over the iron and ties and starting the contract here last year, as soon as I went out on the other work my connection virtually ceased with the first 100 miles, and I took charge of the second 100 miles west—a more difficult location. The answer that was given to me was that there was no work to be done on this section requiring an engineer, by Sir Charles Tupper; that it was going to be done by assistants.

Took charge of second 100 miles west of Red River, contract 66. But no work requiring an engineer on this section.

WILLIAM F. LUXTON's examination continued :

By the Chairman :—

12136. Have you anything further to add to your evidence, or any documents which you wish to produce to the Commissioners?—I beg to put in a copy of the *Daily Free Press* of December 19th, 1878, containing the article referred to in my former evidence which I submitted in refutation of the evidence of Mr. Whitehead that the *Free Press* was hostile to him, and had done all it could against him. The article is headed "Our Outlet" and marked with my initials. (Exhibit No 110.)

LUXTON.

**Contract No. 15.
Helping News-papers.**

Copy of *Free Press* filed to show that *Free Press* was not hostile to Whitehead.

12137. Is there anything further that you wish to add?—That is all.

JAMES SUTHERLAND's examination continued :

By the Chairman :—

12138. Can you produce now the statement of the goods which were delivered over at the time which you ended your connection with the Pacific Railway?—Yes.

12139. With the prices attached?—Yes.

12140. What is the gross sum?—At the invoice price with freight and charges added, \$25,327.19, less depreciation, say 20 per cent., \$5,065.43.

12141. Net value?—\$20,261.76.

12142. Have you credited the store account in your books with that amount?—Yes.

12143. What is the result of the store account then by crediting it with what you find to be the proper value of these articles transferred by you as above mentioned?—It is \$233.40 short.

J. SUTHERLAND.

**Fort Frances
Lock—
Book-keeping.**
Statement of value of goods handed over when witness's connection with Locks ceased.

\$20,261.76.

Store account \$233.40 short.

**Fort Frances
Lock—
Book-keeping.**

12144. In the list which you produce have you added any things which were not in your former statement of goods transferred by you?—I have not.

12145. In the making up of this statement you have included besides the articles which were property charged to Store Account, plant, machinery, rolling stock and other goods not properly store goods, have you not?—Yes; they all go back into the stores again when the works are closed. They are all stores and charged to the stores department, and I credited them back when they went back into the store.

No book for exclusive purpose of showing goods disposed of to labourers, &c.

12146. Had you no account in your books which was exclusively for the purpose of showing the goods which were disposed of to labourers and other persons employed, as distinguished from other property used upon the works?—No.

12147. And did you always enter in your Store Account plant and machinery?—Yes; there was no profit supposed to be on anything of that sort.

12148. I am not speaking of profit. I understood, from what you said the other day, that you had an account to which was charged all the supplies that you got for the purpose of distribution amongst the men at prices agreed upon, and that you credited that account with the value of these goods which you had disposed of to the men?—No; we charged the stores with everything that came in there in the way of supplies and plant, and when we kept stores for the benefit of the men we charged them at a profit; but any profit, there was, was supposed to be on the stuff sold to the men.

Books show loss of \$233.40.

12149. Do I understand that your books show this: that upon the rolling stock, plant, machinery, tools and hardware furniture and the goods of all kinds which were kept for the purposes of sale, there was only a loss during the time in which you had charge, of \$233.40?—Yes. Of course that is what you mean by losing stuff altogether.

12150. No; I asked if they show only that loss?—Yes.

MURDOCH.

WILLIAM MURDOCH'S examination continued:

**Railway Construction—
Contract No. 48.
Inspection of
Ties.**

By the Chairman:—

12151. In connection with the first 100 miles was there some matter of Drope's which you wish to refer to?—He was a tie inspector of mine during the time I was in charge of the work.

12152. Was there some trouble about the inspection?—It appears that after I left he was discharged for some reason or other.

Drope, tie-inspector, satisfactory in his conduct while under witness.

12153. As far as your knowledge is concerned, what have you to say in the matter?—As long as he was under me his conduct was satisfactory, and he obeyed my instructions. I gave him written instructions which he could not fail to carry out; as far as I know they were carried out. I have no reason to believe that they were otherwise.

12154. Was there more than one tie inspector under you?—No.

12155. Do you mean that his conduct was always satisfactory to the contractors who furnished the ties?—No; his conduct was satisfactory to me.

**Railway Construction—
Contract No. 48.
Inspection of
Ties.**

12156. Was there at any time occasion to revise this inspection?—
Not under me.

12157. Did you ascertain yourself, by personal inspection, whether he had made a proper examination in the first instance?—From what I saw of all the ties brought to this side of the river I have no doubt that the inspection was properly made.

*Has no doubt in-
spection of ties
properly done.*

12158. Then you had an opportunity yourself of forming a personal judgment on the subject?—I saw them every day passing and re-passing.

12159. Is there any other matter connected with that Drope affair which you think ought to be explained?—I have made all the explanation so far as I am concerned personally. He will, I believe, refer to me in the matter.

THOMAS DROPE, sworn and examined :

DROPE.

By the Chairman :—

12160. Were you engaged in any transactions connected with the Pacific Railway?—Yes.

12161. In what way?—I went to Ottawa and asked for a position as inspector, and I got it from the Minister of Railways, and I have his letter to that effect. He sent Mr. Bradley, his secretary, to introduce me to Mr. Schreiber. I went to Mr. Schreiber's office and met him, and he told me that he would telegraph me to join him at Toronto. I got here on the 23rd December, and in about twenty or twenty-five minutes I reported myself to Mr. Schreiber for duty, and he instructed me to report myself to Mr. Murdoch, and I did so.

12162. What else?—I obeyed Mr. Murdoch's instructions.

12163. What else?—I went out on the line; went over the ties; went among the sub-contractors. The contractor was Mr. Ryan, but he had some thirteen or fourteen subs, and I went round among the camps, and among the men, where they were making the ties, and gave them instructions that there was no use in bringing out ties that would not pass specification. Mr. Murdoch had given me the specification, and I showed this notice to these men; and I got a letter from Mr. Rowan, charging me with contracting debts for the Government that I had no authority to do, while I had the receipt from the *Times* office three days previous for my own money.

*Charged with
contracting debts
on behalf of Gov-
ernment without
authority.*

12164. Is it for the publication of this notice that the debt was supposed to be contracted?—No; I paid my own money for it.

12165. Did Mr. Rowan accuse you of contracting a debt when you had not contracted a debt?—He did.

12166. Was he right?—No.

12167. Then what next?—I went over the ties from time to time; and I got a letter from Mr. Murdoch, instructing me to take instructions from Mr. Force during his absence, which I did; and I went on to carry them out until I got a letter from Mr. Schreiber to acknowledge Mr. Rowan.

*Instructed by
Schreiber to
acknowledge
Rowan's au-
thority.*

**Railway Con-
struction—
Contract No. 48.
Inspection of
Ties.**

Contractors not paid on his certificate.

Ultimately contractors paid on his certificate.

Contractors complained that witness did not do them justice.

Witness's cause of complaint.

Returned to Winnipeg on 10th of April. On 12th told he must not come to town.

Told that he had been removed from pay-roll.

Rowan wrote him that he had instructions to remove him from pay-roll.

12168. Up to the time of getting that letter from Mr. Schreiber, had there been any complaint of your conduct?—Not that I am aware of.

12169. Have you got that letter : is there any complaint?—Yes; they refused to pay the contractors upon my certificate.

12170. Then you think the contractors have a cause of complaint?—The contractors have no cause of complaint at all. I understood, yesterday, Mr. Brooks, the cashier of Mr. Ryan, who was one of the partners of Mr. Ruttan, and Mr. Ryan told me that they had got an order from Ottawa to call at the bank and get the money on my certificate. You will understand me, the first contractor and contractors were all passed; there was John Ryan and Mr. Whitehead, and Mr. Ruttan and Mr. Ryan, the sub-contractors. Every one of them complained that I did not do them justice, that I was too hard on the inspection, and didn't make sufficient returns in the number of ties got out.

12171. Do I understand that you come forward wishing to be examined, because you think there is some cause of complaint on your part, against some officer or some one connected with the works : is that right?—No.

12172. What is it you wish to have investigated?—I wish to clear myself of anything that may be disparaging to me at any time, or to any one who I acknowledged at the time.

12173. Is not that a cause of complaint, that you have been disparaged?—Yes; but not to apply to any one else. I have cause of complaint against Mr. Rowan.

12174. What is your cause of complaint against Mr. Rowan?—Mr. Ryan's contract went over thirty-five miles, and there was not a sufficient roof, but one, on the whole road.

12175. What do you mean by roof?—I mean a house that belonged to the Government and was furnished by the Government; and Mr. Ryan, as I understand it at the time, rented it from Mr. Rowan, and rented it to the tenant.

12176. That is no cause of complaint. You tell me what your complaint is, I will try and investigate it; but I do not wish to occupy our time with anything but the cause of complaint?—I came to town on a Saturday night, on the 10th of April, and I got a letter from him on the 12th, that I was not to come to town. I put in an affidavit, signed by six respectable gentlemen that there was not a proper place for any man to live in on the line.

12177. Did he discharge you because he alleged you had disobeyed orders?—No; he wrote me to say that I had been removed from the pay-roll on the previous month. I paid no attention to that letter, and went on with my work, until Mr. Molesworth came on the 23rd of April. He re-inspected and counted the ties and I did not know his return. Then after that Mr. Rochester was sent on, and I do not know his return.

12178. Did they ever discharge you—any of them?—Mr. Rowan wrote me to say that he had got instructions from Ottawa to remove me from the pay-roll.

12179. Did he state the reasons why you had been removed?—No; his letter is here.

12180. Do you know the reasons?—No.

J. H. ROWAN's examination continued :

By the Chairman :—

12181. Was Thomas Drope discharged by you from the service of the Government?—He was by instruction from Ottawa.

**Railway Construction—
Contract No. 48.
Inspection of
Ties.**

Drope discharged from position of tie inspector by orders from Ottawa.

12182. Do you know from what cause?—I believe for inattention to his duties.

12183. Do you know in what the inattention consisted?—Yes; Mr. Schreiber spoke frequently to me about Mr. Drope's presence in town, when Mr. Schreiber was here himself, complaining that he seemed to be all the time in town and around the Pacific Hotel, and he told me that that kind of thing must not be. I then wrote to Mr. Drope to say that he must stop out on the work. After that, I think he came to town. I am not quite sure of the dates, but I can by referring to the letter-books, and having disobeyed my orders, I suspended him, and I wrote him a letter to that effect I think. The day after, I think it was, I wrote to Mr. Drope telling him that I would suspend him, and that I should report his conduct to Ottawa. I received a telegram from the Engineer-in-Chief telling me to discharge Mr. Drope. That was the day after I mailed the letter to Ottawa that I received the telegram from Ottawa ordering me to discharge him.

Schreiber spoke frequently to witness about Drope's presence in town.

Received a telegram from Schreiber to discharge Drope.

12184. Then do you consider that you received the telegram before your letter reached Ottawa?—Certainly; I only wrote the day before.

12185. Then the telegraphed instructions could not have been caused by your letter?—No; it was not caused by any communication of mine at all to Ottawa.

WILLIAM MURDOCH's examination continued :

By the Chairman :—

12186. What was your first work in connection with the second 100 miles west?—There was one piece of work in connection with the Government that I omitted to tell this morning. I was instructed about the 23rd October, 1873, to run a line from some twenty miles north of White Fish Lake just north of Lac des Mille Lacs, thence on to Sandy Bay, some 115 miles westward, and then eastward to a point on Black Sturgeon Lake. Mr. Fleming had an idea at that time of straightening out the line somewhere in the direction of the present route, only further to the north. You were asking as to the cost of the surveys, or whether they involved more expenditure at one time than another under certain circumstances. That was an expensive survey from the fact that I arrived at Thunder Bay by the last boat previous to the snow falling in sufficient quantities to enable stores to be moved. Two parties were two weeks camped at Thunder Bay near the Second River. Previous to my going up there Mr. Rowan took upon himself to write to Mr. Dawson. He spoke to me in regard to the matter and said that he would write to retain horses to carry this material to the point where I would require to use it. There was a party of about sixty men altogether in the two parties, perhaps more. The provisions had to be transported from Thunder Bay, or from that river to Lac des Mille Lacs, or to the Savanne River at the head of Lac des Mille Lacs,

MURDOCH

**Preliminary Survey—
Line from north of White Fish Lake to Sandy Bay, thence to Black Sturgeon Lake.**

October 23rd, 1873, instructed to run a line from twenty miles north of White Fish Lake west to Sandy Bay then east to Black Sturgeon Lake.

An expensive survey; reason for this.

Preliminary Survey—

Line from north of White Fish Lake to Sandy Bay, thence to Black Sturgeon Lake.

Moberly sick.

Back to Thunder Bay.

a distance of about 115 miles, with all the camp equipment and outfit for two parties. On arriving there a horse trail had to be cut some twenty miles north to utilize the horses that I subsequently got, to get as far as White Fish Lake. From there twenty miles of transit line had to be run from that point due north to the place of beginning to commence surveys east and west. From that point we had dog trains to transport provisions entirely, involving twenty miles of dog trail to be cut. Then from there one of the engineers, Mr. Moberly, became sick. I had to take his position and run his party, running westerly to what is called Sandy Lake, a distance of 115 miles, together with 115 miles of dog trail to be cut and traverses of lakes, in connection with the general line of the survey. Mr. Gordon, my other assistant, took a party eastward some seventy-six miles to the Black Sturgeon Lake. After finishing that he travelled back and came out to me some 176 miles, to assist me in getting through. We came then back to Thunder Bay after getting the survey completed. Under those circumstances, the length of the line to be surveyed and cost of equipment would involve the expenditure on a survey of that kind very much greater than if you had not to take your supplies such a distance. The waiting for the taking of the ice and a snow fall, together with the fact that when I arrived there I found only two or three span of horses—four, I think, were ordered by Mr. Rowan altogether, and it required twelve or fourteen teams of horses to transport the material. Consequently exceptional cause in different places involved different outlays of money.

12187. What was the number of the party which you had charge of on that occasion?—There were two parties.

12188. How many men?—Probably thirty or thirty-five men in each; hanties had to be built along the line of the road.

12189. Was each party to do a different kind of work, or similar work at different places?—They were doing similar work, one going east and the other west; in conjunction with that the oats ran out, there was no oats to be had in the place; hay was scarce, and we had to bake bread and mix it with straw to keep the animals alive.

Best place for base of supplies. Lac des Mille Lacs.

12190. Where would have been the most convenient place for the base of supplies?—The base of supplies—the nearest place that could have been got—was Lac des Mille Lacs, at Savanne River.

12191. Was that on the line of the work?—It was fifty miles south of the line of work.

12192. Whose duty was it to decide upon the place for the base of supplies?—The base of supplies was generally left in the hands of the engineer in charge.

12193. Who was he?—I was the engineer in charge at that time.

Base of supplies could not have been decided on when party setting out.

12194. Did you decide upon the base of supplies at that time?—The base of supplies could not be decided on then as I had no previous knowledge as to the point I was going to, and had not time sufficient to make those arrangements.

12195. Was it understood at that time, either by express or implied instructions, that the engineer in charge should start upon his work without having any arrangements for his supplies satisfactory to himself?—Nothing further than taking them with him and managing his own commissariat.

**Preliminary
Survey—**

**Line from north
of White Fish
Lake to Sandy
Bay, thence to
Black Stur-
geon Lake.**

12196. Then do you mean it would be within his instructions to start on a work of this kind without knowing where his base of supplies would be or considering the subject himself?—He had no time to consider it, because he had no knowledge of where he was going to, probably a week before he left, and he had simply to take his supplies with him, and do the best he could with them when he got into the field.

12197. On this occasion did you consult with any one as to supplies or where the base would be?—I knew the country. Having been over it previously and knowing the vicinity, I knew more about it than any one else who could advise me.

12198. Therefore did you consult?—There was no necessity for consulting.

12199. Therefore did you consult?—No; I consulted no one.

12200. Do you consider that the arrangements for supplies were defective?—No.

12201. How was the unusual expense incurred?—By the parties having to camp at the river until snow came to enable us to move our material. We had forty-five miles of the Shebandowan road to go over first. That had to be covered with snow. There was a lack of animals to haul it, by not giving Mr. Dawson sufficient time to retain those animals. Lac des Mille Lacs had to be frozen to carry that material, and the immense distance and having to haul supplies to the point where you had to begin your work enhanced the cost of it materially.

**Expense caused
by parties having
to camp at the
river until snow
came and the
rivers were
frozen.**

12202. Do you mean that in your opinion the direction to do the work at the time it was ordered to be done was bad judgment, or that it was good judgment, but the arrangements afterwards were defective?—No; the arrangements afterwards were the best that could be made, for the instructions issued by the Government were too late. There was no time to have got provisions into these points close to where the work could commence.

**Government in-
structions too
late.**

12203. In this particular matter, did the Engineer-in-Chief take the responsibility of directing the men, or was it done by the Government irrespective of the Chief?—I imagine that the Engineer-in-Chief was carrying out the instructions of the Government.

12204. Then you mean that whoever was responsible for the direction of that work made a mistake?—I meant to instance it as a case in point, where surveys cost very much more than they would have cost otherwise under other circumstances, and as an omission of a part of the work that I did which I was describing this morning.

12205. What would be the best season of the year for doing that kind of work, if economy was one of the main considerations?—It is a question that involves time. If the work had to be pushed through, both summer and winter would have to be utilized, and as to which would be the best would depend. Had all things been favourable, I assume that the winter would have been the best.

**Had all things
been favourable
winter the best
time for doing
work.**

12206. And what time was this?—This was in the fall, before the snow fell. The snow fell very late. It did not fall until some weeks after we landed there, which caused the delay.

12207. You think the work would have been done as well if it had been delayed a little?—You see the snow was late in coming, and

**Snow late in
coming.**

Preliminary Survey—

Line from north of White Fish Lake to Sandy Bay, thence to Black Sturgeon Lake.

when we landed there we had a delay of some weeks, in consequence of winter not being as early as usual.

12208. To what circumstances do you attribute the unusual expense of this work?—There is no unusual circumstances to be attributed, further than not being able to get to the work. We would have been enabled to get to the work sooner if the snow had fallen, and done more work to represent so much money, and gained more information.

12209. Was it that the season was an unfavourable one for the operations?—Simply because the snow did not fall, and that delaying operations was one cause. The want of animals and the cost of animals. If they had been provided for by one Department of the Government, and the accounts shifted to another, it would have entailed less expense.

Impracticable to make approximate estimate of average cost per mile of surveys through such a country.

Some wet land. \$146 a mile.

12210. Can any approximate estimate be made which would show the average cost per mile of surveys if this description through such a country as these operations were carried on?—It would depend entirely on the locality and circumstances.

12211. Then could an estimate be made which would show an average of mileage cost?—Not unless you take the whole work throughout and the number of miles run, which would be a very difficult thing to obtain. Some wet land which I have done myself on the Georgian Bay Branch, for instance, is about \$146 a mile.

By Mr. Keefer :—

Preliminary survey.

12212. What was the character of that survey itself?—A preliminary.

By the Chairman :—

Railway location—Contract No. 66.

12213. Is there any other matter connected with your previous work which you think it proper to explain before we proceed to the second 100 miles west of Winnipeg?—Not now; but I may think of something after.

12214. What work did you undertake on the second 100 miles west?—The location of the line from the western boundary of Manitoba, westward to the Bird Tail Creek.

12215. In charge of the party?—Yes.

In charge of party of twenty-one to locate second 100 miles west of Winnipeg.

12216. What is the number of the party?—It averaged about twenty-one. There were two parties. The party was divided—one party was on construction and the other was on location.

12217. Did the construction begin as early as the time you name, January, 1880?—No.

12218. At the beginning what was the number of your party?—It was about twenty-three or twenty-four men.

Latouche Tupper responsible for furnishing supplies for four parties.

12219. Who had the responsibility of furnishing supplies?—A commissariat officer named Latouche Tupper.

12220. Attached to your party?—For three parties—four in fact.

12221. Was there any difficulty about supplies during the work?—No; no difficulties.

Line located as far as Bird-tail Creek.

12222. Has the work been finished?—The second 100 miles has been located as far as Bird Tail Creek.

**Railway Construction—
Contract No. 66.**
Construction commenced.

12223. Has construction been commenced upon it?—Yes; construction has been commenced on it at the east end, near the Sand Hills.

12224. Has the construction progressed as fast as was to be expected or has it been slow?—Construction I assume is slow.

12225. About how many men have they employed?—Twenty or twenty-five men.

Contractors employed twenty or twenty-five men.

12226. At what time was it located so that they could commence operations?—It was in July—about the 9th July.

Line ready for contractor 9th July.

12227. Were the contractors ready to proceed with the work before that?—I have no idea. If they were, they did not while I was there.

Had not proceeded with work while witness was there.

12228. You are not aware whether there was any delay occasioned by the absence of location?—Not that I am aware of.

12229. Have you obtained as favourable a line as was expected?—A very favourable line throughout.

Found a favourable line.

12230. Is there any other matter connected with the second 100 miles west which you would think it proper to give by way of evidence?—I have nothing to say in connection with the second 100 miles.

12231. Have you anything further to say about any matter connected with the railway that you think ought to be given in evidence?—There is nothing that I particularly wish to say regarding anything connected with it at present.

12232. Have you traversed any of the country over which the railway is now built except while surveying the lines which you have mentioned and in those localities?—I have not been in any portion where the road is being built, except at Kaministiquia and at Winnipeg.

**Railway Location—
Contracts Nos. 14 and 15.**

12233. Have you been over the country on which the present constructed line runs east of the Red River?—On no portion of it except at St. Boniface station, and from there to the first switch points north. I was over portions of it previous to construction when I was choosing the location.

12234. Did you know the nature of the country before it was decided to construct the lines where they are constructed?—Certainly.

12235. What portion of the country?—The portion of the country from Stone Fort eastward to the Winnipeg River, and near Winnipeg River, along the swampy portion of the ground there.

12236. Had you, from this opportunity or from any other, a means of judging of the nature of the country over which the present located line runs?—From the general nature of the country between the Stone Fort and Rat Portage, the crossing of Winnipeg River, there are some large swamps and flat lands that it would be difficult to build a railway over.

12237. Do you consider, from your knowledge of the country, that you could judge of what is now traversed by sections 14 and 15?—No, because I have not been on the ground since the road has been constructed; but going in the vicinity where the line must be, I passed over and I noticed there were some very bad swamps one winter where poles were stuck down to any length.

**Railway Loca-
tion—
Contracts Nos.
14 and 15.**

12238. About what locality?—About forty or fifty miles west of Rat Portage.

12239. How far would that be from the present constructed line?—These marshes may be on both sides of it. It may run right through the middle of them for all I know, as I have not been in that locality since, but the ground would require careful looking at to see that the lines were properly located.

Told Fleming of the long deep swamps in the part of the country over which line runs.

12240. Do you know whether the present constructed lines pass over any of the country on which you had a knowledge before it was decided to construct them?—I must have passed over them, because I passed where the present lines are constructed. I told Mr. Fleming of them at the time that I returned from this trip, of these swamps, in conversation with Mr. Rowan and himself in the office at Ottawa.

12241. About what year was that?—In 1872.

12242. And did you mention the locality?—Yes; I mentioned that these swamps were very deep and very long in some instances, and very low ground.

12243. What swamps are you referring to?—The swamps that surround the outskirts of the whole of that rocky country.

12244. Had you traversed the country north of Falcon Lake at that time?—I do not know whether I went to the north of Falcon Lake or to the south. My objective point was Rat Portage going east. I had nothing whatever to do between Winnipeg River and Red River.

12245. Did you communicate what you considered to be the nature of the swamps and the difficulties of them at that time?—Yes, I did.

Rowan stated there was a good sandy bottom.

12246. Was anything said upon the subject—anything further?—Nothing further than Mr. Rowan stated it was good sandy bottom.

12247. Were these remarks relating to any particular locality, or to the general character of the country?—No; to the general character of that portion of the country, but to no particular locality.

12248. Did he state why he was of that opinion?—He simply made the statement.

12249. Was anything further said by either of them on this subject? No; it was very short. I dissented from it, and the matter dropped.

15250. Have you traversed at any time the country north of Lake Manitoba by the Narrows?—I never saw it.

Relations between Rowan and witness.

Told to submit his instructions to Rowan to see if there was anything to add.

Had no doubt that his position had nothing to do with Rowan.

12251. During your connection with the Pacific Railway, has there been any doubt at any time as to whether Mr. Rowan was your superior officer or not, caused either by the nature of the instructions or from any other circumstances?—As to the matter of doubt, the instructions that I read to you this morning, in which it was stated that I was to submit my instructions to Mr. Rowan, to supplement anything that had been left out. I submitted it to Mr. Rowan previous to my coming up here. I had no doubt in my own mind as to my position, which had nothing whatever to do with Mr. Rowan; but Mr. Fleming told me to leave and that my instructions would be sent after me. It was a point I particularly wished to avoid to have anything to do, or instructions or anything to do, with Mr. Rowan in any matters connected with the Pacific Railway.

12252. When you received the written instructions were they of the same nature as the verbal instructions?—No; they were not so comprehensive.

Relations between Rowan and witness.

Written instructions not so comprehensive as verbal.

12253. Upon the point of your being subordinate to Mr. Rowan, were they the same?—No; I did not understand that I was to be a subordinate of Mr. Rowan's.

12254. Upon the point of your not being a subordinate of Mr. Rowan were they the same?—They were not so comprehensive. I referred them to Mr. Rowan.

12255. You mean the plans?—No; the instructions to supplement whatever was omitted. I do not know who drew them up; however, he could not supplement them. His information was of no use to me, except as to the starting point—that is his knowledge of the country.

12256. Has there been any difficulty in carrying out of the work in consequence of any difference of opinion on this subject?—In connection with the first 100 miles?

Contract No. 48.

12257. Any work?—There was work done on the first 100 miles that I dissented from altogether on the beginning of it.

Disapproved of some work done on first 100 miles.

12258. Do you mean from Winnipeg north-westerly?—From Red River at Winnipeg.

12259. During the location of the line?—I had charge of the work; I was supposed to be in charge of the work.

Witness in charge of work.

12260. The locating?—The preliminary line across at Point Douglas.

12261. Was the work as done approved of by the superior officer at Ottawa?—I hardly think so. When Mr. Fleming came here I had no official knowledge of his coming. Mr. Smellie came up here as his representative, as acting Engineer-in-Chief.

12262. Was that when Mr. Fleming came up?—Previous to his coming. He instructed me to lay out the line across from the connection with the Pembina Branch and make two cuts, one on each side of the river, which I considered unnecessary.

Fleming instructed witness to lay out line across from Pembina Branch and make two cuts which he thought unnecessary, but obeyed instructions.

12263. Did you tell Mr. Smellie so?—I did, and I told Mr. Ryan so; but I laid it out according to his instructions.

12264. Has the question been decided by the Chief Engineer or any one acting for him?—The Chief Engineer came here, and from a conversation I had with him, he said he was very much astonished to see work of that kind carried on. I told him how the matter came about.

Chief Engineer surprised at such work.

12265. Has it been adopted?—There is a temporary bridge now put up, and they have covered up the ditches they made on the other side. This was made for the purpose of taking iron across the river. Had they taken Mr. Whitehead's old track the whole thing could have been done for very little cost. Mr. Smellie did not propose to do so, and made those cuts, and I brought the iron across the river during the winter—the iron. The ties were brought across the river under my direction during the winter when the ice took.

Had Whitehead's old track been taken much expense would have been saved.

12266. Is there any other matter about the railway which you think proper to mention?—Simply in connection with that there was a ditch matter. While Mr. Smellie was here I made application to the Council to get the right of way up Point Douglas Avenue, which they granted.

Witness obtained from Council right of way over highway.

Relations between Rowan and witness—Contract No. 48.

But Smellie ordered ditch to be laid out on private property.

By witness's alteration of line back to its original projection 140 cubic yards of ditch left open.

Fleming ordered ditches to be cut smaller with the effect of ultimately closing up ditch.

Fleming censured witness for mistakes for which he was not responsible.

Reason for believing Rowan had no jurisdiction over him.

Rowan no right to take possession of witness's private office and seize his papers.

12267. Over the highway?—Over the highway. I gave instructions to lay out the line of railway on the highway, and the ditches on the highway. When Mr. Smellie was here I availed myself of the opportunity of going to St. Paul to bring my wife up. During my absence he instructed Mr. Force to lay out the ditch differently, seven feet in on private property. When I returned complaints were made to me that it was destroying the property of the people who were interested. I at once asked Mr. Force the cause of this, and he showed me Mr. Smellie's instructions. In the meantime, in the dry parts of the prairie, the ditch had been commenced by the contractor. By my alteration of the line back to its original projection on Point Douglas Avenue, it left a portion of this ditch open, some 140 cubic yards. Mr. Fleming's attention was called to this, and he asked me the reason of it. I told him. He was very much annoyed about it, and wanted to discharge Mr. Force. I cut those ditches which made a jog in them, and Mr. Fleming ordered them to be taken out smaller, which had the effect of closing them up—falling in when the men were taking them out. Mr. Fleming thought there was too much work about them, and he wanted to get the work done quickly. He thought a smaller ditch would do, and gave me instructions in writing. I carried them out with those results.

12268. Was that work the effect?—No; subsequently it had the effect of closing up the whole ditch and no drainage would go on. Subsequently, when he saw the effect of it he allowed them to be taken out at what they would stand, something a little less than one to one.

12269. Do you mean that he subsequently altered the dimensions so as to conform with the original intention?—No. They would not stand at that, so he allowed them to stand as they were. He censured me for those mistakes. My not being responsible, and mentioning that to him, he replied that I was in charge of the work there. I said: "No; not while Mr. Smellie was here as acting Engineer-in-Chief and doing my work." He told me I was in charge of the contract now. I told him that when I made mistakes in the future he could find some one else to take my place—when I made mistakes when I was in charge of the work. Consequently I assumed that Mr. Rowan had no jurisdiction whatever over me, even with the first 100 miles, until such time as he got control of it in the manner I have stated, last winter, in my evidence this morning, in the matter of going into my office during my absence, 150 miles from here, and taking everything out of it. Whatever his instructions from Mr. Fleming may have been privately, I have never seen, and do not know, and I am not aware of them. In some letters that he wrote to me, which I never answered, he assumed that I was in his district, although I made no reports to him and was directed to report to the head office, but to keep him apprized of everything that was going on, which I distinctly refused by telling Mr. Smellie, that if I had to take instructions from Mr. Rowan, to telegraph Mr. Fleming to get another man in my place as soon as he chose.

12270. Did you consider, according to the understanding upon which you were in charge of the first 100 miles west, that Mr. Rowan ought not to have taken possession of your office?—Certainly not; no man of common decency should have done such a thing in my absence—go into my private office and take my papers, and send down to my house for private papers connected with the contract—my own papers and the papers connected with the contract.

Relations between Rowan and witness—
Contract No. 48.

12271. Were you at that time engaged by the Government on some other work?—I was engaged by the Government in looking at the coal line of railway from the west end of the Province by the valley of the Assineboine to Souris River.

12272. Did you make any representation upon the subject to headquarters?—I did.

12273. To whom?—To Sir John Macdonald and Sir Charles Tupper. My letter was sent to Sir Charles Tupper.

12274. Did you made a representation to any one at the head of the engineering staff?—All were aware of it. There was no necessity for my appealing to those who gave instructions to Mr. Rowan to do this.

12275. Your judgment on that may have been right, but I am asking only as to the fact?—No.

12276. Who was the superior officer at that time over both you and Mr. Rowan?—Mr. Fleming.

12277. And you did not communicate to him?—No, certainly not; because a week after this thing had been done by Mr. Rowan a letter came to me from Mr. Fleming, requesting me to take charge of the second 100 miles west, because this work was so light that it did not require keeping up two establishments in Winnipeg.

A week after Rowan entered office of witness a letter from Fleming arrived requesting him to take charge of second 100 miles as there was no need of keeping up two establishments at Winnipeg for the first 100 miles.

12278. That was intimating to you in effect that Mr. Fleming considered one establishment could take charge of the documents and papers belonging to this first 100 miles as well as the rest of this section?—Certainly; that was a week after this act had been perpetrated. Had I any knowledge of it previously it would have been a different matter.

12279. Had this letter, which you got a week afterwards, reached you before it would have been a different matter?—Certainly; I was away 150 miles when this letter arrived.

12280. Then did you not get it until a week afterwards because it had been lying here in Winnipeg?—My wife got it, opened it and forwarded the contents to me at Grand Valley, informing me of the whole circumstances; but it was not until a week after the things had been taken out of my office that my wife got this letter.

His wife got letter only a week after the things had been taken out of his office.

12281. Did you ever endeavour to ascertain from Mr. Fleming whether he had instructed Mr. Rowan to take these steps?—I did not.

12282. Have you any means of knowing whether he did instruct him?—No; I have not. I do not know who instructed Mr. Rowan, or whether he had any instructions.

12283. Is there any other matter connected with the railway which you wish to explain or state by way of evidence?—No; there is nothing that I see of any consequence to myself.

JAMES H. ROWAN'S examination continued:

ROWAN.

12284. *Witness* :—I beg to hand in profiles of the Pembina Branch which I was asked for. (Exhibit No. 111.) It is in lengths of ten miles, as it would be too long to give it all in one piece, and to say at the

Pemb. Branch.
Profile of Pembina Branch handed in.

Contract No. 48.

Promises profile of contract.

same time that I would have complied with your request and with the instructions I had received also previous to your coming from Ottawa of having one prepared ready to hand you of the first 100 miles west, but that my staff has been so very much occupied that I have not been able to have it completed, but I will send it to Ottawa after you as soon as it is done.

By the Chairman:—

Had nothing to do with first 100 miles while Murdoch was in charge.

12285. Can you say when the first 100 miles west was located, so as to permit the contractors to proceed with the work—a portion of it?—I cannot just at this moment. I think he had commenced his work when Mr. Murdoch had charge, if my memory serves me right, and when I declined to have anything to do with it. I think some of it in the neighbourhood of the city had been set out and ready for work before I took charge of it. I cannot say positively as to the time because I had nothing to do with it at that time.

Railway Location—Red River Crossing.

Witness reported to Chief Engineer that present crossing the best.

12286. Do you know who may be considered responsible for the location of the crossing at Selkirk? Who made the recommendation in the first instance?—I submitted a report of all the crossings and of the Selkirk one amongst them, and I reported to the Engineer-in-Chief that in my judgment, and the reasons that I gave, that that was the best crossing.

12287. Has that report been published?—Yes.

Selected by witness.

12288. Was it selected by you or under your charge?—Yes.

Directed to choose a point on engineering grounds, but, other things being equal, to select a spot where Government owned the land.

12289. Had you any directions indicating where you should endeavour to get the crossing?—Well, I think that I had. I was to select the best in the engineering point of view; and I think it was added, if I remember rightly, but I could not be positive, that if there was a point where the Government had property of their own, other things being equal, that that point should get the preference.

12290. Were those instructions in writing?—I think not.

12291. From whom did you get the instructions?—From the Engineer-in-Chief, Mr. Fleming.

12292. Do you remember where it was?—In Ottawa.

12293. Was sufficient known at that time to give an opinion—even an approximate opinion—as to the eligibility of the different points?—I think it had been partially examined—not so fully as it is at the present time.

12294. But there had been some data upon which a person might form some opinion?—Yes.

12295. And it was after consideration of those data that Mr. Fleming indicated to you that the point was to be selected, other things being equal, where the Government had property?—Yes; it was desirable that the value of the Government property should be enhanced by the location of the railway if other considerations in connection with the subject were equally favourable.

The above qualification weighed with him in making selection.

12296. Did this question of Government property weigh with you in the selection of the site?—It did.

12297. If the Government had not had property there, would you then have decided upon another spot?—I do not know that I should.

12298. Are you doubtful about it, or is it an open question with you?—Well, yes; I think I could not be positive about it. I might have had, but the fact of so large an amount of property being there at that spot certainly influenced my views very considerably. I thought it was likely to prove most beneficial to the Government property, and consequently to the Government, having a site for a city at such an important point.

12299. Assuming that the through line was to pass south of Lake Manitoba, and that Rat Portage was an objective point, could you say where you would think the best crossing could be made considering the whole object of the railway?—Selkirk.

12300. The fact of the line going from Rat Portage by a route south of Lake Manitoba does not alter your opinion as to the eligibility of Selkirk?—It does not; if we were going north, of course there could be no question at all, I fancy, in anybody's mind.

12301. But assuming that no expenditure had been made and that the whole matter was an open question, do you consider that the line from Rat Portage to some point south of Lake Manitoba could be made at the greatest advantage by having the crossing at Selkirk?—Is that having it at the present time, or at the time the point was selected?

12302. At the present time. I say, assuming now that the whole matter was an open question with these two data, Rat Portage and some point south of Lake Manitoba and the necessity of a crossing at Red River, would you say by the light of the present that the crossing would be best at Selkirk?—I think that, taking every point connected with the subject into mature consideration and giving the best opinion I could on the matter, professional opinion, I should select Selkirk still.

12303. You said that early in the period of surveys you had charge one season of about thirteen parties, not only their engineering operations but the forwarding of supplies: could you describe the nature of the work required to be done and the difficulties which the chief engineering parties encountered?—I can; but it will be of considerable length, and I would therefore ask permission to forward it to you in writing, as my time is so much occupied now that I cannot put it in the shape I would like to.

12304. Please do so, with the understanding that any facts that you state will be by way of evidence?—Certainly. I now beg to hand in a copy of the various lines that have been run in the neighbourhood of Cross Lake (Exhibit No. 112)—with the profiles, with the exception of one, of which I think I stated verbally to the Commission before that I have a copy of here, as it was made at Mr. Marcus Smith's directions and suggestion, when he was acting Engineer-in-Chief, and I forwarded it on to him at once, as it was urgently needed, with a letter. I have had a copy of our 4,000 feet plan made showing where that profile was made. I believe the profile itself to be in the office at Ottawa. This letter almost explains the profile itself. It is a copy of a letter in which the profile was forwarded to Mr. Marcus Smith. (Exhibit No. 113.) I was asked to state what amount of rock work had been done on contract 15, at the time the discrepancy or error in the quantity was discovered. I believe that quantity to have been about as follows: solid rock 111, 126 cubic yards; loose rock, 2,121 cubic yards; total value of work done at that date on the contract, according to our approximate

**Railway Location—
Red River Crossing.**

The fact that the line goes south of Lake Manitoba leaves his opinion of Selkirk crossing unchanged.

Would select Selkirk crossing at this hour.

Surveys.

Promises a paper on surveys, the engineering operations and the system of forwarding supplies for the various parties.

**Railway Location—
Contracts Nos. 14 and 15.**

Profile of lines run in neighbourhood of Cross Lake.

**Railway Construction—
Contract No. 15.**

Discrepancy as to rock work.

**Railway Construction—
Contract No. 15.**

Total value of work done when discrepancy in quantities was discovered, \$437,000.

estimate, in round numbers, \$437,000. In connection with this subject I am not aware what evidence at all Mr. Carre gave. I did see a short synopsis of it in one of the papers, but I was too busy to read it all; but in justice to him, supposing that these documents were not put in before the Commission, I would like, on his behalf and independent of him, to put in these two letters. One is a letter of his addressed to Mr. Fleming, of which I was furnished a copy, and it is dated May 7th, 1878 (Exhibit No. 114); the other is a copy of the telegram which I received from Mr. Carre, when I was in Ottawa, on April 7th, 1879 (Exhibit No. 115). I think I have now answered every question that was put to me, and as far as I am able, with the exception of one, which was to the effect of: by what percentage has the change in contract 14 increased quantities. That was asked me some days ago. Upon hunting through the office I find that I have not a copy of the profile of the original line, and I therefore am unable to give the percentage in that way, unless it be a percentage between the quantities as we have actually finally measured the work, and what we have published in the schedule of quantities, and I would like to supplement what I then said by the further statement that as regards the increase of rock, which was considered in the final estimate as compared with what was published, that at the time the survey was made, which I stated before was in the winter season, and it was not easy to decide what was rock and what was not rock in every case.

Contract No. 14.

Survey made in winter when not easy to say what was and what was not rock.

**Railway Location—
Red River Crossing.**

12305. Are you aware whether the Government has any considerable property upon the navigable portion of Red River, except at Selkirk—I mean navigable from the lake upwards?—To what point?

12306. As far as it is navigable. It is not considered that the river is navigable at all seasons?—No.

Government no property on any point of Red River where navigable south of Selkirk.

12307. During the season when it is navigable continuously?—Not to my knowledge; but I made careful enquiry into the subject when I came here at the Dominion Lands office. I believe that the Government are not in possession of any extent of property at all between St. Andrew's Rapids and Lake Winnipeg, except the Indian Reserve, if that is considered Government property; I presume it is The Indian Reserve is immediately north of the present crossing.

12308. But none south of Selkirk?—None south of Selkirk, even up to Winnipeg that I am aware of. I would state, although to some extent a repetition of what I have already stated before this evening, that the question of Government property having been submitted to me as one which would somewhat affect the location of the crossing, one of my earliest enquiries when I came here, at the Dominion Lands office, was where the Government possessed property along the river.

**Relations between witness and Murdoch—
Contract No. 48.**

12309. Is there any further matter which occurs to you to give by way of evidence now?—There was nothing, except what I desire to say on behalf of the staff who were employed under me, until I came here to-night. I could not help overhearing what was said by the previous witness; it is too late now as it seems to be a personal matter, altogether too trivial for the Commission to take up the subject at this eleventh hour, I have nothing to say about it at all. If I am called upon I can answer; but I should have liked that Mr. Force, the gentleman who was in charge of Mr. Murdoch's office here, when I received orders from Ottawa to clear everything out of it, should be asked whether I did it in a gentlemanly or an ungentlemanly manner.

12310. For the present you can give your own account instead of Mr. Force's?—My account is very simple. I received orders from Ottawa to immediately take everything out of the office that had been occupied by Mr. Murdoch and bring Mr. Force down into my office. It is impossible for me to go into the matter without referring to personalities.

Relations between witness and Murdoch—Contract No. 48.

Rowan's account of his entering Murdoch's office.

12311. We do not care to hear personalities?—Therefore, I would say: owing to the fact that there was some slight difficulty between Mr. Murdoch and myself (a gentleman I have always thought considerable of), owing to that fact and to the fact that he was absent from town, I was particularly careful and delicate of the way in which I did the matter; so much so that nothing was known about it at all, I believe, in the city, until after Mr. Murdoch's return. I dealt altogether with Mr. Force, and I told him to gather up the papers and to make an inventory of them, to bring the papers all down to my office, to sort out Mr. Murdoch's private papers, if there were any, and to send them to his house, and it was only after Mr. Schreiber came here, and I mentioned to him that I had not got certain papers and Mr. Force had sent some papers to Mr. Murdoch's house, that I sent, on Mr. Schreiber's orders, to Mr. Murdoch's house for them, but they were not given up.

12312. Was the taking possession a matter undertaken upon your own responsibility, or was it from distinct instructions from headquarters?—Peremptory orders twice repeated by telegraph.

Took possession in consequence of peremptory orders twice repeated by telegraph.

12313. It was not in any way in consequence of the authority which you supposed yourself to have before that time?—No, not at all; it was a positive order; but that there might be no mistake upon the subject, I telegraphed back to Ottawa, and I received further orders. Of course the papers can be produced. I should not have referred to the matter at all had I not been here to-night and heard what was said.

12314. Is there anything further that you would like to say by way of evidence, either in explanation or in addition to what has been said?—I think not.

WINNIPEG, Monday, 11th October, 1880.

JOHN J. McDONALD'S examination continued:

J. J. McDONALD.

By the Chairman:—

12315. I understand that you desire to add to or explain the evidence given by you on the former occasion before us: do you wish to do so?—With reference to Mr. Chapleau there are some things that I should like to explain a little more fully. The first time I had any conversation with Mr. Chapleau, in reference to this matter, was in the Russell House, Ottawa, as he was going to dinner. He told me that the work had been awarded to his friends, Andrews & Jones, and that they were going into it, and advised me to see them, or he would see them for me to get an interest.

Tendering—Contract No. 48. Influencing Clerks.

Chapleau informed witness that contract had been given to Andrews, Jones & Co., and advised him to get an interest with them.

12316. Do you mean for you to get an interest in their contract?—He said with them, as they were men of means, and I could get a good position; but I declined, and said that the work was too low at their prices and could not be done. I had nothing more to say about the matter after that. I never met Andrews & Jones to know them in

Witness declined as their prices were too low for the work.

**Tendering—
Contract No. 42.
Influencing
Clerks.**

Offered Chapleau \$4,000 to induce him to prevent Smith from putting up security for Andrews, Jones & Co.

their position as contractors. The next time I met Mr. Chapleau, Mr. Fraser came to my house on Metcalfe Street, Ottawa, with Mr. Chapleau. There Mr. Fraser wanted us to take in Jones with us and associate together, but I refused and said that I was satisfied that there would be too many, and I did not think that they would come to time in any case. I then turned around to Mr. Chapleau, after we were talking awhile, and made the offer to him of \$4,000 if he prevented Smith from giving Andrews & Jones the assistance, and prevented him from putting up the security. Smith was a personal friend of Mr. Chapleau's; I understood from Mr. Chapleau that he used to stop at Mr. Smith's place in New York, as he lived a long time in the United States before coming to Ottawa. Mr. Fraser agreed to the transaction, and if the firm does not assume the responsibility of paying it, I consider it a matter of honour between Mr. Fraser and myself to see Mr. Chapleau paid. It had nothing to do with the Department in one way or the other. I had nothing to say to Mr. Chapleau in the Department about the work.

Fraser endorsed promise made by McDonald to Chapleau.

12317. Do you remember whether Mr. Fraser said anything upon the subject at that time?—Yes; he agreed there at the time to what I proposed. We talked it over together—the three of us. I do not know the exact words that passed between us, but I am perfectly satisfied that Mr. Fraser felt that that debt should be paid, that he was a party to it, and if he had remained in the firm he would have paid it. He may not consider himself now responsible, as he is out of the firm and the firm should assume it.

12318. Was that occasion, in the presence of Mr. Fraser, the first on which you had arranged to pay Mr. Chapleau anything for his influence?—That is the first time I ever said a word about it. It was the first intimation. I just turned around and made the offer without consulting any person until I made it.

Never previously tempted Chapleau nor any one else in Department.

12319. Had you previously made him any offer for any similar service, or in any way connected with any of the business of the Pacific Railway?—No; nor to any one else in the Departments.

12320. Is this explanation to-day as you understand it, affecting only the arrangement as between you and Mr. Fraser—I mean in so far as it differs from your previous story?—That is all.

Paid \$500 of the \$4,000 with a cheque of the company.

12321. It does not affect in substance what you said before, as to the arrangement with Chapleau?—No. I made the arrangement with Mr. Chapleau for \$4,000, and I paid \$500 since with the cheque of the company.

12322. So that what you wish to make plain to-day is, that the arrangement was different from that described by Mr. Fraser?—I want to explain the whole details of the arrangement. You asked me the question before, but it did not strike me at the time, it was so sudden.

Fort Frances
Lock—
Management
of work.

WILLIAM B. LITTLE, sworn and examined :

By the Chairman :—

12323. Where do you live?—At Rat Portage.

12324. How long have you lived there?—One year or upwards.

12325. Before that where have you lived?—At the Fort Frances Lock.

12326. Were you connected in any way with the works at the canal at Fort Frances?—Yes.

Employed as
labourer on the
canal at Fort
Frances.

12327. In what capacity?—As labourer.

12328. Who was the foreman under whom you worked?—There were several foremen there : the two McLennan's.

12329. At what sort of work were you employed?—In rock one part of the time, and at one time I was engaged at the steam-hoisting machine.

12330. Who was the person to make up your time, and the statement of it on the pay-roll?—There were several persons, as far as I know ; there was half-a-dozen at one time there.

12331. Do you mean for the same period that several persons would have the responsibility of making up the pay-roll?—Yes.

Several persons
had responsibility
of making up
pay-roll.

12332. Would you explain how that came about. Is it not usual for one person to have the responsibility of each set of labourers?—Yes ; there were several persons there ; there was Mr. O'Connor—Mr. Wilson's brother-in-law—and Mr. some person, who kept a hardware store there. You did not give me a chance, for all my papers are in litigation now ; my papers are all suppressed ; I have a memorandum of the whole thing. However the man used to keep a hardware store down on Main street ; his name is L. R. Bentley.

12333. Do you remember whether your time was correctly stated on the pay-rolls?—I think so ; at least I have every reason to think so up to a certain time.

Time correctly
stated on pay-
rolls up to a
certain period.

12334. Have you reason to think that the time was not correctly stated for any period?—I have.

12335. What period?—For the period when I was living there ; it was not correctly stated then.

12336. Do you mean for all the period?—No, for part of the period.

12337. What part of the period?—In April, 1878.

In April, 1878, not
paid.

12338. In what respect was the statement incorrect?—Because I did not receive my money in the first place.

12339. Does the pay-roll state that you received the money?—I cannot say that it does, because those pay-rolls were issued very often there, once a month, between Wilson and Sutherland.

12340. Then how can you say that the pay-rolls were incorrect?—The pay-rolls may be all correct, as far as that is concerned, but I did not receive my money.

Cannot say the
pay-roll was in-
correct.

12341. Did not you understand me to ask you whether the pay-rolls were correct or incorrect in their statement?—I cannot say whether

**Fort Frances
Lock—
Management
of work.**

they were correct or not; there were so many pay-rolls that I could not say which of them was correct or not.

12342. Then you are not able to say whether they are correct or not?—All that I know is simply one thing: there was no payment then at all, at the time I was there. There was no pay day or anything of that kind. Everything was done through Mr. Wilson, as far as I could see.

12343. Are you speaking now concerning other persons or concerning yourself?—Concerning myself.

**Paid so much a
day for working
in cut and so
much for
publishing
a paper.**

12344. What do you say upon that subject—I mean the payment for labour?—I was paid so much a day for working in the cut, and I was paid so much a day for publishing a paper besides. I was allowed for the wages, or at least I was allowed for time for labour, and I published a paper in the meantime.

12345. Do you mean that some arrangement was made by which you should publish a paper on your own account, and at the same time the Government should pay for your labour?—Yes; certainly.

12346. During the same time?—Yes.

**Arrangement
made with Hugh
Sutherland.**

12347. With whom did you make this arrangement?—With Hugh Sutherland—at least through him.

12348. Was he present when you made the arrangement?—He was afterwards.

12349. Who else was present?—Mr. Thompson, the deputy superintendent.

12350. Any one else?—They allowed me half time for it. There were several others present, but I could not say who just now.

12351. Was it understood, in that arrangement, that you were to give half of your working hours to the business of the Lock?—Yes.

**Paid for full time
by Government,
but gave most of
his time to pub-
lishing a paper.**

12352. And you were to be paid for half time?—I was paid for full time from the Government.

12353. How much of your time did you give to the Government work?—Some times more, or less; very little.

12354. Was it understood that you were to receive the profits of the time which you devoted to this paper?—Yes.

12355. And did you devote much of your time to that?—The whole time, almost.

12356. I understood you to say that you were not paid for the time for which you expected to be paid by the Government?—No; that is the balance of the time after the works were closed down—the balance that was due me then I have not received.

12357. Could you say how much pay you received altogether for the time during which you did not really work for the Government?—I meant to say perhaps the whole term, with the exception of ten months in 1877.

12358. How much time altogether did you get paid for?—I have not got my papers here now, and for certain reasons I cannot produce them. I have got memoranda of the whole thing.

**Fort Frances
Lock—
Management
of work.**

12359. Can you not say, from memory, in round numbers, about how much time you were paid for?—A year and a-half I should say, in round numbers—no, about a year. Paid for a year.

12360. For this one year's pay did the Government get any benefit of your labour?—I suppose they did.

12361. What benefit?—I was trying to open up the country, in the first place. Gave value for this pay by trying through newspaper to open up country.

12362. What else?—I was working at opening up the country and showing the benefits for emigrants to go in there and settle.

12363. That was by your work upon the newspaper, was it?—Yes.

12364. And is that what you allude to when you say that the Government got the benefit of your work?—Yes.

12365. Is there any other matter connected with the business of the Government upon which you can give us information?—There is.

12366. Connected with the Lock?—Yes.

12367. What is it?—You had better ask me.

12368. I have asked you?—I will not volunteer any evidence at all on my part, but you can ask me anything you wish.

12369. Will you inform us as to the subject upon which you wish to be asked?—Certainly.

12370. Name the subject?—In connection with the works.

12371. Will you give us your information in connection with the works?—I will.

12372. Please do so?—In which branch of the work do you mean?

12373. Whichever you can give us any information on. If there is more than one branch, you can give us information on one branch first?—There are several branches: there was wood work, and other works besides that, and there was a general store there. Wood-cutting, steam-boat running, and all that kind of thing—several branches.

12374. Can you give us any information on the store branch?—I can.

12375. What is it?—Mr. Wilson was running a store for the Government, or at least it was supposed to be in his own name afterwards. It appeared to me, I did not know, but my impression was that the store was run for the benefit of the superintendent, from reasons that I have got papers to show that every pay day be made up the accounts and sent them in for signature to Mr. Sutherland, and there was not a pay day there from 1876 after that until—there was no pay day until the work was suspended, there was no pay day at all. The money was used for other purposes. Suspected that store was run for benefit of superintendent.

12376. What other purpose?—I do not know. If I had my memorandum I could tell you all about that part of the thing. Men were employed there to kill cattle, beef was sold then in Mr. Wilson's store, and the balance of the beef went to the men's boarding-house. Government men were paid to look after this beef and kill it, and they were holding responsible situations besides. There were two or three men paid to look after that. Besides this, there were three men paid for hunting up timber lands. Their wages and time are supposed to be in the books. Men said to be hunting up timber lands for James Sutherland while in pay of Government.

**Fort Frances
Lock—
Management
of work.**

Alleges that certain men while in Government employ, were hunting up timber for James Sutherland.

12377. For whom were they hunting up timber?—For James Sutherland.

12378. How are you aware that they were hunting up timber for James Sutherland?—I knew by speaking to the men themselves, and I knew that their time went down on the books, because I saw them afterwards, and I afterwards saw James Sutherland placing scrip in the and agents hands to locate certain limits on the Rainy River.

12379. Well, what further upon that subject?—I do not know any further than I had a good many excursions on the Rainy Lake steamboat. The chief cook was taken from the boarding house there, and there were several other cooks, and Government stuff taken to supply those excursions.

12380. Do you know the names of the men, or any of them, who were employed by James Sutherland at the Government expense?—I do.

12381. Please give the names?—Stewart was one.

Their names.

12382. What was his first name?—I think James—or John—I forget which; Joseph Capastran.

12383. Any others?—No; those are the chief names.

12384. How are you aware that while they were hunting up timber for James Sutherland, they were under the pay of the Government?—I know it very well.

12385. How are you aware of it?—I saw them drawing their pay afterwards, and I saw them retained in the employ of the Government after they came back.

12386. Did you see them drawing their pay for this particular time, during which they were engaged in hunting up timber?—I cannot say as to that, but I know that they were always in the employ of the Government afterwards, just the same as ever. Then there were about sixty or seventy Indians employed by the Government then; the majority were American Indians.

Indians employed.

12387. Don't you understand that when I asked you whether you are aware whether those men—who hunted up the timber for James Sutherland—were paid by the Government, that I mean during the time which they were employed by the Government?—I do not know anything about it at all.

12388. Did you not understand that that was my question?—No.

12389. Now that it is plain to you, I ask you whether you are aware whether they were paid by the Government for the time during which they were employed by James Sutherland?—I do not know.

12390. Proceed on that subject about the Indians: what do you mean by alluding to the Indians—what was the transaction—were they working for the Government and paid by the Government?—Yes.

12391. Do you mean wrongly paid?—I do not know.

12392. Why did you allude to the Indians pointedly, if there was nothing wrong about it?—I do not know particularly why I alluded to them at all; they were then employed upon the canal, that is all I know about it. They were paid, I suppose, for their work.

Fort Frances
Lock—
Management
of work.

12393. Is there any other branch of the business upon which you can give us information?—None that I know of.

12394. What Thompson was it, who was present when you and Hugh Sutherland were arranging about your paper, and about you being paid for the time during which you were not labouring?—Mr. Sutherland was not present at all.

Sutherland not present when arrangements made as to publishing newspaper.

12395. You said Hugh Sutherland and Thompson?—I beg your pardon; I did not mention Sutherland's name at all.

12396. You see that Hugh Sutherland is present now?—I see; but I did not say he was present when the arrangement was made.

12397. You said so. You said that Hugh Sutherland and Thompson were present?—I beg your pardon; I made a mistake if I said so, because he was not present.

12398. Who was present?—Mr. Thompson was.

12399. What Thompson do you mean—the Government agent?—I mean Sutherland's agent. He was superintendent of Mr. Sutherland's; he understood the whole thing.

12200. Who else was present at that arrangement?—I cannot say now; I have not got my memorandum and papers to show. Other parties were present at the time.

Other persons with Thompson when arrangement was made.

12201. Can you name any of them?—I could name several of them, but they are not here.

12202. Perhaps we can get them?—I doubt it very much.

12403. Do you doubt whether you can name them?—I do; however the books will show the arrangement was all right.

12404. You are under oath to tell the truth, and I am endeavouring to ascertain if you know anything: do you say you can name any others who were present?—I cannot just now.

Forgets their names.

12405. Is there any other matter connected with the business of the Fort Frances Lock, or in any other way connected with the Pacific Railway, upon which you can give us information?—No, I guess not.

12406. Who supplied the plant for the newspaper of which you have spoken?—The public.

12407. You did not advance your own funds?—No.

HUGH SUTHERLAND'S examination continued :

SUTHERLAND

By the Chairman :—

12408. The last witness speaks of an arrangement by which he was to devote his time to the publication of a newspaper at Fort Frances, and that he was paid as if he was giving his time altogether to the public service, when in fact he was not giving his time to the public service but for his private advantage in connection with this paper: do you know anything of such an arrangement, and if so what was it?—I know nothing of any such arrangement.

Knows nothing of an arrangement by which Little was paid by Government while devoting himself to the publication of a newspaper.

12409. What do you know about the newspaper arrangement?—I know that a small sheet was published there a few times about the size

**Fort Frances
Lock—
Management
of work.**

**How newspaper
came to be start-
ed.**

of that (pointing to a parliamentary return). This man Little was working in the rock-pit as a labourer for some time, and it became known that he was a printer, when some arrangement was made to get a small paper published. This man was hired with other labourers to work at handling rock. It was discovered, after a while, that he was a printer and some of the residents there thought it would be well to get up a small supply of type from Thunder Bay, as this man represented himself to be a printer and an editor, and he could get up a paper after hours. A subscription list was started for that purpose by parties outside of the canal works altogether. Mr. Fowler was the first man who spoke to me about it, and asked me if I would give anything. I said I would give a small subscription, and I did give \$5 or \$10 or something like that.

12410. Out of your own means?—Yes; out of my own means altogether. I had not seen the man, did not know him, and had never been introduced to him. He came there looking for work. I did it on the strength of Mr. Fowler's representations that it would be a nice thing to have a little paper there and bring Fort Frances into notice.

**Understood that
Little worked at
his newspaper
at night.**

12411. Have you ever learned that his time was paid for by the Government while he was devoting it really to his own interests?—No; and I do not believe there was anything of the kind. As to any arrangement having been made with me, or that I am acquainted with any arrangements of that nature, is simply without foundation. I know nothing about it, only that the paper was published there. I understood that he worked at it at nights. It was not very heavy labour; it required very little editorial labour and was a very small affair.

**Not aware that
his brother had
any timber limits
or that men were
engaged hunting
them up for him.**

12412. The last witness speaks of some of the men who were in the employ of the Government at one time, and who were in the employ-ment of the Government afterwards, having been engaged in hunting up timber limits for your brother James: do you know anything of that matter?—I do not; I am not aware that he had any timber limits.

**McLennan, rock
foreman, had men
hunting up tim-
ber limits.**

12413. Are you aware that he employed any men in the Govern-ment pay to search for timber limits?—I am not aware of anything of the kind. I think, perhaps, I can account for the rumour as I heard it be-fore. It was represented, and rumoured that Mr. R. McLennan, who was rock-foreman, and who I understand is in the city to-day, although I have not seen him, he is a contractor on section B, he was my rock-foreman at the time, and he was engaged at that time and had men hunting up timber limits; but that I and my brother were interested with him, as far as I am concerned, I deny—I deny that anything of the kind was ever talked of even. If Mr. R. McLennan is in the city I would like to have him examined..

**But witness in no
way interested.**

**Extent of wit-
ness's interest in
land.**

12414. As far as you know, there is no truth in the story that either you or your brother made use of the Government labourers to hunt up timber for either of you?—No; I have not owned any, nor has my brother owned any, except what I have obtained from the present Government; nor did I purchase or scrip any land out there, but my brother scripped a half a section, or a quarter of a section, or some-thing of that kind.

12415. We are not enquiring into land which you or your brother have obtained, but for the service of the labourers who searched for timber?—I positively deny that anything of the kind ever took place.

**Fort Frances
Lock—
Management
of work.**

12416. Is there any other subject connected with the business of the Lock or the railway, upon which you can give us information material to this investigation?—There are one or two other witnesses, men who were engaged for me on the works, who ought to know a good deal about it and who ought to be examined.

12417. Are they here in the room?—No; but there is Mr. McLennan, who was formerly engaged by me as foreman, I have just heard that he is in the city. He is the foreman under whom Litle worked, and may perhaps know something about the printing matter.

12418. Upon the subject of hearing further evidence, the Commissioners think it proper to say that the evidence given by Litle to-day has not displaced in any way the impression which they have received from former witnesses upon this same subject, and it will not be necessary to call any other witnesses for the purpose of rebutting his testimony; but if you wish witnesses to be called upon the general subject, or upon any other matter that has been overlooked, they would like to be informed?—There are no matters that I can think of just now that have been overlooked. If it is convenient for the Commission to call McLennan—I do not suppose that he could give any new evidence—probably not any more than Mr. Thompson, or my brother or myself have given. The only reason I would desire to call him, is that he has never had an opportunity of giving evidence in reference to the Fort Frances investigation. There has been a great deal said some time ago about the reckless manner in which this work was conducted, and I know of no parties who are better able to judge, or give evidence, than those who had charge, and who ought to know all about it. I will say this much; that I am very much pleased indeed that the Commission has taken up the heads of this business and examined them, instead of what has been done before, taking up the men from the rock-pits and others who knew no more about it than the “man in the moon”. When I was examined at Ottawa, I gave a list of all the head-men—men who ought to know if there is anything wrong—and they refused to subpoena them; they refused to examine myself; they had witnesses there who knew nothing, comparatively speaking, about the working of the canal. I am glad now to have this opportunity of having them examined. Mr. McLennan is, probably, the only other important man; and, as I said before, I do not know that he can throw any new light on the subject at all. I have not talked with him at all. There is a charge in which he himself is directly concerned, and I do not know but he would like to have the opportunity of clearing it up.

Not necessary to call witnesses for the purpose of rebutting Litle's evidence.

Wishes to have McLennan examined.

12419. You are aware that the Commissioners supposed that their labours, as far as taking evidence is concerned, were closed on Saturday night last, and the adjournment took place without naming a further day, and that the opening of the hearing to-day was caused by a witness appearing for the purpose of giving evidence. It will not be very convenient, since all arrangements are made for our leaving the city, to continue the hearing indefinitely. If you are able to get Mr. McLennan here almost immediately, we will be very glad to hear him, otherwise we shall have to defer hearing him until we open the sittings again at Ottawa; then we shall probably ask him to come down if you consider it necessary?—I do not know that it will be necessary; it is only in the event of some of those old charges being revived it will be necessary to have him examined except you wish to have him exam-

Not necessary to examine McLennan.

**Fort Frances
Lock—
Management
of work.**

ined as to the general working of the concern which, in all probability, will be a corroboration of the evidence of Mr. Thompson, my brother and self.

12420. In the meantime, will you endeavour to get him here as quickly as possible, now?—I will. There is one more matter, that I wish to touch upon, if I have the privilege of doing so.

Small accounts
unpaid.

12421. You have with anything connected with the Pacific Railway?—There are a small number of accounts unpaid by the Department, which are just and proper to be paid by the Government. All these papers—I speak of nothing but what I have on file in the Department long ago. These people, of course, are bothering me, expecting that I should be in a position to get their money, and I wish to have it put on record that I have done all that I can do. There is a number of accounts—I could furnish a list of them—in the Department, and what I refer to is that these accounts should be paid. There is a balance also due to myself. The Government owe me about \$800, and the paymaster about \$400. This arose in this way: we were kept a long while at the close of the works without money, and we made applications for money to pay up the accounts, and supposed every hour that money would arrive; and we kept paying out and paying out until we had overpaid this much. Afterwards, the money was sent up here to pay all the claims, but we were not paid. I have made personal application to the Department several times since for a settlement. I asked the Deputy Minister last spring, if he knew any just reason why I should not be paid; he said: "No, except that I had not given up my books." He insisted that that was the reason. I had declined to give up the books to an irresponsible Commission; and if I had given up my book I would not have been able to defend myself today. I did offer to give up my books to the Department, and I offered to the other Commission the privilege of examining my books, but they would not examine me or my witnesses; that is the private Commission that was appointed, and the Deputy Minister told me that that was the only reason he knew of. He asked the accountant, Mr. Bain, in my presence, if he knew if there was anything wrong in my accounts; and Mr. Bain said that there was not. This amount stands to my credit in the books in the Department and I have not received it.

\$800 due to
witness.

Had been told
that the reason
he was not paid
was because he
would not give up
his books.

Logan's account,
\$400.

12422. Is there any other matter?—I may say that the paymaster, Mr. Logan, whom you may have the opportunity of examining, has been writing to me. He is a poor man and he has paid out this money in good faith. He has tried in vain to get it. He has asked me to look after it. I suppose he expects me to put it on record in this Commission. (The witness then retires to see if he can find Mr. McLennan in the city, and returning continues): I cannot find Mr. McLennan anywhere in town and I do not wish to detain you any further on that account. I have only one thing more to say. I have to return my thanks to this Commission for the very impartial manner in which I have been examined, and their fair conduct; and I am very glad to have this opportunity of putting my thanks on record for having heard those who ought to know most of the Fort Frances Locks.

Witness thanks
Commissioners
for their impar-
tiality.

The Chairman:—The Commissioners do not think they are entitled to any thanks, for whatever they have done was entirely from a sense of duty. They have granted you no favour but only what you were entitled to.

OTTAWA, Thursday, 26th October, 1880.

Telegraph—
Construction.
Contract No. 3.

TOUSSAINT TRUDEAU'S examination continued :

By the Chairman :—

12423. When you were before us on the last occasion, you said that the documents relating to the Barnard contract (No. 3) were not in the possession of your Department, but were with the Minister of Justice : have they been returned to your Department so as to give you control of them now ?—Not yet. Cannot produce papers connected with contract 3.

12424. Then do I understand that you are not able to produce any of them on the present occasion ?—No.

12425. What is the next contract in order of time that we have not touched ?—No. 6. Purchase of Rails—
Contract No. 6.

12426. What was the subject of that contract ?—Purchase of rails.

12427. Was it let by public competition ?—Yes.

12428. Were tenders invited by advertisement ?—Yes.

12429. Have you the copy of the advertisement ?—Yes ; I now produce it. (Exhibit No. 116.) Advertisement for tenders produced.

12430. I see by the paper which you produce that there were two advertisements for rails : was there any contract let upon the first advertisement alone ?—No.

12431. Then the first advertisement resulted in no transaction ?—The second advertisement was simply a postponement of the first. Contracts Nos. 6 and 11.

12432. Then the first by itself resulted in no transaction ?—Yes ; there was no transaction.

12433. Do you know why the time was extended ?—The time was extended to afford opportunity to parties living at a great distance.

12434. Had there been any tenders put in up to the time named in the first advertisement: the 8th of October, 1874 ?—No.

12435. Have you the tenders put in at the time named in the postponement ?—Yes ; this is the list of tenders which I now produce. (Exhibit No. 117.) List of tenders put in at the time named in second advertisement.

12436. This document is a schedule of the tenders ?—Yes.

12437. With a report by Mr. Fleming, the engineer ?—Yes.

12438. Have you the tenders themselves ?—Yes ; I now produce them.

12439. You make these twenty-five tenders ?—Yes. (Exhibit No. 118.) Twenty-five tenders put in.

12440. Do you know whether the tenders described in the Return to the House of Commons of the 2nd of March, 1876, comprised all the tenders received on that subject at that time ?—I have just compared them and I find the printed list contains the list of tenders for rails to be delivered in Montreal. Tenders for rails to be delivered at Montreal.

12441. Were there tenders for deliveries at other places which were accepted and acted on ?—Yes.

12442. Were those tenders different in substance from the tenders invited by advertisement : I understand your advertisement alludes

**Purchase of
Rails—
Contracts Nos.
6 and 11.**

point to the delivery at Montreal?—They were different so far as the point of delivery is concerned.

No further competition called for after receipt of tenders.

12443. Were the transactions which were effected for delivery at places other than Montreal effected without any public competition?—There was no further competition than the receipt of these tenders.

10,000 tons ordered from Guest & Co., with proportionate quantities of fish-plates, bolts and nuts.

12444. Can you state the different transactions which were effected on the basis of these tenders invited by advertisement?—Yes.

5,000 tons with plates, &c., ordered from Ebbw Vale Co. (contract 7).

12445. Name them, please, giving names of the parties and the quantities, amounts and numbers of the contracts?—We entered into contract No. 6, with Guest & Co. for 10,000 tons of rails, with proportionate quantities of fish-plates, bolts and nuts. We entered into contract No. 7, with the Ebbw Vale Steel, Iron and Coal Co., for the supply of 5,000 tons of steel rails with proportionate quantity of fish-plates, bolts and nuts. Contract No. 8, with the Mersey Steel and Iron Co., for 20,000 tons of steel rails with proportionate quantity of fish-plates. Contracts 9 and 10, in one document, with the West Cumberland Iron and Steel Co for 5,000 tons of rails with proportionate quantity of fish-plates, bolts and nuts. Contracts 9 and 10 also provides for the purchase of 5,000 tons of rails, with proportionate quantity of fish-plates, delivered free on board at Workington, England.

20,000 tons with plates, &c., from Mersey Steel and Iron Co. (contract 8).

5,000 tons and 5,000 tons delivered free at Workington, Cumberland Iron and Steel Co. (contracts 9 and 10).

12446. Besides these deliveries at Montreal, contracted for in the terms of the tenders, were there any other quantities contracted for to be delivered at other places, besides the portion of contracts 9 and 10 to which you have alluded?—Yes; contract 11 with Naylor, Benzou & Co. for the supply of 5,000 tons of rails, with proportionate quantity of fish-plates, to be delivered free on board at Liverpool; contract 31, with Cooper, Fairman & Co. for bolts and nuts.

Contract 11, 5,000 tons with Naylor, Benzou & Co. to be delivered free on board at Liverpool.

Contract 31, Cooper, Fairman & Co., for bolts and nuts.

12447. Do you mean that these two last-named contracts, 30 and 31, were based upon the prices mentioned in the tenders to which you have already alluded?—Yes.

12448. As to contract No. 6, were Guest & Co. tenderers?—Yes.

12449. Have you the tender?—Yes; it is part of Exhibit No. 118.

12450. As to contract No. 7, were the Ebbw Vale Steel, Iron and Coal Co. tenderers?—Yes.

12451. Is the tender part of Exhibit No. 118?—Yes.

12452. As to contract No. 8, was this company the Mersey Steel and Iron Co. a tenderer?—Yes.

Contract 8, tender for 5,000 tons; contract for 20,000 tons.

12453. What was the quantity tendered for?—5,000 to 10,000 tons.

12454. What was the contract for?—The contract is for 20,000.

12455. Do you know how it came about that the contract is for a larger quantity than tendered for: don't you think there were two separate tenders for 10,000 tons each?—No; I think that the quantity was increased simply because the company expressed itself willing to undertake the larger quantity.

Cox & Green and other tenderers lower in price.

12456. Was the price named by these tenderers the lowest price of any—for instance, was not the tender of Cox & Green, or Guest & Co., a lower price?—Yes; the price of Cox & Green was lower.

Satisfied that order increased at larger price

12457. Do you know whether those persons who had tendered at lower prices were offered the opportunity of increasing their quanti-

ties at the lower prices, or whether it was only at the higher prices that the increased quantities were offered to be taken?—I cannot produce any written correspondence on the subject, but I am satisfied that the desire to increase the orders at the larger price were made after we had ascertained that the lower bidders would not accept any more.

12458. What is the date of the contract at the higher price?—The 14th January, 1875.

12459. Will you look at page 35 of the printed Return to which you allude. Please read the telegraph from Cox & Green to you, dated December 21st, 1874?—That is—"See our letter 18th December, to Mr. Braun, offering 5,000 tons more of rails, &c.," is that what you allude to?

12460. That is what I allude to : read the answer of the following day?—"No further steel rails wanted. Thanks."

12461. Are these telegrams followed by any other communications to a different effect?—Yes; at page 37 there is a letter from Mr. Braun, Secretary of the Department, to Messrs. Cox & Green, accepting 5,000 tons delivered at Workington, at £10.

12462. Does that touch the question of rails delivered at Montreal?—It does, so far, that we entered into a contract (Nos. 9 and 10) for 5,000 tons of steel rails, delivered at Workington, at £10, and subsequently it was agreed that these same rails should be delivered at Montreal, at £11, according to the terms of the same tender received from the same parties.

12463. In addition to the tenders which are printed in this Return, at page 5, are there other tenders based on the same advertisement to be found printed in another place. I understand, you wish to add something to your evidence—please do so?—The tenders not included in the list printed in the Return dated April 6th, 1876, are to be found printed in full length in the same document, at pages 11, 17, 19 and 22.

TIMOTHY KAVANAGH, sworn and examined :

By the Chairman :—

12464. Where do you live?—In Ottawa.

12465. How long have you lived here?—I came here in 1860.

12466. Have you had any business transactions in connection with the Canadian Pacific Railway?—I had some contracts.

12467. Was your first contract for the completion of the Pembina Branch?—Yes.

12468. Were you connected with some one else in that matter as partner?—Yes.

12469. Who was it?—Mr. Falardeau, of Montreal. He was to join me in the contract, but Mr. Mackenzie objected to him.

12470. Upon what ground?—He did not say.

12471. Was the work let by public competition?—Yes.

12472. Did you tender in your own name?—I did.

Purchase of
Rails—
Contracts Nos.
6 and 11.

after it was ascertained that the lower bidders would not accept any more.

14th January, 1875,
date of contract
at higher price.

On the 21st
December, Cox &
Green telegraphed
an offer for
5,000 tons more
of steel rails, and
offer refused.

Braun writes to
Cox & Green ac-
cepting 5,000 tons
delivered at
Workington at
£10.

KAVANAGH.

Tendering
Pemb. Branch,
Contract No 33.

Mr. Mackenzie
objected to his
partner, Falar-
deau.

**Tendering—
Pemb. Branch.**

Contract No. 33.

12473. Then did you take the contract alone after this objection?—No; after he raised the objections, I came up and told Mr. Falardeau that Mr. Mackenzie objected to him.

12474. What was the result of that then?—I walked away from him at the time, and had nothing more to do with him.

12475. Did you take the contract alone?—No; after I came out I met Mr. Murphy. I told Murphy about it. He said he did not mind taking the contract. Murphy took the contract at my figures.

12476. Did he take it alone or do you mean that he joined you?—No, he did not join me; a party by the name of Upper went in with him.

12477. Well then you did not contract at all?—That is all there was about it. I think it was understood I was to be with him in the contract.

12478. With whom?—With Murphy and Upper.

Murphy determined to go in on figures of witness.

12479. Do you mean that you, by your tender, became entitled to the contract and that you did not get the contract: I do not quite understand what you mean to say about it?—The way it came, Falardeau was to come with me in the contract. When Falardeau came up Mr. Mackenzie objected to him; when he objected to him I met Murphy, and I complained to Murphy that Mr. Mackenzie objected to Falardeau, so I told Murphy what my figures were and he said he did not mind taking my contract at my figures.

12480. Did you go with him to the Department of Public Works?—Yes.

12481. Whom did you see?—Mr. Trudeau and Mr. Mackenzie—there was not anything more about the matter. The work went along.

12482. But did the papers go along—were the papers signed?—Yes.

12483. Did you sign them?—Yes.

12484. Then you became one of the contractors?—I presume so; Mr. Murphy though attended to it chiefly.

Consented to Murphy and Upper becoming parties to contract.

12485. Were you a consenting party to Mr. Murphy becoming a contractor?—Yes.

12486. And Upper with him?—Yes.

12487. Then you had nothing to complain of about that?—Nothing at all to complain of.

12488. When you first tendered, this gentleman in Montreal was not a party in the tender?—No.

12489. Your idea to include him in the transaction was a subsequent one?—Yes.

12490. And it was that subsequent idea which the Department objected to?—Yes.

12491. But they consented to you taking other partners instead of the Montreal man?—Yes.

12492. And you agreed to it?—Yes.

12493. Was there any arrangement, after you became the contractor, by which you went out of the contract and these other men remained the sole proprietors?—None at all.

Tendering—
Pemb. Branch.
Contract No. 33.

12494. Did you take any part afterwards in the settlement with the Government about the matter?—No.

12495. Why not?—I was not called upon.

12496. Was the work taken out of your hands?—Well, I think it was partly taken out of my hands at the time.

12497. Have you had any settlement with these men who became your partners about the transaction?—No.

No settlement
with Upper and
Murphy.

12498. And is the matter still an open question between you and the Government, or between you and the partners?—Well, I don't hardly think it is.

12499. How has it been closed if you took no part in the closing?—I took no part in the closing. I do not know whether they intend to settle with the Government, or whether it is an open question yet between them.

12500. Have you any claim against the Government on account of it?—Not a cent.

12501. Then you have virtually abandoned all interest in the matter?—Virtually abandoned all interest.

12502. Has any claim been made against you at any time for not fulfilling the contract?—No.

12503. When you first tendered was there any understanding that any person else was to have the benefit of the tender as well as yourself?—No; not at the time I tendered. There was some parties at the time I tendered proposed to come in, but I did not mention their names in the tender.

Tendered in his
own name.

12504. Had they an interest jointly with you?—There was no interest between us.

12505. Was there any agreement by word of mouth between you and some person else?—Yes.

12506. That they were to have a share in it?—Yes.

12507. Who were they?—They were Americans.

12508. Did they have any interest in it afterwards?—None. They were to come here, I think, with the understanding to sign the contract; and when they came they went away in the morning without staying to do anything with it, so I attended to it myself.

12509. You mean that they were here to sign the tender, not the contract?—Yes.

12510. They were not to sign the contract?—They were to come here and sign the tender.

12511. But did not?—But did not.

12512. And on that account you tendered in your own name?—The tender was in my own name all the time. When the tender was called for I attended to it all in my own name.

12513. Did you ever give any personal attention to the work yourself?—No.

12514. Did you ever visit the work?—No.

Tendering—
Contract No. 63,
B.C.

12515. Is there any other matter connected with the Canadian Pacific Railway in which you have had any interest?—In British Columbia I had.

12516. What interest had you?—When the tenders were called for I put in a tender for it.

12517. Do you remember which section that was?—Section D.

12518. Is that the northerly section?—I think so. It is the forty and a-half miles. No; I think it is coming this way. It is section D at all events.

12519. Was the contract awarded to you?—Yes.

His sons interest-
ed with him.

12520. Was any person interested with you when you made the tender?—My son.

12521. Where does he live?—In town here: Ottawa.

12522. Who took the active part, you or your son, in getting up the tender—the prices, &c.?—It is myself.

By Mr. Keefer :—

From Junction
Flat to Savona's
Ferry.

12523. Do you know whether it is the section from Emory Bar to Boston Bar?—No; from Junction Flat to Savona's Ferry.

By the Chairman :—

12524. Was anyone interested besides you and your son?—No.

12525. Had you been accustomed to any work of this kind?—Well, I had done some; not a great deal. For the last twenty or twenty-five years I have been noticing a good deal of railway work and paying particular attention to it.

12526. Were you furnished with blanks by the Department for the purpose of filling up prices?—Yes.

12527. And specifications?—Yes.

His son delivered
tender to Depart-
ment

12528. Who delivered the tender to the Department?—I think my son did.

12529. You did not yourself?—No; I was sick at the time.

12530. I thought you said that you took the active part in getting up this tender?—So I did, but I was confined to my room. I was not able to be out.

12531. Had your son any experience in this sort of work?—No.

12532. So that your idea prevailed about prices?—Yes; he made the figures and I gave him the prices.

12533. Had you any communication, before the tender was put in, with any officers of the Department?—None at all.

12534. Directly nor indirectly?—Not direct nor indirect, any more than to get the form of tender and specifications; that is all.

12535. Did you enter into the contract then?—I was sick at the time and was not able to attend to it, and I told my son to attend to the affair.

12536. And did your son enter into the contract—do you know?—I could not tell what he done. I was not able to leave the room at all.

Tendering—
Contract No. 63,
B.C.

12537. Do you know whether he became the contractor for the section?—I could not tell what he done after that—I could not tell what he done at all. I am on my oath now and I confine myself exactly to what I done myself.

12538. Did you join him in any arrangement afterwards to dispose of that contract to any one?—Not at that time. I did not see my son at all. I told him to go up and attend to the business. I did not see him for some days afterwards.

Told his son to attend to the contract by whom he was informed that Onderdonk had bought the contract.

12539. Have you been told by him that some one became interested in the contract?—Yes.

12540. Who was it?—Mr. Onderdonk.

12541. Did you take any part in arriving at the price that Mr. Onderdonk was to pay for it?—No.

12542. Who settled that?—My son.

12543. Were you willing he should settle it alone?—I left the thing entirely in his own hands and gave him no instructions.

12544. Of course it was understood between you and your son that you were jointly interested?—Yes.

12545. So he was a partner?—Yes; a partner *bona fide*. I left the matter in his hands.

12546. Do you know the amount that Mr. Onderdonk paid?—No.

12547. Did not your partner mention it?—I think he did, but I quite forget it just now.

12548. Do you mean that you do not remember anything near the amount?—Well, I could not say, I could not say just now.

Does not remember the amount Onderdonk paid.

12549. I am speaking now of what your partner told you was the transaction. Of course your partner was your agent as well as acting on his own behalf?—Yes.

12550. And what he would tell you might be material. Now I want you to say what he told you, whether he was right or not in what he told you?—I prefer not answering that question because I might make a mistake in that.

12551. I cannot relieve you from the responsibility of answering merely because you prefer not to answer, because if you know I want you to say. If you swear that you do not know what your son told you you can do so and take the responsibility of that?—If my memory was refreshed by putting the question to him I might be able to answer it better than I can now.

12552. Was it not a considerable amount?—Yes.

12553. Does not the considerable amount make enough impression upon your mind to make you remember it?—A person would imagine it could be so—but really I could not say just now—I could not. I would be quite willing to have my memory refreshed upon it before saying it.

12554. Is your son living in town?—Yes.

12555. Will you go and see if he can come up now and give evidence on the subject at once?—I will. (Witness then went to find out if his son

**Tendering—
Contract No. 63,
B.C.**

could come. He returned in a few minutes, and he informed the Commission that his son could not come that day).

Three of his sons interested in contract, Joseph, Francis and Michael.

12556. How many of your sons were interested with you in this tender?—Three.

12557. Give their names?—Joseph, Francis and Michael.

12558. Do you know what arrangement was made for putting up the deposit with your tender?—I do not; I know the deposit with my tender—I think it was my son Michael put in the deposit with my tender.

\$5,000 deposit put up by one of his sons.

12559. How much was it?—Upon my word I forget—I think it was \$5,000, but I am not quite sure.

12560. Had he the command of \$5,000?—Yes.

12561. Do you know whether any arrangement was made with any person else to help you or your son with the contract or with the tender?—I do not know what he done—I left it altogether with himself, I was quite ill at the time.

12562. What amount did your son say Mr. Onderdonk gave for the tender?—I think he told me at the time, but really I forget now. I never settled with my sons since. If I had settled with my sons I could tell, of course, but I have not settled with them for two years.

12563. Have you seen him since?—Yes.

12564. How long ago?—A few moments ago.

12565. Did you put any question to him?—No; there were too many by. I only asked him if he could come up here and he said he couldn't just now.

Pemb. Branch.

Put up deposit for the Pembina Branch contract, but cannot say whether this was or was not returned.

12566. Did you put up any deposit with the tender for the previous contract, the Pembina Branch?—Yes.

12567. How much?—I don't know; as much as was called for at the time.

12568. What became of that deposit?—I could not say whether it was ever returned or not up to this.

Left the management to his son.

12569. Has there been any time, between that period and to-day, when your mind has been altogether weak and infirm so that you do not remember things?—No; because I left the matter in my son's hands, it was not anything wrong with my mind, but I left it in my son's hands to attend to it. I was thinking, of course, every day that the Pembina Branch would be fixed up, and I don't know but I may be called upon yet.

12570. Was your son interested in that too?—No; he was not.

12571. Well, why did you leave that to him?—Well, because they generally attend to the money affairs.

12572. Do you mean to say that you really do not know whether that deposit has been returned to you or not?—I really don't know.

**Contract No. 63,
C.B.**

Does not remember the amount given by Onderdonk.

12573. Nor the amount that was given by Mr. Onderdonk?—No.

12574. Nor the amount which your son said was given by Mr. Onderdonk?—No.

Tendering—
Contract No. 63,
B.C.

12575. Is there any other matter connected with the Canadian Pacific Railway in which you have been interested?—No.

12576. Do you know of any person who can give us any information to assist us in our enquiry about the matter of the Pacific Railway?—I could not at all. I am very careful not to make any enquiries about a person's business; it is a thing I don't make a practice of.

12577. You say that your son is the only one that knows about this? My son generally attends to it.

12578. Is your son carrying on business here?—Yes.

12579. Is he going away with you: you were speaking of going away were you not?—No.

12580. Then he can be got at any time that we should want to examine him, say a week hence?—Yes; he is not going away that I know of just at present.

12581. Do you know whether your tender for the British Columbia section was the lowest tender?—Yes.

12582. And do you know whether Mr. Onderdonk took it at the same figures as yourself?—Nothing any more than I heard it was so.

OTTAWA, Wednesday, 22nd October, 1880.

TRUDEAU.

TOUSSAINT TRUDEAU'S examination continued:

12583. *Witness* :—I wish to add to the evidence given by me yesterday that the particulars of bolts and nuts named in contracts 9 and 10 are not given in the tender. The summary of the case, is therefore, as follows :—The tender sent in by Messrs. Cox & Green was for the supply of 5,000 tons of rails with proportionate quantity fish-plates, the price to be £11 sterling if delivered at Montreal, or £10 if delivered in England. No price was given for bolts and nuts, the contract entered into was for 10,000 tons; 5,000 to be delivered at Montreal, at £11; 5,000 at Workington, England, at £10. The bolts and nuts delivered at Montreal, £20; the bolts and nuts delivered at Workington, £19. The contract was so far deviated from that the whole 10,000 tons were delivered at Montreal, at £11, the contract price, and none at Workington.

Purchase of
Rails—
Contracts Nos.
6 and 11.

Particulars of
bolts and nuts
named in con-
tracts Nos. 9
and 10 not given
in tender.

By Mr. Keefer :—

12584. The bolts and nuts, I suppose the same?—Yes.

By the Chairman :—

12585. Did you intend to say yesterday that before ordering the larger quantity of rails from Cooper, Fairman & Co., at £11. 3s., you had endeavoured to get a larger quantity at the lower prices from the lower tenderers, and it was because they would not furnish them at the lower price that the order was given to Cooper, Fairman & Co?—I have no correspondence on the subject, but I have no doubt it was so.

How larger
quantity of steel
rails at higher
price came to be
ordered from
Cooper, Fairman
& Co.

12586. If you have no correspondence on the subject please state your reason for thinking it was so?—Well, the very fact of our having called upon Cooper, Fairman & Co. is strong evidence in my mind. Had it been otherwise it would have left another impression.

**Purchase of
Rails—
Contracts Nos.
6 and 11.**

Because it was done it must be right.

Because a higher price than other prices quoted was given it must have been because the higher price was the lowest.

No documents to throw light on the matter.

Believes that parties who sent lower tender were communicated with, but why he has that impression he could not tell.

12587. You mean that because it was done it must have been right?—I think so. Yes; otherwise I would have recollected it.

12588. Have you any other reason excepting that the transaction of the Department was certainly right: in other words, is it upon the infallibility of the Department that you base your judgment now?—I have no recollection of conversations between the Department and the lower bidders, but my impression now is that they would not supply any more rails at those lower figures.

12589. Do you mean that that impression is from some memory of conversations or some memory of correspondence, or only because it was actually done by the Department: I wish to know what is operating in your mind which leads to this statement of yours?—The best evidence in my mind is that we were endeavouring to get rails at the lowest possible rates, and that if we went to higher bidders it was because we could not get rails at the lower rates.

12590. When you use the word we, to whom do you allude?—I mean the Department.

12591. Did you take part in each of the transactions of the Department about the rails yourself individually?—Not in all the transactions. No.

12592. As to those in which you took no part, how do you know what led to the results?—Of course I do not know.

12593. Are there any papers upon record concerning any of these transactions, or, if not on record, in the control of your Department, which would throw any light upon the transactions; for instance, if any of these lower tenderers had been unwilling to furnish larger quantities than mentioned in their tenders at the same rate, is there any record, either of conversations or communications, to that effect that you know of?—No.

12594. Do you know really whether they were applied to formally for the purpose of ascertaining whether they would deliver larger quantities than they did deliver at the low rates?—The correspondence with Cox & Green is evidence that the Department was in communication with the tenderers offering at lower rates.

12595. To the extent of what quantity does it show that they were in communication?—To the extent of 5,000 tons additional.

12596. My question is directed to larger quantities than that; you understand that that was not all that was required by the Government, do you not?—Yes.

12597. Do you not understand my question?—Yes; I understand your question.

12598. Then if you understand it please answer it?—Well, my firm belief is that the parties that sent lower tenders were communicated with, but I cannot tell you why I have that impression on my mind.

12599. Do you remember who in your Department about that time were the proper persons to be communicated with on the subject of a supply of rails?—All letters are properly addressed to the Minister; some are addressed to the Secretary of the Department.

12600. Who was he at that time?—Mr. Braun.

Purchase of
rails—
Contracts Nos.
6 and 11.

12601. Was there any one else to whom communications ought to be addressed?—Communications might have been addressed to Mr Fleming, but they should have all been addressed to Mr. Mackenzie; all communications should be addressed to the Minister.

12602. Were you not sometimes addressed on the subject?—I dare say I was.

12603. You were at that time the Deputy Minister?—I was.

12604. I notice in this printed report communications, from Cooper, Fairman & Co. on the subject of rails, addressed to a Mr. Buckingham—who is he?—Mr. Buckingham was the Private Secretary of the Minister.

Cooper, Fairman
& Co. wrote to
Buckingham on
the subject of
rails.

12605. Had he any official standing in the Department which made it proper to address him on the subject?—Letters addressed to Mr. Buckingham were intended for the Minister.

Letters addressed
to Buckingham
intended for
Minister.

12606. Intended by whom?—By the correspondents.

12607. How do you know what their intentions were?—Because he was addressed as Private Secretary; I am sure that Mr. Buckingham could not dispose of any Government contracts.

12608. I have not asked you whether he could dispose of any Government contracts: did you understand that to be my question?—No.

12609. Then why do you answer what I do not ask, instead of what I do: have you any object in answering questions that I do not ask?—No.

12610. Please listen to my questions and answer them. Had he any official standing in the Department which made it proper to address him on the subject?—His official standing was that he was Private Secretary to the Minister.

12611. Well, according to the practice in the Department, with which you have been acquainted for many years, is it usual to address the Private Secretary of the Minister upon official business?—It is not usual, but it is very often done.

It is not usual to
address Private
Secretary of Min-
ister on import-
ant business.

12612. Do you know any reason why the usual course was not followed in this case?—No.

Knows no reason
why the usual
course was not
followed by Coop-
er, Fairman & Co.

The following documents were then filed:—

Contract No. 6, of Guest & Co. (Exhibit No. 119.)

Contract No. 7, with the Ebbw Vale Steel, Iron and Coal Co. (Exhibit No. 120.)

Contract No. 8, the Mersey Steel and Iron Co. (Exhibit No. 121.)

Contracts No. 9 and 10, in one document, with the West Cumberland Iron and Steel Co. (Exhibit No. 122.)

Contract No. 11, with Naylor, Benzon & Co. (Exhibit No. 123.)

12613. Have you any record showing by whom each of these contracts was finally awarded to the contractors—I mean whether it was done by order of the Minister or by Order-in-Council, or how otherwise?—No; there is no record.

12614. Is it not the usual practice in your Department that a decision by which a contract is awarded is noted somewhere?—It is not; when a contract is awarded the contractor is usually informed, and that forms the record.

Not the practice
to note the
awarding of a
contract.

12615. By whom is he usually informed?—By the Secretary.

Secretary informs
contractor.

**Purchase of
Rails—
Contracts Nos.
6 and 11.**

12616. Can you say how the Secretary is directed to inform the contractor?—The practice varies: sometimes by a memorandum on a slip of paper, at other times verbally.

Contract 6.

12617. Do you know of any means now by which it can be ascertained how the Secretary, in each of these cases, was directed to award the contract; for instance, take the first contract: do you know how the Secretary in this case was informed that he was to notify Guest & Co. that they were to get the contract?—No.

Contracts 9 and 10.

12618. Is your answer the same as to the other contracts?—I find, on the back of the offer by Cox & Green to increase the quantity of steel rails from 5,000 to 10,000 tons, a memorandum by the Secretary: "Minister directs that offer be accepted." That shows that he got his directions from the Minister.

Contract 8.

12619. As to No. 8?—I have no means of knowing how the Secretary was instructed.

12620. As to any of the other contracts?—Nor as to any of the other contracts.

12621. Are you aware whether there was an Order-in-Council ever passed awarding any of these contracts?—There was no Order-in-Council.

Cannot remember what led to adjournment of time for receiving tenders.

12622. Do you know what led to the adjournment of the time named for receiving tenders by advertisement concerning the steel rails?—I do not remember, I can only speak from my present memory.

12623. In the Return printed, a telegram on the second page, dated 14th October, 1874, from W. H. Lockhart Gordon, asking to be informed of the total quantity of rails required, I do not think any answer appears in the return: do you know whether he was informed of that quantity?—The forms asked for by Mr. Lockhart were sent to him; but I cannot say, at this moment, whether anything was written to him or telegraphed.

**Georgian Bay
Branch—
Contract No. 12.**

12624. What is the next contract in order of time?—The next contract is No. 12.

12625. What is the subject of that contract?—The construction of the Georgian Bay Branch.

Let by public competition.

12626. Was the work let by public competition?—Yes.

12627. Were tenders invited?—Yes.

12628. And received?—Yes.

12629. Have you the tenders received?—Yes; I can produce them.

12630. There is a Return on the subject, dated February 17th, 1875, to an Address of the House of Commons, have you looked over this so as to enable you to state whether you think the facts stated here are true?—I think they are true. (Exhibit No. 124.)

Contract awarded to A. B. Foster who abandoned contract with Government's consent.

12631. To whom was this contract finally awarded?—To the Honourable A. B. Foster.

12632. Was it completed?—No.

12633. Was it abandoned by the consent of the Government?—Yes.

12634. Was any money paid on account of what was done under that contract?—Yes.

12635. Do you know what sum?—\$41,000 for surveys.
12636. Do you know whether this abandonment was authorized by an Order-in-Council?—Yes; it was authorized by an Order-in-Council.
12637. And this payment of money?—That was also included in the Order-in-Council.
12638. Have you the original report of the 9th February, 1876, by the Engineer-in-Chief on the subject of the Georgian Bay Branch?—Yes; I produce it.
12639. Have you compared it with that which is printed in the Return to an Address of the House of Commons of the 28th February, 1877?—Yes.
12640. Is the printed copy correct?—It is substantially correct. On the third page the word "estimate" has been printed in lieu of the word "statement."
12641. With that exception is it correct in your opinion?—Yes.
12642. Then we shall not require the original report, and I return it to you: have you the report of April 27th 1876, by the Engineer-in-Chief?—Yes.
12643. Have you compared that with the one printed in the Blue Book of 1877, which is the Fourth Report of the Standing Committee on Public Accounts, at page 40?—Yes.
12644. Is the printed copy correct?—Yes.
12645. Then we shall not require the original. Have you the Order-in-Council, or a copy of it, annulling the contract with the Honourable A. B. Foster for the Georgian Bay Branch?—Yes.
12646. Have you compared it with the one printed on page 15 of the Return before mentioned?—Yes; I have compared it, and it is correct.
12647. Then we shall not require the original. Has the Georgian Bay Branch been proceeded with since that abandonment?—Another contract has been let and has been cancelled.
12648. In this letter of Mr. Fleming's, dated 28th of April, 1876, he says that he "feels assured that in the event of the Georgian Bay Branch being proceeded with the expenditure incurred would generally be available in the prosecution of the work:" do you know whether the expenditure incurred in the payment of this \$41,000 has been available in the prosecution of the work?—I think that is a question which should be answered by the engineers.
12649. That depends upon whether you know or not; I am asking you now whether you know?—I do not.
12650. There is a Return to an Address of the House of Commons of the 17th of February, 1875, printed: do you know whether there are any other tenders concerning the Georgian Bay Branch besides those that are referred to in this Return, I mean for the first contract?—There are no other tenders.
12651. Are these correct as printed in this Return, so far as you know?—They are.

Georgian Bay Branch—
Contract No. 12.
\$41,000 paid for surveys.

Abandonment and payment of money authorized by Order-in-Council.

Another contract let and cancelled.

Whether the \$41,000 has been available in the prosecution of the work, a question for the engineer. Witness does not know.

**Georgian Bay Branch—
Contract No. 12.**
Tenders for
Georgian Bay
Branch.

12652. Can you conveniently produce the original tenders?—Yes; I produce them. (Eight tenders: Exhibit No. 125.)

12653. Have you the schedule of these tenders as opened by yourself and Mr. Braun?—Yes; I produce it. (Exhibit No. 126.)

**Subsidy to
Canada Central
Douglas
to Nipissing—
Contract No. 16.**

12654. What is the next contract in order of time upon which you have not been previously questioned by us?—Contract 16.

12655. Upon what subject?—It is a subsidy to the Canada Central Railway Co., for the extension of the railway from the vicinity of Douglas westward to the eastern end of the Canadian Pacific Railway, near Lake Nipissing.

12656. Was that let by public competition?—No.

Subsidy of \$12,000
per mile.

12657. Can you say how the transaction was accomplished?—The Canada Central Railway Co. applied for a subsidy to assist them in the construction of the line, and on this an Order-in-Council was passed granting them a subsidy of \$12,000 per mile on certain conditions.

12658. Have you the application of the Canada Central Railway Co. for this subsidy which can be now produced?—I have not got it here.

12659. Will you please produce it, or a copy of it, at another time?—Yes.

12660. Was the contract finally completed?—No.

Abandoned by
mutual consent.

12661. Was it abandoned by mutual consent by the Government and the contractors?—Yes.

12662. Have you the correspondence which led up to its being abandoned, or any alteration in the contract?—Not at present, but I will produce it afterwards.

**Transportation
of Rails—
Contract No. 17.**

12663. What is the next contract in the order of time?—It is contract No. 17.

Transportation
from Liverpool to
British Columbia.

12664. What is the subject-matter of the contract?—It is the transportation of rails from Liverpool, England, to British Columbia.

12665. With whom was it made?—With Anderson & Co.

12666. Have you the contract itself here?—Yes. (Exhibit No. 127.)

12667. Do you know how this contract was brought about?—Yes.

12668. How?—5,000 tons of rails were purchased in England, and an agreement was entered into with Messrs. Anderson, Anderson & Co. to carry these rails to British Columbia at the rate of £2 per ton.

12669. Had they furnished the rails?—No.

Cooper, Fairman
& Co., in letter to
Department, 4th
January, 1875,
offered to secure
freight at £2 per
ton. (See 12672).

12670. Then you have just described the result of the transaction but not the means by which it was brought about. This appears to be a bargain by which Messrs. Anderson, Anderson & Co. agreed with the Government of Canada to transport the rails which some other party had furnished?—Cooper, Fairman & Co., in a letter to the Department dated January 4th, 1874, said that if the Department would take more rails they could probably secure freight at £2 per ton, although £1 10s. had been asked.

12671. Is that the letter of which a copy has been printed at page 37 of the Return to an Order of the Commons of the 2nd March, 1876?

—Yes; on the 7th January, 1875, Mr. Braun telegraphs to Messrs. Cooper, Fairman & Co. of Montreal, that:

“If freight to British Columbia can be got at £2 sterling Government will take 5,000 tons steel rails shipped at any time. Delivery will be at Esquimaux, Cowichan Bay or Nanaimo, at all of which places there are good facilities.”

12672. Is it probable that the letter to which you have just referred to as of the date the 4th January, 1874, was really of the date 4th January, 1875?—Yes; it should be 1875.

12673. Well, proceed?—That is the way it was brought about.

12674. Was that the substance of the arrangement between the Government and Anderson & Co., as you understand, accomplished by this letter and the telegram here: is that arrangement qualified in any way, as far as you know?—No; I do not think it is qualified.

12675. The telegram which you read commences with “if” something could be done?—Yes.

12676. That appears to be a conditional offer: do you know whether it was ever reduced to a positive offer or positive acceptance; so far the name of Anderson, Anderson & Co. has not been mentioned?—On the 18th January, 1875, Mr. Cooper telegraphed:

“Accept your offer made by telegraph on the 7th: rails, £10 10s.; freight, 40s.; insurance not included;”

and on the 21st January, 1875, Mr. Braun writes to Cooper, Fairman & Co.:

“In reply to your several communications on behalf of Messrs. Naylor, Benzou & Co I am to state that the Government accepts their offer to supply 5,000 tons of steel rails at £10 10s. sterling per ton, free on board at Liverpool, and allows £2 per ton for freight to the Vancouver ports.”

12677. Then is that the bargain with Anderson, Anderson & Co.?—Yes.

12678. How did you or do you ascertain that that is the bargain with these contractors?—I find nothing in the correspondence.

12679. Is there any other contract that you know of for the transportation of rails from England to Vancouver Island, except this one with Anderson, Anderson & Co.?—No.

12680. Then is there any doubt in your mind that this is the contract alluded to by Messrs. Cooper, Fairman & Co. in this correspondence which you have mentioned?—No; I have no doubt.

12681. Do you know who certified to the receipt of quantities delivered in British Columbia?—I cannot tell you at this moment, but I can find out.

12682. Can you find out also the particulars showing the voucher and reasons for the payment of this transportation contract, and also the amount paid, and to whom, upon this contract, so as to let us know it to-morrow?—Yes.

12683. What is the next contract in order of time?—No 18. It is a contract with the Red River Transportation Co. for the carriage of rails from Duluth to Winnipeg, or any point on the Red River between Pembina and Winnipeg.

12684. What is the date of the contract?—The date of the contract was the 22nd of May, 1875.

Transportation
of R. IIs—
Contract No. 17.

Thereupon Braun telegraphed Cooper, Fairman & Co. for 5,000 tons of steel rails delivered in British Columbia at £2 for freight.

Cooper telegraphed acceptance of offer: rails £10 10s.; freight 40s. insurance not included. Braun wrote Cooper closing bargain.

Has no doubt this is the contract mentioned by Cooper, Fairman & Co.

Contract No. 18. Transportation from Duluth to a point on Red River.

Date of contract, 22nd May, 1875.

**Transportation
of Rails—
Contract No. 18.**

12685 Have you the contract here?—There is no formal contract.

12686. What is the evidence of the agreement?—It is contained in five letters which I produce. (Exhibit No. 128.)

OTTAWA, Thursday, 28th October, 1880.

TOUSSAINT TRUDEAU'S examination continued :

Tendering.

By the Chairman :—

No advertisement to procure tenders.

12687. Before entering into contract 18 with the Red River Transportation Co., had there been an attempt, by advertisement, to procure tenders for the same work?—No.

12688. In the Return of 1876 to an Order of the Commons of the 2nd March, at page 56, there appears to be a copy of a letter from Fuller & Milne, dated 16th April, 1875, which commences as follows:—

“Sir,—Noticing your advertisement for tenders to transport steel rails and fastenings to Fort William and Duluth, &c.”

This is addressed to “F. Braun, Secretary :” do you think now that there was no advertisement for tenders for this work?—Yes.

12689. Then were the writers of this letter in error in supposing that there had been, or how otherwise do you account for that letter? Does that only refer to transportation to Duluth?—Contract 18 is for transportation from Duluth to Winnipeg. The advertisement referred to in the letter just quoted is for the transportation of rails from Montreal to Fort William or Duluth on Lake Superior.

12690. Then do you understand that this offer by Fuller & Milne was for work not alluded to in any advertisement?—Yes.

Does not know how Fuller & Milne were led to make an offer.

12691. Do you know how it was they were led to make any such offer?—No.

The offer is for the work of contract 18.

12692. Is the offer in substance concerning the same work which was embraced by contract 18?—Yes.

Fleming reported on Fuller & Milne's offer.

12693. Do you know whether there was any discussion in the Department as to whether this offer was a lower or a better one than Kittson's?—I think that Fuller & Milne's letter was referred to Mr. Fleming to report upon, and that Mr. Fleming on the 5th May reported.

12694. Have you a copy of his report?—Yes; I produce it. (Exhibit No. 122.)

12695. Read it aloud?—

Fleming's report.

“Sandford Fleming to F. Braun, Secretary, Public Works.—I return the letter of Messrs. Fuller & Milne, offering to carry rails from Duluth to any point on the Red River between the boundary line and Fort Garry at the rate of \$13.50 per ton. Considering everything I do not think the price unreasonable, but before entering into a contract with these gentlemen, I think it would be advisable to look into the matter mentioned in the second last paragraph of their letter.”

12696. Do you know whether that section of their letter was looked into, and had anything to do with the awarding of the contract to some one else?—I do not.

12697. Will you read the second last paragraph of their letter to which Mr. Fleming refers—or if you have any doubt which is the

**Transportation
of Rails—
Tendering—
Contract No. 18.**

second last paragraph read enough before it so as to be sure you include it?—

“ Provided the Government obtain permission from the American Government to transport the same through their territory without bonds, or on own personal bond, payments to be made at the rate of 9½ per cent. on delivery, and that we be informed of the acceptance of this tender on or before the 5th day of May next.”

12698. Do you know whether Fuller & Milne were ever notified that this offer was accepted or refused, or would be considered?—I find that the letter was acknowledged, but I find no other correspondence.

Fuller & Milne's letter acknowledged but no other acceptance.

12699. In Fuller & Milne's letter the offer is at the respective rates mentioned per ton : do you know how that was understood by the Department, as far as the number of lbs. to be included in the ton is concerned?—Well, the number of lbs. when not described, we understand that the ton is 2,000 lbs.

2,000 lbs. to ton understood when the number of pounds is not specified.

12700. Do you mean that that applies to the rails—material of that kind?—Yes; because we always specify, when we wish to deal with the long ton, the number of lbs. to the ton.

12701. Do you know whether that is the general understanding in the trade about rails and fish-plates that a ton means 2,000 lbs, unless otherwise expressed, or is this understanding peculiar to your Department as far as you know?—I understand in all cases, where the number of lbs. to the ton is not named, it means 2,000 lbs.

12702. Then in the correspondence of your Department with Cooper, Fairman & Co. about the transportation of rails, which correspondence was carried on both by telegrams and letters, do you mean to say that where no weight was mentioned, the ton referred to was a 2,000 lbs. ton? At page 56 of the Return before alluded to, there is apparently a telegram from Mr. Braun to Cooper, Fairman & Co., dated the 7th April, 1875, in these words :

“ Cable Anderson to show their contract to General Agent Jenkins; 30 tons spikes for Vancouver are supplied by Nut Bolt Co. :”

are the tons referred to there of the weight of 2,000 lbs.? And the previous telegram of the same date from Mr. Braun to Mr. Jenkins, England, contains, among other things, these words :

“ Ship to Vancouver 5,000 tons rails by Naylor, Benzon & Co. :”

are these tons 2,000 lbs. weight?—No; they are articles purchased in England where the ton is 2,240 lbs. The rails were to be purchased by the long ton.

But in England the long ton prevails.

12703. Specified to whom?—In the printed specification and form of tender.

12704. Will you read the paragraphs from Fuller & Milne's letter which state the different points between which they will carry the rails at the prices specified?—

Fuller & Milne's offer to carry rails from Duluth to Fort Garry at \$13.50; to crossing over Red River \$15 per ton.

“ From Duluth to any point on the Red River between the boundary line and Fort Garry for \$13.50 per ton ; from Duluth to the crossing of the Canadian Pacific Railway over the Red River for the sum of \$15 per ton.”

12705. From what you have said about the weight of tons, in the absence of any special description, do you understand that Fuller & Milne offered to take this price for the short ton?—Yes.

12706. As you say that you know of no correspondence with them on the subject, I suppose you are not aware whether they were asked to

**Transportation
of Rails—
Tendering—
Contract No. 18.**

Does not know whether it was ever discussed in Department whether Fuller & Milne's meant long or short ton.

Cannot explain why Kittson's offer at a higher price was accepted.

If, as was the case, portion of rails were to be delivered above Winnipeg the offer which was ignored was better than that which was accepted.

CHAPLEAU.

**Contract No. 42.
Influencing
Clerks—
Alleged improper influence.**

A clerk in Department of Public Works ever since 1873.

Correspondence clerk.

explain in any way whether they meant the short ton or the gross ton?—No.

12707. We understand Mr. Fuller himself, in giving his evidence, to say that he took it as a matter of course that it would be the long ton, and if so that would make a still greater discrepancy between his price and that of Kittson: do you know whether this matter was ever discussed in the Department?—I do not.

12708. Have you any report showing why Kittson's offer was accepted at what appears to be a higher price than Fuller & Milne's?—No.

12709. Can you say whether it was at any time considered that this offer of Kittson's was more advantageous to the public than Fuller & Milne's?—No.

12710. Have you, since you were here yesterday, looked into the substance of these offers by Kittson; for instance, one of the alternatives being to deliver the rails at the crossing of Red River, provided the navigation was sufficient between Winnipeg and that point?—Yes; I have just read the letters sent in by Mr. Kittson.

12711. Do you see anything in the offer of Mr. Kittson more favourable to the public than the offer of Fuller & Milne?—No.

12712. Do you see anything in the offer of Fuller & Milne more favourable to the public than that of Mr. Kittson?—If all the rails were to be delivered at Selkirk the tenders would be equal. If a portion is to be delivered above Winnipeg, that is between Pembina and Winnipeg, then Fuller & Milne's offer is the better of the two.

12713. Do I understand you to say that in order to make the Kittson offer as good as Fuller & Milne's it would be necessary that they should undertake to deliver the rails as far north as the railway crossing?—Yes.

12714. Did they so undertake?—Yes.

SAMUEL E. ST. ONGE CHAPLEAU, sworn and examined:

By the Chairman:—

12715. Where do you live?—I live here in Ottawa.

12716. How long have you lived here?—I have been here since September, 1873, I believe.

12717. Have you been engaged in any of the Government Departments?—Yes; I have been a clerk in the Department of Public Works ever since that time.

12718. Did you remain in the Department of Public Works at the time of the separation of the Railway Department?—Yes.

12719. Have you taken part in any transaction connected with the Canadian Pacific Railway?—As clerk, yes; I have in the shape of correspondence, and so forth.

12720. What was your duty in the Department?—I was correspondence clerk; in fact I had to attend to almost every part of the

Contract No. 42.
Influencing
Clerks—
Alleged improp-
er influence.

Department, such as looking up records of past transactions and making returns to the House of Commons, and so forth.

12721. Had you the custody of any particular kind of document?—
 At one time I had charge of the record room—of books and documents.

Had charge of public records.

12722. What would there be found in that room?—All the public records that passed through the Department—letters received and letters sent.

12723. Was there any one else who had charge of that same room?—
 —There was another officer who used to be entrusted with the same duties I was entrusted with.

12724. Who was that?—Mr. Ennis.

12725. Would his position be that of assistant to you or one of concurrent power?—It was concurrent, I must say; we discharged these duties together.

Ennis associated with him.

12726. Then neither of you was subordinate to the other?—No.

12727. Did he continue to perform those duties until the separation of the Railway Branch from the Public Works Department?—Yes; I think he has continued in that position up to this day.

12728. I mean did he continue in the Public Works Department until the separation of the Railway Branch?—Yes.

12729. When was the separation?—I do not exactly remember. It was in September, 1879, I believe, or the beginning of October.

12730. What is the system in that Department about the receipt of tenders for works—railway works for instance?—Advertisements were generally prepared, I believe, by the Pacific Railway Branch, and the works to be let were advertised in the press. Tenders were to be received by the Secretary of the Department.

Practice in Department as to receipt and opening of tenders.

12731. Who was he?—Mr. Braun. After the tenders were received I could not say who opened them. Sometimes I think it was a duty discharged by Mr. Braun and Mr. Trudeau, the Deputy Minister, and other times, I think, between the Deputy and one of the engineers under Mr. Fleming.

12732. Before we get to the opening of the tenders I wish to know, after the receipt of them by the Secretary, what became of them?—
 He had the custody of them.

Secretary (Braun) had custody of tenders.

12733. He alone?—I think so.

12734. Do you know how they were disposed of?—I have not any idea. We, as clerks, did not see anything of them until they came to us after the works had been awarded and the contracts let. They were then passed into the record room to be endorsed and to be filed.

Clerks saw nothing of tenders until after the works had been awarded.

12735. Do you not know what the system was: whether he put them into any safe or any place of custody beyond ordinary filing of them?—
 —I could not say what he did with them.

12736. You have no knowledge of that?—No.

12737. If you have not a knowledge of the general practice, have you the knowledge of particular instances?—Well, in my Department, since I have been Secretary of the Department, when I receive tenders I place them under lock and key until they are opened.

Contract No. 42.

**Influencing
Clerks—
Alleged Impro-
per Influence.**

12738. When did your duty on that account commence?—As secretary, I believe it commenced the beginning of October, 1879.

Never had custody of tenders connected with Pacific Railway.

12739. And from that time forward the tenders connected with the Pacific Railway were not in your charge?—No.

12740. Then at no time have you had any individual custody of the tenders connected with the Pacific Railway?—No.

McDonald's promise of money provided witness used his influence with Smith.

12741. Mr. McDonald, at Winnipeg, described a transaction by which he promised you a sum of money for using your influence with Mr. Smith: will you explain the nature of that business?—I have prepared a little history of this transaction, if you permit me to read it may expedite matters.

Statement regarding this transaction.

12742. You may read it.—Towards the latter part of February, 1879, an old friend of mine—a brother officer in the American army—Col. J. N. Smith, of the firm of Smith, Ripley & Dillon, of New York City, arrived in Ottawa on business connected with the Canadian Pacific Railway. It appears, as I was afterwards informed by him, that an ex-employé of his firm, Mr. Jones by name, whom he then introduced to me, had tendered for sections A and B, Canadian Pacific Railway; and, being under the impression that the work might possibly be awarded to him, had requested Mr. Smith to come to Ottawa to ascertain whether his prices and the terms of the Government were such as to warrant his (Smith's) taking hold of the contract. At the time of Smith's arrival a rumour was current that a Toronto firm who had been offered section B had declined to accept it, and that Andrews, Jones & Co., who were the next tender, would be offered the work, which turned out to be true. In the meanwhile I had met Smith several times at my hotel, and in the course of conversation reference was made to the experience I had acquired in the army in organizing and operating large transport trains, also in housing, victualling, &c., large bodies of men, such as would be required on the works in question, which led to an understanding between us that, in the event of his accepting the contract, I was to resign my position under Government and take an active part with him in it. As near as I can remember—it was two days before the contract was offered to Smith & Co. by the Government—J. J. McDonald, whom I had met almost daily at my hotel for months before, asked me if I would not use my influence with Smith and dissuade him from taking the contract on the grounds that his prices were too low, adding that if I succeeded it would be worth \$5,000 to me; to which I answered that Smith was too good a judge of work to be influenced by any one in the manner suggested. McDonald reiterated his offer on three or four occasions on succeeding days. Other persons also made me the same offer on behalf of McDonald's firm, to all of whom I answered that I could do nothing of the kind.—

Andrews, Jones & Co. offered contract.

An understanding that if Andrews, Jones & Co. got contract witness to throw up his situation and go into active co-operation with them.

Two days after this understanding J. J. McDonald asked him to dissuade Smith (Andrews, Jones & Co.) from taking contract saying it would be worth \$5,000 to witness.

Others made like offers.

12743. Who were those other parties?—I think Mr. John Heney, of Ottawa, was one of them; I think Mr. Ginty, of Toronto, was another. I could not remember all the names; several persons spoke to me about it.

12744. What do you say was the effect of this offer from other persons?—They were telling me that if I would only use my influence in that way with Smith it would be worth my while to do it—that I had a chance to make \$5,000, and might as well do it.

**Contract No. 43,
Influencing
Clerks—
Alleged Impro-
per Influence.**

12745. Proceed with the evidence.—On the 26th day of February, Andrews, Jones & Co. were informed that their tender was accepted for section B, and a stated time was given them to deposit the required 5 per cent. security. Smith immediately left for New York. I may as well state here that previous to his leaving for New York he sent for me and asked me to inform him of the decision which the Government should arrive at in the matter of the application which he had made for an extension of time to put up that 5 per cent. security.—

26th February, Andrews, Jones & Co. informed that their tender was accepted. Before Smith left for New York he sent for witness and asked him to telegraph if Government should extend time.

12746. Was it arranged how you were to be informed of the decision on that subject?—No; as I was in the Department he asked me if I would ascertain whether the time was extended or not, and to telegraph him accordingly.

12747. How did he suppose that you were to ascertain?—By enquiring.

12748. From whom?—From the Secretary of the Department.

12749. Proceed.—Two days after I telegraphed him that his application had been refused. He left on the 26th, at night, and it was on the 28th I telegraphed to him.

Telegraphed him that his application had been refused.

12750. Was the formal letter from the Secretary to Andrews, Jones & Co. delivered to your care?—No.

12751. To what place was it directed?—It was addressed to Andrews, Jones & Co. at the Union House.

12752. In Ottawa?—Yes; and some friends had instructions, I believe, to receive the letter and to take cognizance of the contents. On the 28th of February I received a despatch from him stating that his friends were opposed to him taking the contract, and that he had decided accordingly. That was after I had sent that telegram to him that his application was not granted.—

28th February received telegram from Smith that his friends declined to go into contract.

12753. Have you got that telegram?—No; I did not keep it. Later on that day on my enquiring if he had not best reconsider his decision—

12754. Was that enquiry made by telegraph?—Yes. I informed him that \$ 0,000 had been deposited with the tender, and if he had not better reconsider his decision. He telegraphed back that he had fully decided to withdraw. Happening to meet McDonald that afternoon, or the afternoon of the next day, —

12755. Do you remember what day of the week it was you met Mr. McDonald?—No; I could not say exactly.

12756. Do you remember whether it was Sunday?—No, it was not Sunday; it was either Friday or Saturday.

12757. Proceed.—I showed him the telegrams I had received from Smith. I also showed them to Mr. Fraser, whom he had introduced to me the day before, I think, and gave one of these telegrams to Mr. Fraser. He asked me for it. It was no use to me and I gave it to him. In the meantime a report was circulating in the press that \$50,000 had been deposited with the Government on account of the 5 per cent. security in connection with Andrews, Jones & Co.'s tender, with the further information that \$50,000 were forthcoming. That was in the press at the time.

Showed Mr. Donald and Fraser the telegram he had received from Smith saying he had determined to withdraw.

Contract No. 42.

**Influencing
Clerks—
Alleged improper
influence.**

McDonald fearing
Andrews, Jones
& Co. might
transfer their
tender, asked
witness whether
he would not tele-
graph Smith or
go to New York
and see him.

Left next day and
saw Smith.

12758. Do you mean any particular paper, or the press generally?—Oh, the *Free Press* of this city. On the evening of the 5th of March, after Fraser, Grant & Co. had been notified that their tender was accepted, McDonald, who was frightened lest Andrews, Jones & Co. might transfer their tender to some other parties (he having ascertained that \$100,000 had been deposited on account of Andrews, Jones & Co.'s tender—he told me so), asked me if I would not telegraph or go and see Mr. Smith about it. As I had determined to go to Washington about that time, on business connected with a patent I had applied for in January previous, and to which objections had been raised, I told McDonald I would leave the next morning; that I would stop at New York on my way to Washington, and would see Smith about it, which I did. Upon enquiring from Smith, whom I met in company with Jones in New York, on the 7th day of March, whether they intended to transfer their tender, I was informed that they had no application from any one. I have subsequently been told by Mr. Smith that no application was ever made by any one for the transfer of their tender.—

12759. Upon this occasion, when you told Mr. McDonald that you would go the next morning to New York, was there any arrangement between you and him as to compensation for your efforts?—He may have mentioned something to me of that nature, but I did not pay any attention to it. He had repeated that so very often to me.

12760. Do you remember where this conversation took place when you decided to go to New York next morning?—I could not say where, I used to meet him so frequently. I met him at the hotel and at his house.

12761. Mr. McDonald's recollection is that it was at his house or wherever he was staying, and Mr. Fraser and you came together?—It may have been at his house. I used to go there very frequently.

12762. Do you remember the circumstance, whether or not Mr. Fraser accompanied you, and in the presence of the three of you it was arranged that you should go to New York?—I could not say as to whether he was present or not—he may have been.

**Reasons why
Andrews, Jones
& Co. declined
contract.**

12763. Proceed.—On enquiry as to the reason why they had declined taking the contract, I was informed by the head of the firm (Mr. Dillon) that the chief reasons were the wildness of the country, of which they had not sufficient knowledge, and the costly nature of the works which the prices in their tender did not warrant them to undertake, and the shortness of time given them to put up the money.—

**Smith supposed
the Government
was antagonistic
to him.**

12764. Do you mean that he intimated that if the time had been longer to put up the money he would have taken the contract?—It was not entirely that, because they had time enough to put up the money if they wanted to; but what I understood him to say was this: that having asked a short extension and having been refused that extension, he supposed the Government were antagonistic to him taking the contract. That is the view he took of it.

**McDonald told
witness he would
see that he got
\$4,000 which wit-
ness regarded as
the outcome of
exuberant
feeling.**

12765. Proceed.—I have never entered into any agreement with McDonald for any compensation for dissuading Col. Smith to withdraw from the tender of Andrews, Jones & Co. When I returned from Washington, however, he told me he would see that his firm should pay me \$4,000, which I regarded as an expression of the exuberant feelings

of a contractor at having secured a large contract, causing him to profusely scatter promises—the probability or possibility of the fulfilment of which he had probably never considered at all. Some months later, when I received a cheque for \$500 from him, there was no explanation accompanying it at all.—

Contract No. 42.
Influencing
Clerks—
Alleged improper influence—
 The cheque for \$500 came without explanation.

12766. Was that from him personally?—Yes.

12767. He handed it to you?—He sent it to me.

12768. I mean was it from him personally or by letter?—It was sent by letter.

12769. No writing with it?—No. I might here state that at that time (that is the time I received the cheque) McDonald was making use of a patent invention of mine, which was saving him a very large amount of money in a work he was executing—that is the time I received the cheque—

When he received cheque McDonald was saving large sums by the use of a patent of his,

12770. Had that been by previous arrangement with you that he was using your patent?—I never permitted him to use it.

12771. Had the fact of his using it been spoken of between you?—We had spoken about it. Yes.

12772. Was there any understanding that he was using it, without your consent?—No.

12773. Nor with your consent?—No.

12774. There was no understanding about it?—No.

No understanding as to use of the patent.

12775. Had there been any conversation upon the subject of your getting any pay for it?—No; there had been nothing said in regard to it.

12776. Proceed.—And as he would be indebted to me in a considerable sum, I retained the \$500 on account of that claim on which there is still due me a balance of \$3,400.—

\$3,400 still due on claim respecting patent.

12777. How do you say there is a considerable sum due to you, if you never had any understanding that he would pay you for it?—Because I claim he saved so much on the work he did.

12778. But you say he never informed you of the particulars of this claim?—No; he did not at the time.

12779. How can you calculate and state so precisely the exact balance due you, when there had been no conversation or understanding as to the price?—Because I have since sold other parties the right to use that invention, which would have brought me that much money if I had got from him the same price that I have sold it for since.

Basis of calculation of claim for use of patent.

12780. In what you have sold to others, has the time during which the patent has been used, or the extent of the works over which it has been used, been the foundation of the claim?—It was easily calculated because it was by the mile. He had so many miles to work upon and could calculate on that.

Calculation by the mile.

12781. What was the nature of the patent?—It is a nut-lock.

12782. Over what work is he using it?—On the Intercolonial road.

12783. But up to the time of this receipt of the \$500, no amount had been mentioned as the value of it, and no consent or understanding on the subject?—No; you mean previous to the time I had that cheque?

Contract No. 42.

**Influencing
Clerks—
Alleged impro-
per influence.**

12784. I said up to the time that you had that cheque?—I had not the patent then, it had not been obtained.

12785. At the time you got the cheque?—I got the cheque about the same time I procured the patent; perhaps a little after.

12786. Then he had been using it before you got your patent?—It was the improvement on a patent that I held. He got the contract on the first patent I got. Then I made an improvement on that which changed it a great deal and made a great change in the application of it, and which would save in the length of the Intercolonial Railway some \$7,000.

12787. You mean in the portion he had?—In the whole length of the road. It was 650 miles on which he applied that patent.

**Government
gave McDonald
& Co. the contract
on the first pat-
ent of witness.
The contractors
applied to use an
improvement on
this.**

12788. Up to the time that you received the cheque from him do I understand that there never had been a conversation between you as to his using your patent for pay of any kind?—I had not conversed with him because the Government had not adopted that particular patent. The Government had given him the contract on the first patent granted to me. I had in the meanwhile made application—that is they had made application—to use the other patent, the improvement on the first.

12789. Who had made the application?—McDonald & Co.

12790. To whom had they made the application?—The Government; and it was my intention to have told McDonald & Co.: “now that the Government has accepted this, and allowed you to put it on, I want you to pay me so much per mile;” but the Government refused to allow him to make the change. I understand, however, that he went to work and put in a mile of that new nut-lock on the road, and had it examined by the mechanical engineer, who reported to the Department that the last one was the best, and he continued to put that one on over the whole line.

12791. Did they adopt it over the whole line as you understood?—Yes.

**McDonald & Co.
put in the latest
invention with-
out consent of
Government.**

12792. Had they adopted it over the whole line before you received the cheque for \$500?—They had adopted the first patent for the whole line; but, as I said before, when they made application to Government to substitute the latest patent for the first one, the Government refused to allow the change to be made; and in the face of that they applied the latest patent to one mile of the road, and it was understood in the contract that after one mile had been finished the engineer was to examine that one mile, and if it was considered good they were to continue over the whole line. The engineer made his inspection and reported to the Department that the latest invention was the best. The Government, however, took no steps in the matter, and the contractors put in the latest invention on the road.

12793. Without the assent of Government?—Yes.

**Bases claim on
the improvement
to first patent.**

12794. Do you base your claim upon what you speak of as your first patent or on the improvement?—On the improvement, because I had permitted the Government to use the first one.

12795. Without compensation?—Without compensation? No.

Contract No. 42.
Influencing
Clerks—
Alleged impro-
per influence.

12796. At the time that you received this cheque had you obtained the patent for the improvement?—Yes.

12797. I understood you to say a little while ago that you had not, or if you had it was about the same time?—I had received it just a little before.

12798. Which was the earlier, the cheque or the patent?—I think I would have to refer to the diary I kept at the time, and my letters also, to be perfectly certain—I could not exactly say.

12799. Are they here in Ottawa?—I think I can find them in Ottawa.

12800. Where did you get the patent for this improvement first, in this country or in some other country?—In this country.

12801. Was it not of importance to you to get it used somewhere upon a railway in order to establish its value?—Yes.

Important to have invention used somewhere to establish its value.

12802. Had you got it used upon some other railway?—No; that was the first road on which it was applied.

12803. So that your object in getting it used was accomplished?—Yes.

12804. And notwithstanding that, you consider it was a ground of a charge against the line that used it?—Yes, the new one was; because it saved them about \$7,000 in work.

Notwithstanding this claims against line because the improvement saved contractors \$7,000.

12805. Is it not a common thing for inventors to give others an opportunity of using their inventions as a trial to establish its value and without compensation?—I could not say.

12806. You do not know that?—No.

12807. In this case I understand that you consented that it might be used as a trial?—I must say that Mr. McDonald was not the original contractor for that affair.

12808. Who was?—Mr. Senécal had the contract. He sold his contract to McDonald. Mr. Senécal was the man whom I authorized to use the patent on the road.

12809. How long had he used it before you got the patent for it?—He had not used it at all.

12810. How long had it been used before you got the cheque?—Well, as I said before, I could not say that. It might not have been used at all before I got the cheque.

Invention might not have been used before he got cheque.

12811. If it had not been used at all, could you possibly have had a claim against anybody before you got the cheque?—I knew this: he was to complete his contract on the Intercolonial Railway, and that he might possibly use that last patent.

But witness knew contractor might possibly use it.

12812. Then do you mean, because he might possibly use it you charged him that \$500 on account of it?—Yes.

Because it might possibly be used he charged him \$500 on account

12813. And that passed through your mind when you got the cheque?—Yes.

12814. Then you say, in effect, that you took the cheque intending it to be part pay for something that might happen thereafter?—I cannot say if the cheque came to me before he used that patent. I am not positive as to that—I must refer to my papers before I can answer it.

Contract No. 42.

Influencing Clerks— Alleged improper influence.

Did not dissuade Smith from taking contract; never saw tenders for section or knew their contents till after contract was signed, nor was he Secretary to Department at time, but only corresponding clerk.

Arrangement with McDonald on which McDonald sent him to New York to influence Smith against assenting the contract.

McDonald feared the Government might go back on their decision.

And that Andrews, Jones & Co. might assign their tender.

Thinks the tenderers were not aware that \$50,000 had been put up until he told them.

Whitney recommended his patent.

12815. Proceed with your statement please.—In conclusion, I would say that I did not dissuade Smith from taking that contract; further, that I never saw the tenders for that section, or knew their contents till long after the contract had been awarded and signed; and that I was not secretary of the Department at that time, but simply a corresponding clerk.

12816. Do we understand this to be the substance of your arrangement with McDonald upon the day before you left for New York—that he was in fear that Andrews, Jones & Co. had acquired some rights because of their deposit on their tender, and that they might assign those rights and cut out McDonald, and that to prevent that being done your services were engaged to go down to New York and influence Smith?—I cannot say that that was what he said to me.

12817. Is that the substance of your evidence on this subject?—He was afraid that Andrews, Jones & Co. might assign their tender.

12818. He thought at the time that they had some rights which they might assign?—They had that right certainly. They might have assigned their tender to anybody. The Government might refuse to recognize it, but that is another thing.

12819. But the fact of their having made the deposit made it questionable whether they would have the contract or not?—I do not exactly seize your meaning.

12820. If he had been quite sure that Andrews, Jones & Co. had been refused the contract finally, he would not have been afraid of their assigning their rights; but from what you say you lead me to understand there is doubt on that subject, and the doubt was because of their having made the deposit?—The doubt was this, as far as I can understand it: that the Government might go back on their decision.

12821. He did not feel perfectly established in his right to the contract at that time?—Well, I could not say; I suppose he was not.

12822. Did he not lead you to understand that?—No, he did not; he simply told me he was afraid those persons might assign their tender to somebody else, and it might give him trouble—I think that was the expression he used at the time.

12823. Do you know, or did you hear from the persons themselves—Smith, Andrews, Jones & Co.—how the money was put up which had been put up on their tenders?—No; they never told me. I do not think that they were aware that their money was deposited until I told them that \$50,000 had been deposited.

12824. Who was the engineer who recommended your patent on the Intercolonial Railway?—I believe there were several engineers who recommended the use of it as being very good.

12825. But I think you mentioned one whose certificate was to decide the question?—You mean the engineer of the Intercolonial Railway?

12826. Whoever it was who had that decision within his jurisdiction?—Mr. Whitney; he simply made the report. He was instructed to inspect a mile of road on which the nut-lock had been supplied.

12827. Do you mean your improvement had been applied?—It did not say; I do not think.

12828. And that was Mr. Whitney?—Mr. Whitney.

Contract No. 42.
Influencing
Clerks—
Alleged impro-
per influence.

12829. Where does he live?—I suppose his headquarters are at Moncton, although I could not say. I know that he is the mechanical engineer of the Intercolonial Railway.

12830. Had you any conversation with him on the subject?—I never saw him in my life.

12831. Do you think you will be able to get the date about the time of your patent to-day?—I can get the date of the patent to-day.

12832. Do you remember whether you spoke to John J. McDonald with a view to influencing him to join Andrews, Jones & Co., if they got the contract?—I do not remember ever speaking to him on that subject, although I might.

12833. If I am correct in the recollection of his evidence, he says that you led him to understand that they were likely to get the contract?—That I did.

Led J. J. McDonald to believe that Andrews, Jones & Co. would get contract.

12834. Yes; and that he had better join them?—I do not remember ever saying that.

Does not remember recommending him to join them.

12835. And that upon his declining to do so, and offering to give something if you could influence Smith to withdraw from being surety, then you were to be compensated by \$4,000?—If I ever said anything to him it might have been in the course of conversation. After he would have asked me, for instance, to dissuade him, I might have turned round and said: "Why don't you join him." I might have said that casually, but I am quite positive I never tried to induce him to join any one else.

Might have said: "Why don't you join him?"

12836. Do you know any person who manufactured explosives living in the United States?—Yes.

Private arrangement with manufacturer of Explosives.

12837. Who is that?—I know a Mr. Mowbray.

Knows Mowbray, manufacturer of explosives in the United States.

12838. Where does he live?—He lives at North Adams, I believe.

12839. Has he had any business transactions with any contractors of the Pacific Railway as far as you know?—From hearsay I understood that he had.

12840. Had he some arrangement with you at one time about helping him in his connection with these people?—Yes.

Mowbray had an arrangement with witness to notify him when a contract was given in which there was a great deal of rock work.

12841. What was the nature of the arrangement?—The nature of that arrangement was that whenever a contract was given in which there happened to be a great deal of rock work I was to notify him, so that he could come to meet the parties, and try to make arrangements with them.

12842. How did he compensate you for that?—I do not exactly remember. He gave me so much a month for a while, I believe.

12843. Do you remember how much?—I could not exactly say—\$30 or \$40, may be.

For this service received \$30 or \$40 a month.

12844. \$75 has been mentioned?—I am sure it was not that much.

12845. How did you get the information for him?—After the contracts were awarded.

12846. I did not know that they had been awarded: how did you know?—As soon as a contract is awarded it is published in the press.

**Influencing
clerks—
Private arrangement
with manufacturer of
Explosives.**

12847. That is not answering my question, Mr. Chapleau. I am asking you how you know the particulars of the information which he desired to get from you, and I suppose he desired to get them as early as possible?—The information I was to give him was this: that when any work was awarded to anybody I was to notify him, and give him the names to whom the work was given.

**His connection
with the Department
might have
been the reason
Mowbray selected
witness for this
service.**

12848. Don't you know why he selected you in preference to somebody else?—I have not the slightest idea.

12849. Don't you think it was your connection with the Department which had to let the contracts?—It might have been that.

12850. Do you not understand that that was supposed to give him an advantage over people who did not derive their information from the Department, and that it was for that advantage he was paying you \$40 a month?—I do not know that it would. Other parties had the same opportunities to find out that I had.

12851. How much do you think you have received from him altogether for those services?—That I could not exactly say.

12852. About how long has it been continued?—It is only three or four months probably.

Contract No. 66. 12853. Is there any other person whom you have assisted in business matters by information from any of the Departments?—None that I remember just now.

12854. Do you know Alexander Bowie?—Yes.

**Never assisted A.
Bowie.**

12855. Have you ever assisted him?—No.

12856. Do you not think of any one else who has been benefitted by any information got from you concerning the Pacific Railway?—Information of what nature?

Contract No. 42. 12857. Information which you would derive from your connection with the Departments?—I do not think that I ever gave any information to any body that I benefitted by that I know of. I have got here an affidavit, if you would like to take cognizance of it, from Mr. Smith. He will probably be here himself. I have asked him to come and appear before the Commission. This is his sworn affidavit.

12858. At present, I would say that it would not be quite satisfactory evidence unless we had the opportunity of cross-examining him, because sometimes a person will make a statement which on being questioned afterwards may be varied, and without having that opportunity we cannot say it is positive evidence. We shall be happy to hear him if he should come here?—I think he will be here.

OTTAWA, Friday 29th October, 1880.

S. E. ST. ONGE CHAPLEAU'S examination continued :

By the Chairman :—

**Private arrangement
with manufacturer of
Explosives.**

12859. We understand you wish to make some correction in regard to your testimony yesterday?—It is in regard to Mr. Mowbray. Mr. Mowbray asked me if I would not let him know when contracts were advertised for in which rock excavation occurred.

12860. Do you say when contracts were advertised?—Yes; when work was advertised.

12861. Do you mean when tenders were invited by advertisement?—Yes; when tenders were invited for that kind of work. I told him I would. Some time afterwards I transmitted a clip from a newspaper containing an advertisement for the sections A and B of the Canadian Pacific Railway. I received an answer from him thanking me for the information and enclosing \$30, and asking me if I had any objections to letting him know whenever such works were advertised, and that he would like to pay me at the rate of about \$30 a month, I think it was. I next met him at Ottawa here, and while conversing on this subject, I told him he could get that information very much cheaper by subscribing to one of the newspapers. He said he preferred to be written to, as he was absent very often from his place, and the newspaper might be overlooked, and the letter would be opened, and he would be sure to be informed of what was going on. That is all.

**Influencing
Clerks—
Private arrangement
with manufacturer of
Explosives.**
Sent advertisement for section A and B. Received \$30 and a suggestion to pay him \$40 a month for similar information.

12862. Have you the letter which he wrote you?—No.

12863. Could you understand how it would be of any use to him to know that work was advertised for tenders?—His idea was to be here at the letting of the contract.

12864. How could he tell when the letting of the work was to take place?—It was mentioned in the advertisement.

12865. I thought only the time for receiving the tenders was mentioned. It is always understood when the tenders are received they are opened immediately and the work let.

12866. Does it not happen sometimes that work is not let—that the time is extended, and even if not extended, the opening of the tenders and the awarding of the contract is delayed for weeks?—Yes; it has occurred sometimes.

12867. Then you mean that all the information you gave Mr. Mowbray for this monthly payment was to let him know when tenders were invited for works of this character?—Yes.

12868. Do you know why you were selected to give him this information?—Nothing further than I knew the person very well. I had seen him at the hotel for two or three years previously. I used to converse with him very frequently. He was a very intelligent old gentleman. As I lived at the hotel myself I met him frequently.

No special reason why witness should have been selected.

12869. Do you know, as a matter of fact, whether he came to Ottawa and saw the people who obtained the contracts on the Pacific Railway, or some of them?—He was present after the tenders were received, I believe; about that time anyway. I suppose he saw some of the parties.

Mowbray went to Ottawa, but witness does not know whether he transacted business with contractors.

12870. As you knew him so well were you not informed whether he saw any of them, and whether he dealt with them?—I do not remember; I cannot say whether he dealt with them or not.

12871. Do you remember whether he told you that he had made any transaction with any of the contractors?—No; I never heard from him to this day—that is, from the time he was present at the letting of that work—and, if I am not mistaken, I think he left Ottawa before the work was let. However, I am not positive.

**Influencing
Clerks—
Private arrangement
with manufacturer of
Explosives.**

12872. Could you state during what period you received pay from him?—I think this conversation occurred about a month before that work was advertised.

12873. Which work do you allude to?—I mean sections A and B—a month or six weeks, something like that.

12874. When did his payments begin?—That I could not say.

**Mowbray's payments continued
two months.**

12875. Could you say how long they continued?—Two months, I believe.

12876. Do you mean that you received only two remittances?—I think so, as near as I can remember.

12877. Do you mean that you received about \$60 altogether?—Yes; that is about all.

12878. Understanding as you did that his object in getting this information from you was that he might be present in Ottawa and see the contractors after the work was awarded, did you not take interest enough in the matter to ascertain whether he did see the contractors?—No. As I said before, I never saw him after that—after that letting.

12879. Do you know what time usually elapsed between the date fixed for receiving tenders and the actual awarding of any contract on the Pacific Railway?—That varies a good deal I think. Sometimes works are awarded immediately.

12880. Do you know of any works which were awarded immediately: could you refer us to any?—I could not say: I never noticed particularly.

12881. Did you have any correspondence with Mr. Mowbray after the letting of the work that you allude to?—Not that I know of.

12882. Do you mean that you notified him only once?—I sent him only one clip from a newspaper. That is the only time.

12883. Was that between his first and his second remittance to you?—That was before any.

**Cannot say what
led Mowbray to
send him the
second remittance.**

12884. Do you know what led him to send you the second remittance?—I could not say.

12885. You had performed no service between the first remittance and the second?—No; but in his letter to me he said if I had no objection he would like to pay so much per month for that service.

**Mowbray's motives for paying
him.**

12886. Did he state how long he would like to pay so much a month?—No; he simply told me that it was worth a great deal to him to know of it in time; he had to travel over quite a large area of country in the United States—particularly out west—where he could not ascertain what was going on here.

**Contract No. 42.
McDonald applied
to use his
patent in April,
1879.**

12887. Have you ascertained the dates of your invention to which you alluded yesterday, and the date of the remittance by John J. McDonald to you?—I think that my application for the patent was at the beginning of July some time, but I had made the discovery some time in March 1879. The application of Mr. McDonald to use it on the Intercolonial Railway was made in April, 1879. The work was almost completed, all but twenty-five miles out of the 650, in November 1879, and that cheque of McDonald's was sent to me—at least was received by me—at

**McDonald's
cheque received
early in 1880.**

Contract No. 42
Influencing
Clerks—
Alleged impro-
per influence.

the beginning of the year 1880, I believe; I could not tell the month exactly.

12888. When you speak of the application to use it, do you mean your improvement on the original patent?—The improvement on the original patent.

12889. Who applied to you to use it?—The contractors applied to the Department to substitute the last invention for the first one.

12890. Who were the contractors?—John J. McDonald & Co.

12891. Was this with your consent?—I had no objection to it.

12892. Did you express your consent to anybody?—Do you mean to the contractors themselves?

12893. Anybody?—I must have expressed my willingness to have them make their application to the Government—the contractors—but I do not think I spoke to anybody else.

12894. To whom did you express your willingness?—To Mr. McDonald himself.

12895. Do you remember now that you informed Mr. McDonald that you were willing that he should use your improvement upon that road?—I suppose I may have said so to him, but I do not remember having mentioned any condition.

12896. I am not asking at present about the conditions, I am asking first of all whether you expressed your willingness that he might use it, either with or without conditions?—I may have expressed my willingness to his using it. Expressed himself willing that McDonald should use his patent.

12897. Do you remember whether you did?—It is very likely I did.

12898. Do you remember whether you did?—Yes, I think I did.

12899. You think you remember now that you did: is it only from the likelihood that you say you did, or is it that your recollection informs you that it happened?—It is not exactly from my recollection, but it is very probable that I did.

12900. It is the probability, then, that leads you to think it happened?—Yes.

12901. Then you could not say at what place the conversation happened?—No; I used to meet Mr. McDonald almost daily at that time. Used to meet McDonald almost daily.

12902. I have the impression that you told us yesterday that there was no understanding about the use of this improvement?—No, there never was.

12903. But now you think it likely that you told him he might use it?—Yes; it is probable I did.

12904. And without expressing any conditions?—Yes.

12905. Then how did you come to think you would have a claim against him for \$3,900 for using it?—Because as it saved him a large quantity of money I think I was entitled to remuneration and to receiving that much. I may as well state here that it was my intention, so soon as the Department would have agreed to use that invention, to have said to Mr. McDonald: "You are going to save so much by this on the work that you are going to execute, and I want you to pay me Reasons for claiming \$3,900 from McDonald for use of patent.

Contract No. 42.

**Influencing
Clerks—
Alleged impro-
per influence.**

so much for the use of it." I did not say so to him but it is the intention that I had at the time.

12906. Did you abandon that intention?—No, I did not.

12907. Had any opportunity occurred when you might have said it to him?—No.

The invention his
own.

12908. Is the invention one of your own, or one acquired from some other person?—It is my own invention.

12909. Have you obtained a patent for it?—I have had two patents.

12910. Two patents of this improvement which is the subject of your claim now?—Well, the first patent was an improvement on check plates generally, and the second patent was an improvement on my first one.

12911. I understand your claim against McDonald is concerning what you call an improvement on a previous invention?—Yes.

Date of patent
2nd September,
1879.

12912. When did you get a patent for that improvement?—The letters patent is dated, I believe, 2nd September, 1879, although I made the discovery in March, 1879.

12913. Had your improvement been used upon any roads excepting this one over which McDonald had control before he used it?—No, it had not; but it has since.

12914. His was the first use of it on any road—practical use?—Yes.

Has received
compensation for
use of patent.

12915. Have you received compensation from any other road?—Yes.

12916. At the same rate at which you proposed to charge him, or more or less?—It was a little less, it was at the rate of \$5 per mile royalty.

12917. And what do you propose to charge him?—I propose to charge him \$6 and £7 per mile, not less than \$6.

12918. Before you obtained the patent in September, 1879, had you procured any document or right which gave you the exclusive use of it?—Before what?

12919. Before the patent, which you say was in September, 1879?—My first patent was issued to me in the month of February, I believe, 1879.

12920. But I understand it is only this last improvement upon which you base your claim against McDonald?—Yes.

12921. Then anything before that would not affect the question. Speaking now only of this improvement which you say McDonald used, and for which you proposed to apply this \$500 towards the pay, had you secured exclusive rights to that improvement at any time before the patent issued in September, 1879?—No; I had not secured any exclusive right.

Ground on which
he felt entitled to
charge McDonald
for use of inven-
tion not then
patented.

12922. Then how did you propose to charge him for the use of it when you had not the exclusive right?—I knew very well that I could procure a patent, because there was nothing like it, I was satisfied as to that.

12923. And do you think that because you are satisfied of that he has to pay you?—I think so; I think the patent law, if I am not

Contract No. 42.
Influencing
Clerks—
Alleged impro-
per influence.

mistaken, does not preclude a man from charging before he secures the patent from the Government.

12924. Or before he has secured it by any document?—Yes; if he can prove it is his invention.

12925. Then your claim against McDonald is for the use of the invention before you had secured the exclusive right to use it?—It is not that exactly.

12926. What is it?—He used that patent of mine.

12927. How long?—From July, I believe, 1879, until August of this year; that is, he completed the work in August, I think, or July this year.

McDonald used his patent from July, 1879, to August, 1880.

12928. What happened this year would not operate upon your mind at the time that you received the cheque?—No; there was only a small amount of work to be done this year, only about twenty-five miles. The bulk of the work was done in 1879.

12929. At the time you received this cheque, you and McDonald had never had any understanding that he was to pay you money on account of this improvement, or on account of the use of this invention?—I think I did tell him that he should pay me for the use of that patent, in conversation.

Thinks he told McDonald he would have to pay him for use of invention

12930. This is an entirely new idea?—How is that?

12931. You have not intimated to us at any time before that you informed him that he was to pay for it, because I understood you to say all the way through that there was no understanding between you and him that he was to pay for it?—When the application was first made, to use the new invention, to the Government there was no understanding that he was to pay anything for it.

12932. But have you not given us to understand that at the time you received the cheque there had been up to that time no arrangement with him that he was to pay you for the use of this patent, but that you supposed he would become liable to pay you afterwards, and that against that future liability you proposed to apply the \$500 you received: is that what you wished us to understand?—In the course of the conversation with him I said once or twice: "I think that you ought to pay me a very handsome sum for the use of that invention."

Said to McDonald that he ought to pay him a very handsome sum for use of invention.

12933. Was that before you received the cheque?—Oh, that must have been in September, or August, 1879.

12934. Did he answer that suggestion?—No; not that I remember.

12935. Had Mr McDonald become aware of the nature of your invention, as far as the improvement is concerned, before your patent was secured?—I showed him the model in April, 1879, and it was after my showing him that model that he made application to the Government to substitute that plate for the one which was contracted for.

12936. Then you informed him of the nature of your improvement and consented to his using it: is that correct?—I very likely said to him that I had no objection to his using, but I did not say that I would not charge him for it.

12937. Was there any business-like discussion between you and him at any time as to compensation to you first, and if so what amount of

Remembers no business-like arrangement.

Contract No. 42.

**Influencing
Clerks—
Alleged improper influence.**

compensation?—I don't remember that there ever was any conversation of the kind, except those remarks I made to him on a couple of occasions, that I thought he should pay me a very handsome sum for the use of it.

12938. Then the foundation for the impression on your mind that you had a claim for \$3,900 was, that it was right he should pay it to you and not that there was any agreement of that kind?—Yes.

12939. Between the time of receiving that cheque and the present, have you ever communicated to him the fact that you intended to apply the amount of that cheque on this claim?—I do not think I did.

Has taken part in no negotiations of persons tendering for work on Canadian Pacific Railway other than what has been already mentioned.

12940. Have you taken part in any negotiations between any person who has tendered for work on the Canadian Pacific Railway and others, besides what has already been alluded to?—None that I remember.

12941. Have you any other information concerning matters pertaining to the Canadian Pacific Railway, which you can state by way of evidence?—I cannot think of anything.

12942. As to this improvement of yours for which you had applied for a patent, I think you stated yesterday that you considered it important that it should be tested on a road?—No, not so; it was a clause in the contract that, before the contractor should proceed with other work, they should apply the invention to one mile of the road, which was then to be examined by a Government engineer and reported upon.

Did not consider it important that invention should be practically tested on a road.

12943. Did you not consider it important that your invention should be practically tested by use upon some road?—No; I was perfectly satisfied that the invention was good. I had the certificates of the best engineers in the country, that it was the simplest, cheapest, and most effective invention of the kind.

12944. What engineers do you mean who certified to this?—Mr. Walter Shanly for one.

12945. Was that concerning the improvement or the original invention?—It was concerning the improvement.

12946. Do you remember when you made application for the patent of this improvement?—I think it was the latter part of June, 1879.

12947. Is there anything further that you would like to say by way of evidence?—No; I have nothing further.

TRUDEAU.

TOUSSAINT TRUDEAU's examination continued:

**Tendering—
Contract No. 48.**

By the Chairman:—

1st of tenders.

12948. There were some papers which you did not produce at the time they were asked for: have you now a list of the tenders for the colonization line from Winnipeg on the first 100 miles?—Yes; I produce it. (Exhibit No. 130.)

Smellie's report upon Hill's tender.

12949. Have you a report of Mr. Smellie upon Mr. Hill's tender for that line?—Yes; I produce it. (Exhibit No. 131.)

12950. Are you prepared to give, at present, particulars of contract 18, which was spoken of on the last occasion?—No; not at this moment.

12951. What is the next contract after that?—Contract 19 with Moses Chevette, for the construction of an engineer's house at Read. **Engineer's House—Contract No. 19.**
12952. Was this a contract, or was it by letter?—It was by contract.
12953. Have you the contract?—No; but I shall produce it later.
12954. Has the work been completed?—Yes. **Work completed and paid for.**
12955. Paid for?—Yes.
12956. Is there any dispute of any kind upon the subject that you know of?—No.
12957. State the amount of Chevette's contract?—\$1,600. **Amount of contract \$1,600.**
12958. What is the next contract?—Contract 20, but I am not prepared at this moment to produce the papers.
12959. What is the next one?—No. 21, with Patrick Kenny, for the transportation of rails from Montreal to Lachine. **Transportation of Rails—Contract No. 21.**
12960. Have you the contract?—No; but I will produce a copy presently.
12961. What was the subject of the contract?—It was the transportation of rails from Montreal to Lachine. **Transportation of rails from Montreal to Lachine.**
12962. Was this work let by public competition?—Yes.
12963. Have you a copy of the advertisement?—Yes; I produce it. (Exhibit No. 132.)
12964. Were the tenders asked for by the Department or by some agent?—By an agent. **Tenders asked for by agent Morin.**
12965. Who?—Mr. Morin, of Montreal.
12966. Have you any report upon the tenders offered?—Yes; I produce it. (Exhibit No. 133.)
12967. Have you the instructions to Mr. Morin to ask for these tenders?—Yes; I produce them. (Exhibit No. 134.)
12968. What date are your instructions to ask for tenders?—July 14th, 1875.
12969. I find on page 65 of a Return to an Order of the Commons, of the 2nd March, 1876, a letter from Cooper, Fairman & Co. to you, dated the day before your instructions to Mr. Morin, in which they intimate that they understand that the Government purposes removing the rails to the canal bank, Lachine. Is this the same movement that you asked Mr. Morin to invite tenders for?—Very probably.
12970. Do you know how they were aware of the Government's intention the day before you instructed Mr. Morin?—There were large quantities of rails on the wharves in Montreal, and it was apparent to everybody that they would have to be removed very shortly. I do not know how they were aware. **Does not know how Cooper, Fairman & Co. knew that the rails would have to be removed to Lachine before Morin the Government agent was instructed to ask for tenders.**
12971. Do you mean that the appearance of the rails and the locality indicated the substance of this letter from Cooper, Fairman & Co.?—I do not know what prompted Cooper, Fairman & Co. to write.
12972. But this is a letter addressed to you?—Yes.
12973. And they allude in it to some understanding between you and them, because they say: "Anent contract for western delivery, we **Letter which appears to imply an understanding**

**Transportation
of Rails—**

Contract No. 21.
between Cooper,
Fairman & Co.
and Department.

will have this matter satisfactorily arranged in a few days" and the satisfactorily is italicised, evidently pointing to some understanding with you. It appears to allude to this business and also to some other contemplated business?—It alluded to contract 20.

12974. Has the contract been fulfilled—I mean this contract with Kenny?—I do not think the contract was for a given quantity of rails, simply the price per ton, and under it some 11,000 tons of rails were displaced.

Work finished.

12975. Has all the work required by the Government to be done under it been finished?—Yes.

12976. Is there any other question on that subject?—I think that Mr. Kenny has presented a claim to the Department, stating that he had made preparations for the carriage of a larger quantity of rails than 11,000 tons, but that claim has not been entertained.

Ties—

Contract No. 23.

12977. What is the next contract?—The next contract is 22, but I have not got the papers with me. The contract following is No. 23 with Sifton, Ward & Co. for sleepers.

12978. Have you the contract?—Yes; I produce it. (Exhibit No.135.)

12979. Was this work let by public competition?—Yes.

12980. The subject of it seems to be for ties to be delivered on the railway line?—Yes.

12981. Was the advertisement by the Department, or by some agent?—It was by one of the engineers residing at Thunder Bay.

12982. Did he undertake the awarding of the contract as well as the receiving of the tenders?—He did.

12983. Have you his report on that subject?—No; but I produce Mr. Fleming's report attached to the contract, with a list of the tenders and other particulars.

Contract completed.

12984. Has the contract been completed?—Yes.

12985. Is there any dispute upon the subject that you are aware of?—No.

12986. Has it involved any larger amount, so far as you know, than the one named, \$14,648?—The contract provides for the delivery of 56,000 ties and the quantity was 56,339, that is the only difference.

**Erection of
House—
Contract No. 24.**

12987. What is the next contract?—Contract No. 24; it is with Oliver, Davidson & Co. for the erection of a house, and the house has been completed.

12988. Is there any dispute upon the subject that you know of?—No.

\$3,500 involved.

12989. About what amount was involved in this contract?—About \$3,500.

**Engine House—
Contract No. 26.**

12990. What is the next contract not previously enquired into?—It is No. 26; it is for the construction of an engine house at Fort William. I am not prepared to-day to give all the information.

OTTAWA, Saturday, Oct. 30th, 1880.

Contract No. 15,
and Tendering
generally—
Alleged impro-
per influence.

CHARLES H. MACKINTOSH, sworn and examined:

12991. *Witness*:—I have prepared a statement with reference to the entire details connected with my transactions with Mr. Whitehead, but as it involves also connection with my private business transactions—my personal business transactions I have gone rather fully into the details, because I could not without doing so give any clear and lucid account of my transactions with Mr. Whitehead—such a one as the Commissioners could draw their own inferences from. If the Commissioners will allow me I will read that statement, and I can afterwards be cross-examined.

Reasons why he
wishes to make a
statement.

By the Chairman:—

12992. As to those matters which pertain exclusively to your private affairs you understand the Commissioners do not insist upon your giving evidence upon them. If you think proper to do so in order to elucidate the matters appertaining to the Pacific Railway we have no objection, because in our desire to get the fullest information we prefer that a witness should say too much rather than too little?—Mr. Chairman, I have gone rather fully into my private affairs, because it is important, in a public and private point of view, to show my reasons for anything that I did, and I could not give the evidence simply on one part relating to the railway matters without referring to the other, and therefore I have taken the liberty to enter pretty fully into details.

12993. As I said before, we have no objection, and you can give your evidence reading from a document instead of trusting to your memory, if you wish to do so?—Thank you. I may say before I proceed, I have not read the evidence, except scraps of it which appeared in the newspapers. I was away at the time that Mr. Whitehead was examined. I am simply giving my statement of the facts as I know them to be. I am referring here in the opening to an item I saw in Mr. Whitehead's evidence, but I will go through the whole matter besides. (The witness then proceeded to read his statement as follows):—It having appeared in evidence that I received from Mr. Joseph Whitehead, contractor for section 15 Canadian Pacific Railway, certain pecuniary considerations, including sundry notes and drafts representing \$5,000, I hereby make an oath and say:

That about four years ago, in conversation with Mr. Whitehead, who was formerly a Member of Parliament, and known to me in consequence of my long residence in Western Ontario, that gentleman expressed great satisfaction at securing a contract on the Canadian Pacific Railway, and said that if he could be of any assistance to me personally I could command his services. This led to further details, when he said that he would soon be in a position financially to assist me, if in return I would agree to keep him thoroughly posted as to any new work being projected, any departmental reports made to Parliament, and otherwise act in his behalf when forms of tender, specifications, schedules or other similar documents were required by him; the object being to save time and money, as the character of the work he had undertaken would necessitate his constant and unremitting attention. A mutual understanding was arrived at, and he accepted drafts of mine for small amounts. In 1877 Mr. Whitehead, by writing over his own signature, appointed me his agent to act under his instructions—

Whitehead offers
to assist witness
if he would keep
him posted re-
garding projected
works, &c.

In 1877 appointed
agent of White-
head.

**Contract No. 15,
and Tendering
generally—
Alleged impro-
per influence—**

12994. Have you that writing?—I think I have somewhere. I have not got it with me, but remember seeing it last year.

**Whitehead pro-
mises help.**

**Whitehead's
expressions per-
sonal.**

**Whitehead offers
to give him a
portion of profits.**

**Received notes
and drafts
amounting to
about \$15,000,**

12995. Proceed.—Subsequently he told me he was paying very heavy interest to those who were backing him financially, and I then advised him to do all in his power to get rid of the burthen of interest crushing every element of business freedom out of him. He expressed approval of my suggestions, and afterwards asked me how the newspaper was progressing. I told him I had assumed a great many responsibilities; that my name was on a great deal of paper; that I had entered into negotiations with a view to paying off some of the original shareholders, and I feared from appearances that ultimately the whole debt would be thrown upon me, as no one seemed willing or anxious to assist financially. Mr. Whitehead asked how much it would require to pay off the debt which had accrued. I told him I believed \$20,000 at that time. He then said: "Well, when I get rid of some debts, I'll be able to help. I promise that, and you can rely on it." Subsequently I received various letters from Mr. Whitehead, all of a friendly nature, some on business, but usually reiterating his formerly expressed desire to aid me in every way possible. Mr. Whitehead did not, of course, so far as I could see, consider the question of assisting me in a political sense, his expressions being altogether personal. In October, 1878, he came to Ottawa, and called at my house bringing with him a statement of his affairs, value of his plant, rolling stock, &c., and intimated that he had succeeded in securing the entire control of his contract and getting rid of interest he had been paying. He desired that I should look over the papers and see if it could not be arranged that portions of his plant and rolling stock could be utilized as a means of raising money wherewith to make his bank credit and financial standing permanent. He stated that the work was paying a handsome profit, and voluntarily offered, if I would actively interest myself with him, that I should share a profit. Mr. Whitehead further said that he had kept steadily in view his former agreement. Knowing the contract was one involving a possible expenditure of nearly \$2,000,000, and that I could render assistance to Mr. Whitehead fully commensurate with any advances he might deem proper to make, I accepted his offer, and some weeks, perhaps two months after this, he gave me notes and drafts at various dates amounting to \$14,000 or \$15,000. The proceeds of some of these, which were subsequently discounted, went to pay off certain liabilities on my own account and on account of the *Citizen*, all being endorsed by myself and some by Mr. Carriere, President of the *Citizen Co.* I had agreed to renew the notes when possible, and did so sometimes by re-drawal and sometimes by returning expired notes and receiving new ones. In 1878 (December) some of the creditors who held a lien on the *Citizen*, demanded immediate payment of a very large sum of money; I was an endorser without any security, and from information received, was convinced that a determined effort was being made by certain parties to destroy my financial credit. This onslaught could not have been at a more inopportune time for me. The *Citizen*, which I had maintained for several years by my individual exertions, assisted by Mr. Carriere, was still heavily in debt, and I then determined to adopt every legitimate method towards protecting myself. As those who had formerly been endorsers were now safe, and none would risk a dollar, whilst I, although an endorser on all the accommodation paper as well as all the

Citizen's legitimate business paper, held no security whatever, I determined on the acceptance of Mr. Whitehead's co-operation. Up to that time, and even afterwards, I had made no secret of Mr. Whitehead's assistance, and always gave this as a reason, and give it now, for putting forth every effort to help him—

**Contract No. 15,
and Tendering
generally—
Alleged impro-
per influence.**

Made no secret of
Whitehead's
assistance.

12936. When you make use of the word assistance do you mean that those notes were given absolutely to you, or that they were to be repaid: was it a loan?—The first notes given were an absolute bargain between us.

First notes for
\$14,000 or \$15,000
an absolute bar-
gain in virtue of
which witness to
look after White-
head's interests.

12997. You mean about \$14,000 or \$15,000?—Yes, the first notes. Although it was understood the notes were to be advanced we afterwards made an arrangement by which I was to look after his interest here and work for him and get a share of the profits.

12998. Do you mean that at the time he gave those drafts it was understood between him and yourself that he was not to be repaid them, or to be protected from the payment of them?—Yes; that he was to pay them as fast as he could, but ultimately to be paid by me.

12999. Then it was by way of a loan that he gave you this assistance?—Not at that time. No; it was a matter of agreement as I said before. I was to share in the profits.

13000. To what extent?—I do not remember exactly: a percentage of some kind he spoke of; and then he made it a lump sum, some \$14,000 or \$15,000—somewhere there.

13001. Before it was reduced to a lump sum, were you, as you understand it, a partner of his in the contract?—No; not in the least. I never had the least interest in the contract.

Never had the
least interest in
contract.

13002. Do you think you had no interest if you were to share in the contract?—Not until then; not until we made the arrangement in 1878. From the time he got the contract in 1875 or 1876, I had no interest excepting to act as his agent, and he used to write to me instructions to look after departmental matters, and if any contractors were endeavouring to injure him I was always to let him know what they were doing. There was always a good deal of that work going on.

13003. Then those drafts were a gift, except in so far as they were balanced by any work you were to do for him?—Any work I was to do for him then, or in the future.

13004. Proceed.—Early in 1879, Mr. Whitehead called at my house several times after writing to me, and receiving some documents he required, such as forms of tender, schedules, &c., in connection with a new letting regarding which we had had considerable correspondence, he desired that I should become interested with him, and look after the matter as he could not be here all the time. He then signed an agreement setting forth our mutual interests—

In 1879, White-
head called at
witness's house
when an agree-
ment was signed
setting forth the
interest of both
parties.

13005. Have you that agreement?—No; the agreement was afterwards destroyed, and a new memorandum made out, a short one which I have.

Agreement des-
troyed and a
memorandum
made.

13006. Have you it here?—Yes; I will produce them as I read.

13007. That will do. Proceed.—He then signed an agreement setting forth our mutual interests in case he was successful as the lowest

**Contract No. 15,
and Tendering
generally—
Alleged impro-
per influence.**

tenderer, or afterwards arranged to resume the work on behalf of successful tenderers—

Early in 1879,
Whitehead again
calls on witness
complaining that
persons were in-
citing Manitoba
Powder Works to
push him for
money.

13008. What work are you alluding to now?—This was some work next to his section. There was to be a letting of about 185 miles, or something like that. I think it was about that A B and C—some three sections there. My business affairs again were talked over, and Mr. Whitehead said that if he could be of further assistance he would be happy to do anything in his power. A few weeks after this he again called upon me complaining that parties were inciting the proprietors of the Manitoba Powder Works to push him for money with a design of forcing him to make terms.

13009. About what time would that be?—I should think that would be about April, March or April, 1879. I think it was March; I could not be positive as to date. His impression was that the contractors for an adjoining section were responsible for much of his annoyance. It was after the letting of his work, but I do not remember what month it was. It was the subject of this new contract he was tendering for.

Promised to
make it all right
with Manitoba
Powder Works.

13010. Was that Manning, Grant, Fraser & Pitblado?—I think the firm or some other partner—Mr. Ryan or somebody. I promised to see to the matter and to make it all right, that is with reference to the Manitoba Powder Works, and with this in view had several conversations with the representatives of the Manitoba Powder Works.

13011. Who was that?—The representative of the Manitoba Powder Works.

13012. Who was he?—Mr. Thom was the agent, and Mr. Cooper, who was here a good deal, one of the company.

13013. Was it with Mr. Cooper you had these conversations?—I had two or three conversations with Mr. Cooper about it?

Assured repre-
sentatives of
Manitoba Powder
Works that
Whitehead would
soon be in a posi-
tion to pay them.

13014. But you are alluding to some conversation?—I think this conversation I am alluding to may have been with Mr. Cooper, but usually they were with Mr. Thom who was generally sent up to Ottawa to see me about it when Mr. Whitehead was not here. When Mr. Whitehead was not here, he used to come to me and see about the business. I had several conversations with the representatives of the Manitoba Powder Works, assuring them that Mr. Whitehead would soon be in a position to satisfactorily adjust his accounts. That conversation took place with Mr. Cooper, and I had one with Mr. Thom. I remember them distinctly.

13015. Was it in a conversation with you that Mr. Whitehead represented that the Powder Works Company were pressing him, or was it by letter?—Well, I could not say that positively, but my recollection is that it was personally.

13016. Have you any letters between him and yourself on this subject which you purpose to produce?—I never took the least care of his letters, but tore them up and threw them away. They contained nothing but what I was to do. There was very seldom anything in his letters. They were not very interesting reading.

13017. They might be interesting now?—They might possibly; and I might possibly, if I looked through my old papers, find some, but I do not think I have any dealing with this matter.

13018. Proceed.—Mr. Whitehead still appeared confident that he would secure some portion of the sections recently let, believing that he held the key to the position, so far as having plant and means of access. We talked it over several times, as well as the affairs of his existing contract. About this period a Committee had been appointed by Parliament to enquire into the engineering and other details connected with section 15, Mr. Whitehead complaining that Mr. Haggart, the Member for South Lanark, was particularly prominent in pushing the enquiry. I said I would look into the matter, but advised him not to worry himself as I thought he had friends enough to see that he was fairly dealt with. About this time my own business gave me a great deal of anxiety, and I deemed it best to endeavour to make final arrangements for assuming the entire financial responsibility of the *Citizen*; I had temporarily arranged for the payment of some of the heaviest creditors and hoped that further time could be secured as well as money raised by furnishing collateral securities outside those I had given. I told Mr. Whitehead I needed some notes, that it was important to me, and if he could do this I would be in a better position to attend to his affairs—

Contract No. 15, and Tendering generally—
Alleged improper influence.

Whitehead complained that Haggart, Member of Parliament, was prominent in pushing enquiry into section 15.

Told him not to worry, that he had friends enough to see he was fairly dealt with.

Determines to assume entire financial responsibility of the *Citizen*.

Asked Whitehead for more notes which would place him in a better position to attend to Whitehead's affairs.

13019. Do you remember where it was that you first told him that: he speaks of an interview at his boarding house?—I think we usually had talks at my office. He used to come there every day. We might have had. I saw something in the papers about that very matter, to the effect that I went there at midnight, which I think you, Mr. Chairman, referred to. I am prepared to show that no such interview occurred at that time on the matter at all.

No midnight interview took place.

13020. Proceed.—After further conversation he agreed to do what I wanted, not in the least objecting to signing notes, I believe for about \$12,000. At that time he said he was depending upon me to look after his matters as, from all he could hear, rival contractors were bound to injure him if they could. He also said that Mr. Haggart was pushing the enquiry into the details of his work and I promised to see Mr. Haggart. I met Mr. Haggart casually at lunch—

Whitehead signed notes for \$12,000 and said he expected witness to look after his interests.

Witness promised to see Haggart.

13021. Was this before you had received the \$12,000 notes, or afterwards that you spoke to Mr. Haggart at lunch?—I could not say; my impression is it must have been afterwards; I cannot swear to it, but my impression is it was afterwards. I do not remember the date, I could not positively swear which it was.

13022. Did you explain to him that you had got these notes?—Mr. Haggart?

13023. Yes?—I have not finished the reference to Mr. Haggart. I met Mr. Haggart casually, at lunch, and he appeared rather amused when I explained that Mr. Whitehead was very much worried about the matter, as it prevented his carrying on business satisfactorily and damaged his credit. I said that Mr. Whitehead had been a friend of mine when I needed one, and anything I could do for him would be done. During the conversation—which was a brief one—Mr. Haggart said he had nothing in the world against Mr. Whitehead, but was simply discharging his duty as a Member of Parliament—or words to that effect. I afterwards mentioned these facts to Mr. Whitehead and said Mr. Haggart is all right—the expression “all right” is one frequently used by me when explaining that there is no antagonism—and had no corrupt or improper signification whatever. As it has been insinuated that Mr. Whitehead gave me notes knowing they were to be

Met Haggart at lunch who seemed amused at Whitehead's worry.

Haggart said he was simply discharging his duty as a member of Parliament.

Told Whitehead Haggart was not antagonistic to him.

Contract No. 15,
and Tendering
generally—
Alleged improper
influence.

Never gave
money in any
form to a Mem-
ber of Parliament
to further White-
head's interests.

Notes never dis-
counted.

Reiterates state-
ment that White-
head's account of
a midnight meet-
ing is incorrect.

Having heard
serious rumours
visited White-
head at his board-
ing house.

In consequence
Whitehead made
an amicable set-
tlement with one
of his creditors.

devoted to the purchase of political influence in Parliament I swear positively that no such understanding existed on my part; that not one dollar, or any other sum represented by cash or notes or any valuable security or any form of security—either Mr. Whitehead's money, notes or securities, or those of any other person representing him—passed out of my possession into the hands of any Member of Parliament or any one directly or indirectly connected with any Committee of either House of Parliament; further, that the sum and substance of my conversation with Mr. Haggart is detailed above, and that I never in the most remote degree, or did any one on my behalf or with my knowledge on behalf of Mr. Whitehead, directly or indirectly hint at any corrupt arrangement. The fact that the notes were not used, that they were never discounted, is however sufficient proof that they were not corruptly applied. I understand from an extract in one of the newspapers of a recent date, that Mr. Whitehead has stated in evidence that transactions involving notes took place at midnight. This is quite incorrect, and I am satisfied Mr. Whitehead will admit it when the circumstances of my visit to him at a late hour are re-called to his memory. That visit occurred during the early part of August, 1879, in consequence of my being informed that parties, who were interested in surrounding Mr. Whitehead with difficulties, had offered to purchase certain notes and claims held by the Manitoba Powder Works against Mr. Whitehead, thus hoping to force him into insolvency or causing him to adopt as his only alternative the process of selling out his contract. I was further informed that the Manitoba Powder Works intended capiasing him if he left the city next day for Chicago *en route* to Winnipeg. Having reason to believe some of these rumours to be substantially founded, and knowing that such events would prove disastrous to Mr. Whitehead, as well as seriously affect me, I visited him at his boarding house, on my way from my office. I immediately asked him what provision he had made to pay the Manitoba Powder Works' claim, and briefly made him conversant with what I had heard. Mr. Whitehead had spoken to me several days before about the account and stated that he had seen Mr. Thom that evening; he further took a cheque from his pocket-book for \$10,000, and said he was prepared to settle the matter. I advised him not to delay, but to go early in the morning and come to terms, as under existing circumstances it would be difficult to say what might not transpire. I subsequently learned that Mr. Whitehead went to Mr. Thom and an amicable settlement resulted. To show that I am in no way mistaken as to the object of my visit I beg to be permitted to include the following letter in my statement—

13024. Is that a letter written recently for the purpose of corroborating your recollection of the transaction?—Yes; a letter from Mr. Thom.

13025. I cannot receive that in evidence. It will be necessary that Mr. Thom should be sworn if you wish his recollection to fortify your story. Proceed.—I have not the remotest recollection of doing business with Mr. Whitehead on my own account at such an unusual hour, and it would not have been necessary for me to do so to secure his endorsement or signature, as on no occasion did he ever even object, apparently having every confidence in me. In consequence of being able to extend the time of certain payments on account of the *Citizen* I did not utilize all of Mr. Whitehead's notes in perfecting arrangements, and postponed as well my intention of assuming all the respon-

**Contract No. 15,
and Tendering
generally—
Alleged Impro-
per Influence.**

Certain events led him to pause before using Whitehead's notes.

Summer of 1879, Whitehead called on him to have agreement destroyed, Whitehead to take up the last and retire the former notes.

Agreement with Whitehead 5th May, 1879.

Whitehead took back notes giving ones at longer dates.

Total amount of all notes then given \$25,000.

Owing to certain knowledge did not use notes remaining in his possession.

Fall of 1879, witness found his liabilities very large.

sibility of the *Citizen*. I did this for two reasons: First, because upon closer inspection of the company's affairs I realized that there was a great deal of accommodation paper out, and liabilities even that I did not know of. Second, events afterwards transpiring had rather made me cautious in using more of Mr. Whitehead's paper, as I had to endorse it all, and in case of his getting into difficulties my position would not be an enviable one. Hence postponement, although I continued making arrangements for carrying out my original intention. In the meantime I received letters from Mr. Whitehead, and information from other sources, which caused me to draw the inference that his design was to bring about an amalgamation of his work with the adjoining section; and I imagined as well that Mr. Whitehead might sell out and assign his contract. He came to Ottawa early in the summer of 1879, visiting me at my office, going over various business details. Mr. Whitehead after this said he should like to have the agreement we made as to the recent tender destroyed. I replied: would that be fair? If you have to amalgamate with the other contract, I would have nothing to define my interest." Finally the document was torn up, the understanding being that Mr. Whitehead was to take up the last notes given, and retire the former ones as well, and assist in carrying my paper through the bank. This definite arrangement having been made, and to show the transaction, Mr. Whitehead signed the following memorandum:—(Exhibit 136.)

"OTTAWA, ONT., 5th May, 1879.

"Witness that I have paid Mr. Mackintosh notes to the amount of \$12,000, being balance in full due him by me for releasing me from a bond entered into by me when granting and guaranteeing him an interest in sections A, B, and C Pacific Railway contracts, should the work have been awarded me; the agreement having been that should I hereafter secure an interest, the said Mackintosh should participate therein. He hereby releases me from any claim hereafter on said bond. The said Joseph Whitehead hereby guarantees for himself, his heirs, executors, administrators or assigns, to do nothing to prejudice the payment in full of all notes held by C. H. Mackintosh, or his assigns, said notes being signed by me in good faith, and for full value received.

"JOSEPH WHITEHEAD."

I might mention that at that time we went over all the notes, and Mr. Whitehead gave me new ones at longer dates, taking back those he had formerly given me.

13026. What was the amount of all the notes then given by him?— I should think they would amount to about \$25,000, or something like that.

13027. Proceed.— He left Ottawa, and shortly after this I learned that anticipated negotiations with other contractors had fallen through, and that there was a threatened strike on his work. This caused me to still further suspend action as to my private business, and I did not utilize the remaining notes he had given me, locking them in my safe and not renewing them afterwards until arranging for the purpose of being forwarded by my direction to Mr. Whitehead. In the fall of 1879, the alternative of assuming all legitimate debts connected with the *Citizen*, or risking everything under the management of others presented itself. I found myself an endorser for over \$23,000 of paper, as well as liable for several thousand dollars to stockholders and other creditors, most of the debt having accumulated between 1873 and 1876, and being carried, with increases, through the banks; the other stockholders having either withdrawn or refused to become responsible for further

**Contract No. 15,
and Tendering
generally—
Alleged Impro-
per Influence.**

Whitehead telegraphed him to draw on him renewing all paper at three months. This not done—Whitehead's notes to amount of \$13,000 in bank endorsed by witness. January, 1880, met Bain, to whom he complained of the manner in which his private affairs with Whitehead had been misconstrued.

Bain said witness's explanations put quite a different complexion on matters. Tendered Bain notes in his possession and preferred to retire notes under discount.

Drafted for Whitehead's signature, a letter exonerating witness from certain charges.

liabilities. I became an endorser for the company even before I had any direct interest in the business. Just after I had made the arrangements and assumed the *Citizen's* liabilities, I heard that Mr Whitehead was involved, and, knowing this would seriously affect me, I, as a practical business man, sent to secure such information as would direct me concerning the wisest policy to adopt under the circumstances. I knew that I was now heavily involved by my agreement to pay legitimate creditors of the *Citizen Publishing Co.*, and that if I had all Mr. Whitehead's papers thrown upon me suddenly, the ordeal through which I must pass was one that could not but afford satisfaction to those who were endeavouring to break me down. Mr. Whitehead had telegraphed me to draw, renewing all paper at three months. This I did not do. There were notes of his in the banks representing \$13,000 under discount and held as collateral, my name being on all, and the signature of Mr. Carriere, President of the *Citizen Printing and Publishing Co.*, on some. I knew the entire amount would have to be provided for by me, and proceeded to arrange the matter. In January, 1880, I met Mr. Bain, of Winnipeg, at my office. He informed me he was travelling through arranging with Mr. Whitehead's creditors. I told Mr. Bain I felt much aggrieved at the manner in which my private business with Mr. Whitehead had been misconstrued, it being represented he had paid large sums of money for Government influence which I knew to be utterly false. I expressed regret that Mr. Whitehead had not candidly made me conversant with the true state of his financial affairs, and further remarked that all a man could honestly do to assist another I had done for Mr. Whitehead. Mr. Bain, after hearing my explanations, which were purely voluntary on my part, remarked that they gave quite a different complexion to matters, and he was glad to be placed in possession of the facts. I further said that I had in my possession notes Mr. Whitehead had given me; these I would return to him, and as to the notes under discount I would, of course, have to retire them myself. Mr. Bain appeared surprised that I should treat the matter thus philosophically, and we afterwards became quite friendly. Just before Mr. Bain left my office I said I could not believe Mr. Whitehead was the author of the stories set afloat in opposition newspapers. If he was, then I desired that he should retract them; if he was not—and I afterwards found he was not—he could write me a letter denying the allegations made. Mr. Bain said he did not doubt that Mr. Whitehead would do this; that if the facts were as stated by me Mr. Whitehead could not refuse. He then suggested that I should draft something to indicate what I considered proper, which I did. I now solemnly swear that neither Mr. Bain or any one on his behalf, or any one on behalf of Mr. Whitehead, ever asked me to return any notes or even insinuated that Mr. Whitehead desired them. The first mention of returning notes not under discount was made by me. I further solemnly swear that the suggestion with reference to Mr. Whitehead writing a letter of contradiction as to various statements was made by me after I had offered to return Mr. Whitehead's notes; it was purely an afterthought of mine; for, very reasonably, I felt that if Mr. Whitehead's design was to allow me to be slandered, when he could crush out every falsehood told, I was not in honour bound to make any great sacrifice for him, although he had rendered me an assistance at a period when I most needed it. When drafting the letter, I said to Mr. Bain: "There is nothing in this Mr. Whitehead cannot swear to, and I have made it as strong as

possible so that if he objects I can find the reason." About three weeks after I received the following letter in Mr. Whitehead's handwriting and signed by him:—(Exhibit No. 137.)

"WINNIPEG, 28th January, 1880.

"DEAR SIR,—I have learned with regret that several parties are using your name in connection with my business, and using it in a manner not in the most remote degree warranted by facts. For the information of those who appear anxious to make capital at your expense, I may state without reservation, that you have at all times acted most honorably towards me, and any accommodation I assisted you with was of my own free will and was always promptly met by you. Furthermore, that when you heard of my difficulties you at once acted most generously, and in a manner that does you infinite credit. I can now state, that irrespective of any rumours, that the stories of my paying you large sums of money are false from beginning to end, and highly discreditable to those who are promoting them.

"Yours truly,

"JOSEPH WHITEHEAD."

Contract No. 15,
and Tendering
generally—
Alleged improper
influence.
Whitehead writes
to Mackintosh.

That he had acted
honourably ;
that on hearing
of his (White-
head's) difficulties
he had acted most
generously,
and that he had
not paid him
large sums of
money.

The above in
substance the
letter drafted by
witness and given
to Bain.

12023. Is this in substance the letter which you had dictated?—My impression is—I do not remember exactly, but my impression is it is almost word for word what I drafted. I could not say positively.

13029. Did you make the signing of this letter by Mr. Whitehead a condition with Mr. Bain before retiring the notes?—You mean did I purchase the letter by retiring the notes? I made up my mind to return the notes. In fact I had not intended to use them in consequence of his failure to make the negotiations which he entered upon when giving them to me. He and I had always been very friendly and are to this day, though I have had no communication with him since the Commission was appointed. When I suggested giving back the notes, Mr. Bain had never referred to anything at all, except saying that Mr. Whitehead was in difficulties, and he wanted to see what arrangements he could make with his creditors. I never made any arrangement with him at all to write this letter. I said: "It is pretty hard for me to do all this thing with Mr. Whitehead when I could really have pushed him or sold the notes, when he has allowed me to be slandered through the press." I afterwards found that he was not the author of these stories. I advised Mr. Bain to write to his partner, Mr. Blanchard, to see Mr. Whitehead about it, and there was no refusal. I never said to Mr. Bain: "I will give you those notes if you will give me a letter," or "I will not give you those notes without a letter." There was no such understanding one way or another.

Did not bargain
to have the above
letter written.

Found that
Whitehead was
not the author of
the statements
made reflecting
on him.

13030. Whatever the reason may have been which was operating in your mind, did you lead Mr. Bain to understand that before giving up the notes you would require a letter of this kind to be signed by Mr. Whitehead?—I could not say I did that, and I could not say I did not, because the feeling in my mind then was: if he refused to do it I could show exactly the reason I had for having those notes, such as the production of this bond between us, if he was the author of the stories in the newspapers; but I intended to return the notes.

Could not say
whether or not he
led Bain to under-
stand that ere he
would give notes
up he would re-
quire such a
letter.

13031. I want to know what you said to lead Mr. Bain to understand it?—I do not know why he understood it that way. I could not remember the language I used. I never said to Mr. Bain: "I will give you those notes if you will give me a letter." I said: "Treat the matter as you please, because," I said, "Mr. Whitehead has been a friend of mine. I made up my mind, and I have to face the difficulty now, and whether it is a \$1,000 or \$5,000 I will face it." He said: "You do not appear to mind it much." I never asked him to give me

Cannot explain
why Bain under-
stood that the
giving up of notes
was conditional.

**Contract No. 15,
and Tendering
generally—
Alleged improper
influence.**

When Bain was
leaving said:
"Before I give up
the notes I want
a letter."

Did not send the
notes until after
he had got the
letter.

Wanted letter
though without
the idea of pub-
lishing it.

The idea that he
had received
large sums was
hurting him.

a letter for the notes, because I voluntarily offered the notes before a letter was spoken of. When he was leaving I said: "Before I give up the notes I want a letter."

13032. Then you did suggest a letter?—Yes; as soon as Mr. Whitehead failed in his negotiations I put the notes away.

13033. You had them in your control at the time?—Yes.

13034. Why did you not give them to Mr. Bain?—He never asked me for the notes. He said: "I am going through to Florida,"—I think for his health—"you can send the notes up to Mr. Blanchard."

13035. Did you send these notes before you got the letter?—No; after the letter came.

13036. But you did not give them up until after you got the letter?—No; I considered it then an agreement between us. In fact, Mr. Bain said: "The letter will be down here and you can send up the notes." I suppose Mr. Bain's idea was that there was an agreement of that kind, but there never was such a thing.

13037. Did you suppose then that was his understanding?—Not then, but I do now. I have heard of his evidence, I have not read it, and I made up my mind that he might reasonably have been misled into believing that; but I never mentioned the letter as necessary before I would give the notes; but, as an after-thought, before he left, I said: "Mr. Whitehead should certainly write me a letter setting forth the fact that I have not received large sums of money from him, because the impression is that all the paper I had from him is so much money, and you know it is so much waste paper." At that time I looked upon the notes as not worth the paper they were written on. I never intended to use them, and made up my mind to do the best I could with the bank myself. I am, of course, perfectly willing that it should appear I did require the letter. It makes no difference to me, because I felt I was entitled to the letter in every way, even before giving the notes up, to show that he had not slandered me or allowed me to be slandered through the papers; but it was not to clear me, because the fact existed that I had paid some of the notes and returned the others, and showed there was no object in having a letter when I could prove by the facts themselves I had done what was stated in that letter.

13038. I suppose you thought the letter would be a more convenient way of proving it?—I will tell you, Mr. Chairman, the way it was. People would come to my office and say: "What is that in the papers about Mr. Whitehead paying you large sums of money?" I used to say: "He has assisted me, but the shoe will be on the other foot." I got this letter without intending to use it in any way. In fact, I had forgotten all about it until my name was mentioned in the investigation. I merely wanted it without any idea of publishing it. I had it eight or nine months without publishing it. I never thought of using it at all unless people came in and asked for information, and I would show it to them, and I had to do it several times to my creditors. The impression was abroad that I made large sums of money out of the contract, and that fact itself was hurting me.

13039. With your creditors?—Yes; because, of course, people would say when I had to ask an extension from the bank that I could pay if I would, and it was hurting me in that way. People thought I had made any amount of money.

**Contract No. 15,
and Tendering
generally—
Alleged improper
influence.**

13040. Proceed.—In requiring this letter I felt, in fact knew, I could prove the general correctness of its terms, hence there was no particular advantage to be derived from possessing such a document except personal satisfaction, as I made no use of it publicly until my name was mentioned in connection with the present investigation. In further support of the correctness of my statement I deem proper to call attention to the fact that I have had to pay the outstanding notes, and the Commissioners will, I trust, allow me to enter fully and freely into details, because these charges are but a continuation of many made by parties interested in injuring me, and because I have been followed by this species of persecution for nearly two years. If I purchased property the name of some Minister of the Crown was immediately published as being connected with it; if I performed ordinary work in my publishing office for the Government it was immediately heralded as a job; in short, from the time the Government changed, I have been shadowed by spies and eavesdroppers, the worst constructions being placed upon my actions by those anxious to destroy public confidence in me. I, therefore, make oath and say, that I never accepted money or any consideration from any man or men for advocating or opposing a measure before Parliament, or expressing opinions thereon in the columns of any newspaper I controlled. I never accepted money or any other valuable consideration for assisting in promoting any application to the Dominion Government or any other Government for a party favour or favours, or for attending to departmental matters for those at a distance who desired information of a routine character. I further make oath and say, that on no occasion did I ever propose to a Minister of the Crown anything that was not of a legitimate nature, and that no Minister of the Crown or Member of Parliament has ever had direct or indirect interest with me in any of my business transactions. Any money paid to me by Mr. Whitehead, any assistance rendered by him, was for legitimate services and of his own free will, and at his own suggestion, and I consider I was free to reserve to myself the right to participate in any work, to enjoy any profits derived therefrom, to become a partner in any transaction, so long as I did not infringe on the statutory laws of the land. In conclusion, I swear positively that out of the sum of \$25,000 in notes received from and advanced by Mr. Whitehead, I returned him \$11,000 undiscounted, and have retired from the banks \$13,000, and paid interest charges and other costs and discounts, closely approximating \$750, leaving a very small remainder as representing the total amount received by me in excess of the sums returned or repaid by lifting the discounted paper; I paid the protested draft—I do not know exactly when it was protested—of \$4,082.

Paid outstanding notes.

Swears that he never accepted money or any consideration from any man or men for advocating or opposing a measure before Parliament or for promoting any application to any Government, or for attending to departmental matters for any persons at a distance.

No Minister or Member of Parliament has ever had directly or indirectly any interest in any business transaction with witness.

Money received from Whitehead for legitimate services.

Out of \$25,000 returned Whitehead \$11,000, retired \$13,000 and paid interest and other costs.

Paid \$4,082.

13041. Is that part of the \$13,000?—Yes, part of the \$13,000. I paid in January last, \$3,950.

In January, 1880, \$3,950.

13042. Was that also part of the \$13,000?—Yes, part of the \$13,000. I paid in February, \$2,500.

February, 1880, \$2,500.

13043. Still part of the \$13,000?—Yes, still part of the \$13,000; and on March 16th, \$2,500, making \$13,032, I think.

March, 1880, \$2,500.
Total, \$13,032.

13044. Do you hold these notes now against Mr. Whitehead?—Well, I have never given that consideration. I have held the notes. I had to hold the notes. If Mr. Whitehead is not able to settle them in any

Still holds the notes.

**Contract No. 15,
and Tendering
generally—
Alleged impro-
per influence.**

way, of course I will lose. I had no intention of proceeding against him.

13045. Do you mention this retiring of paper amounting to \$13,000, to show that it is entirely given up as a claim against Mr. Whitehead, or merely its transfer from the bank to you of the sums mentioned?—Its transfer to me to show I never got the money.

13046. You still hold the notes?—Yes.

**Told Bain that
unless Whitehead
was able to pay
he would not
press him.**

13047. And you still hold that as his liability?—Yes; it appears so on the face of it, but I told Mr. Bain when he was here I would not press him unless he was able to pay.

13048. It would not be wise to do so if he could not pay it; but you mean if he could you would collect it?—I did not say I would.

**Amount of notes
retired still re-
main a liability.**

13049. We only desire to know if the amount still remains a liability?—It is in every respect a liability on his part. I only mention that, of course, because I retain the greatest friendship for Mr. Whitehead, and would assist him if I could.

**Agreement of 9th
of May in his pos-
session from date.**

13050. But with this friendship you retain his notes?—Yes. I told Mr. Bain to use the notes as he pleased. I would like to state, Mr. Chairman, that this agreement with Mr. Whitehead with reference to releasing, given for an agreement entered into with me, has been in my possession ever since that time, and the date there is the date he gave it to me.

**No correspond-
ence with White-
head since Com-
mission appoint-
ed.**

13051. You mean this one of the 9th of May, 1879?—Yes. I have no doubt it will be insinuated that it has been supplied since, and I beg, therefore, to state that the document has never been out of my possession since he wrote it, since May, 1879; that I have had no correspondence with Mr. Whitehead since this Commission was appointed, nor has Mr. Whitehead, or any one on his behalf given me any document or returned me any notes since the Commission was appointed; that in seeing Mr. Whitehead on behalf of the Manitoba Powder Works, I had no pecuniary interest, nor was I offered any valuable consideration whatever by the Manitoba Powder Works, to effect a settlement of the claims against Mr. Whitehead.

13052. I understand that you have offered a very full explanation of matters which were entirely private, with a view to that statement of your private matters corroborating your explanation of matters which pertain to the Pacific Railway?—Precisely.

13053. And therefore the correctness of the statement of your private matters is material to the investigation of Pacific Railway matters?—Certainly; in connection with it important matters with Mr. Whitehead have come out in the investigation of the Pacific Railway, and I claim the indulgence of the Commission to make this explanation.

**Never kept a
book in which
transactions with
Whitehead were
entered.**

13054. Do you keep books of account of your private matters?—I do not think that I ever kept any book at all with reference to Mr. Whitehead—in reference to his notes.

13055. Did you about other private matters?—Well, as a general thing—

**No set of books
showing a state-
ment of private
affairs from time
of his first con-**

13056. For instance, have you had a set of books intended to show a statement of your private affairs from the time that you first had any connection with Mr. Whitehead?—No, I think not. I have had very

little to do with Mr. Whitehead since I took the business of the *Citizen*. The major portion of it I had very little to do with at all. I had no connection with the *Citizen*, as a portion of my business, until about a year ago—not a year ago—a few months ago.

Contract No. 15,
and Tending
generally—
Alleged impro-
per influence.
nection with
Whitehead;
reason of this.

13057. I was not intending to enquire about the *Citizen's* business, but your own private matters: have you had books to show your own private matters for some years past?—No; I could not say that. My personal account I kept in a book at the office, but I do not think I have ever opened the account myself for two years to look over it at all, but it is a running account of just debtor and creditor.

Private account.

13058. Independent of the *Citizen* affairs, have you had any books relating exclusively to your private affairs?—No; I think not. I opened an account, I think, with the *Hansard*, when I took an interest in the publication of the *Hansard* Official Debates, because I had then a partner with me, but unless I had a partner with me I kept no account at all.

13059. Is there existing any book account which would show the application of the money you raised on the Whitehead notes, because you say that you had to retire some \$13,000 of them, on which therefore you must have obtained money or credit of some sort?—I suppose I could account for a good deal of it.

13060. At present I am not asking whether you can account for it by recollection; I am asking if there are any books or statements?—I say probably if I went through my accounts there is a possibility I might. I could not swear positively I could, but I have a recollection that I could, in looking through my books, select the amounts I got through Mr. Whitehead's notes; but as to telling how they were applied, it is an utter impossibility. They were always applied to purposes of business in every way—devoted altogether to business—never paid to any one or for any one outside of my own business transactions. If it is the desire of the Commissioners to find whether they were paid to any outside parties, I can swear positively not one dollar was ever paid to any person outside of my own regular newspaper publishing business.

Thinks it proba-
ble by looking
through his books
he might select
the amounts he
got through
Whitehead's
notes, but could
not tell how they
were applied.

The amounts de-
voted to business
transactions.

Never paid to any
one outside of his
own newspaper
business.

13061. Besides these notes and drafts which you got from Mr. Whitehead, did you get any money?—Oh, yes; he paid me during the years 1876-77—gave me drafts for about \$3,000, I think—small drafts.

Besides the
\$25,000 during the
year 1878-79,
Whitehead paid
him about \$3,000.

13062. That is no part of the sum of about \$25,000?—No; the only reason I settled on this \$25,000 is simply because I thought that came into the evidence that I was to explain. I have never read Mr. Whitehead's evidence, but I saw in the paper which was sent to me Mr. Whitehead was recalled and said \$25,000, and that is why I dealt with that altogether. The drafts he gave me were very small, and in fact were not felt much at the time. He would, when he was here, give me a draft at sight, or something of that kind. I suppose he paid me—I think in 1878 or 1879, or 1878-79—he paid me about \$4,000, and then we went altogether on notes. When we entered into a specific agreement we entered into the last altogether made up the notes.

In 1878-79 White-
head paid him
about \$4,000.

13063. Could you say about what sum he has given you, either in money or notes, which are still liabilities against him?—Well, the only liabilities against him now would be these notes amounting to \$13,000.

**Contract No. 15,
and Tendering
generally—
Alleged impro-
per influence.**

**The whole
amount got from
Whitehead from
time to time
about \$34,000.**

13064. Understanding that, can you answer the rest of the question : I ask you now the gross sum, including these notes and money at all times?—I should think, including the \$25,000 in notes, that the whole amount would be probably \$33,000 or \$34,000 that I have handled in notes and money.

13065. Out of that \$33,000 or \$34,000 you have given back \$11,000?—I have given back \$11,000.

13066. Then the balance, \$22,000 or \$23,000, he has given you, either in money or in notes, which are outstanding against him?—Yes; he gave me the notes and I had to take them all up. That is the way that stands of course. I have paid the \$13,000 myself.

**The sense in
which witness
regards the notes
for \$13,000 as a
liability.**

13067. But you have said they are still a liability?—Well, of course I could not make them anything else. I have stated in evidence the transaction on which the notes given were founded, and I could not very well say that they were not liabilities unless I gave them back to him.

13068. We do not want you to say so: we want the facts?—I said distinctly, if Mr. Whitehead wanted them he was perfectly welcome to them. I always told him to use me as he pleased so far as the notes were concerned.

**Work done for
Whitehead when
any new work
was projected.**

13069. You say, among other things, in the early portion of your transactions with him you undertook to furnish him information about new work projected: how would you get information about new work projected?—His work was very difficult of access where he was, as you are aware, no doubt, and perhaps instead of waiting for the Department to send schedules and forms to him, I could get them through two or three days quicker for him than if he waited the usual departmental form of sending them; and, of course, when he wanted anything I came to the Department and got the papers and sent them up to him and there was no delay. When there was any new work coming it was always advertised, and I knew what he wanted in the way of forms, and used to send them for him. Of course it is a very beneficial thing to have a man to look after that, for otherwise he would have to send a man down to look after it.

13070. Was this information which you supplied to him to be derived from any of the Departments or from advertisements?—The Departments, of course. It did not require any information, of course, because the forms were supplied on application at the Department the minute they were printed. For instance, some contractors would not come here for four or five days after the papers were printed, and Mr. Whitehead might have them sooner by my forwarding them. They would not be given from the Department before that unless it might be through favouritism. I never had any trouble or any fault found about it. Others did the same.

**Witness able to
supply forms to
Whitehead
through no favo-
uritism of the
Department.**

13071. Was it through favouritism of the Department you would be able to supply him earlier with information?—Not the least; it was simply being on the spot and knowing where to go and where to put my hands on the papers. So far as favouritism is concerned I did not get much, although, of course, I was always treated with the greatest courtesy.

**Whitehead com-
plained about the
interest he had to
pay.**

13072. You said that he complained to you he was paying large interests for suretyships to some one?—Yes; he complained to me

several times about that, and I felt a great deal of sympathy with him, because he was very much worried.

**Contract No. 15,
and Tendering
generally—
A'leged impro-
per influence.**

13073. Did you relieve him, practically, in any way besides your sympathy?—No; oh no. Some time after that I helped him to raise money that he wanted.

**Told Whitehead
how to raise
money.**

13074. What money was that?—He wanted to borrow money to pay some strike on the line, and he managed to get the money.

13075. Through your assistance?—Partially so and partially through others. I helped him, but perfectly in a private way. He got the money through the Bank of Montreal—I think it is the Bank of Montreal.

13076. What part did you take in assisting him to get it through the Bank of Montreal?—Nothing in particular. I only advised him to show how his affairs stood, and to get some one to furnish the money to him while he was waiting for his estimates.

13077. That was advice merely?—Yes; altogether. He had some arrangement with Senator McDonald.

13078. I understood that you were of some material help to him?—No.

13079. Was it for this advice and this sympathy that you understood he gave you those small sums amounting to \$3,000 or \$4,000, at different dates?—Well, I think the first part of the arrangement was altogether a friendly one, because we had met a great deal, and I had advised him a great deal in these matters, and he told me: "Anything I can do to assist I will do, but it is not what I will do in the future. When I can get my business in a good state I will do what I can to help you pay off the debt on the *Citizen*." I suppose it was in view of that he came to me subsequently and made me an offer.

**First advances
altogether friend-
ly.**

13080. I am not speaking of what occurred subsequently; I am speaking of now, simply of the sums amounting to \$3,000 or \$4,000?—He paid me for long services, particularly for these that I have detailed.

13081. You have detailed so far the sympathy which you felt because of the payment to Senator McDonald?—The interest of Senator McDonald he spoke to me of some time after that. The first advances that were made to me were not sympathy from me to him but sympathy he felt for me; he said: "Anything I could do to keep him posted, he was willing to pay for." Of course, I do not remember all the conversation which took place, but at that time he was very friendly, and very much pleased to get his contract, and seemed willing and anxious to help me.

**Whitehead full of
sympathy for
witness.**

**Said moreover
anything witness
could do to keep
him posted he
would pay for.**

13082. Do you wish us to understand that at the beginning he was making you presents without any compensation?—No; I could not say there was no compensation, because I considered it advances on what I was to do for him, because he told me then: "I want you to act for me here and do all you can to keep me posted as to the movements of contractors and the amount of works;" and it was at this time that he voluntarily offered to give me this money.

**But witness con-
sidered the early
sums given ad-
vances on what
he was to do for
Whitehead.**

13083. Do you mean they were payments on account of services which you then undertook to perform afterwards?—Yes, precisely; that is precisely the position it was in.

**Contract No. 15,
and Tendering
generally—
Alleged impro-
per influence.**

13084. Was this future work defined between you, or was it left altogether undefined?—It related to what might transpire in the future; there was always something turning up, always something that wanted to be attended to.

13085. What do you intend to describe as the first occasion when you gave him some material value for the money or notes which he gave you?—Well, of course I always considered that I was giving value by attending to his work, and he never found the least fault, he was perfectly satisfied.

In 1878 Whitehead handed witness papers, and having asked him to go through them said he would give him a share.

13086. It could not be loans, because you stated a while ago it was to be paid in the future, so there must be a time when that commenced?—In 1878 when he came down his affairs were in a dreadfully mixed state, and he brought me all the papers and asked me to go through them, and said: "I am willing to give you a share of the profits," as other men would have done, "if you will work with me and show me what to do under the circumstances." He had his affairs very badly mixed, but I separated them and worked very hard for two or three weeks getting them in proper shape. He went away and left them all in my hands. He came back in September, I think, and found them in a good shape and closed up his business.

Worked hard for two or three weeks getting Whitehead's affairs into shape.

This work related to contract 15.

13087. Did that relate to the contract upon which he was then engaged?—Yes.

13088. It did not relate to contracts for which he was tendering?—Oh, no; at that time tenders might have been advertised, but there were none awarded, and I do not think there was even an advertisement for them.

Accepted Whitehead's offer to give him a percentage on his work amounting to \$15,000 and payable in a year.

13089. Then, for the present, not touching upon the tenders for A, B and C—what value do you describe as having given to him for his advances to you?—Well, I accepted his own voluntary offer to give me a percentage. I think it amounted then to \$15,000, payable in, I think, a year.

13090. A percentage on what?—On the amount of work he was doing. He showed me the amount of plant he had. He wanted me to arrange the matter for him so that he could tender alone on it, and he said he had so much more work to do, and we then put it on a basis of a percentage which I was to get for looking after the whole matter.

Thinks the percentage was on his plant which he valued at \$300,000.

13091. Will you describe the amount to which this percentage was to apply: was it a year's work or was it the whole value of his property or contract: what was the gross sum to which the percentage was to apply?—Well, my impression is that it was on his plant. I am not quite positive but I think so. I think the plant he valued at \$300,000, \$281,000 or \$300,000. I am not positive about it, but I think that was what it was.

13092. And you mean that for making up during these two or three weeks a statement of his affairs about that plant, he was to give you 5 per cent. on the value of it?—No.

13093. Then I do not understand your description of the transaction?—If I had kept any papers I had I could have told you immediately what it was. I never supposed it was to be spoken of, and so I did not keep them.

13094. I understand you are submitting this whole affair for our consideration?—Yes; and I want it thoroughly sifted.

**Contract No. 15,
and Tendering
generally—
Alleged Impro-
per influence.**

13095. That is why I am asking this question?—Whatever the per cent. was it made up \$15,000; but what it was applied on, whether it was the plant or the contract, I cannot tell. It was a lump sum.

Cannot say whether the per centage was on the plant or the contract.

13096. I thought you said just now it was not a lump sum but a percentage?—Well, it was a percentage, but he lumped it, and he said: "I will give you that if you attend to this matter for me."

13097. Do you say he offered to give you \$15,000 for something?—Yes; I wish the Commission to understand it. I am not trying to reserve anything, but I never charged my memory with it, and I cannot say whether it applied to the plant or on the total work. I cannot swear to that, but we talked of a percentage.

13098. Are you satisfied that he promised to give you something like \$15,000?—Yes; about that.

13099. Will you describe what he was to give you that sum for?—Well, he came to my house and talked over his matters. We talked over the newspaper first, as we usually did, and he said to me: "I have come to make an offer and to assist you in this matter if you will advise me in my business, and tell me what to do to get it in proper shape;" and he mentioned some other matters which I now forget. He said: "I will pay you this money,"—at least he said: "I will give you this agreement or advance you notes;" and we subsequently made that agreement.

13100. About what time was that he made you the offer of \$15,000?—I think that must have been in October or November, 1878, something like that. I never went to him. He always came to me voluntarily from the time I first knew him.

Whitehead offered witness \$15,000 in fall of 1878.

13101. Was it at the time he made the offer that he gave you paper to the extent of about \$14,000?—No; I do not think he gave it then. I do not think he gave it for two or three months afterwards. I do not think he did—no, he did not.

Not until some months afterwards did Whitehead give witness paper to the amount of \$14,000

13102. Did he give you paper to this extent about the same time in different notes, or was it all in one note?—All in different notes.

\$14,000 in different notes.

13103. Did he hand them to you about the same time?—Yes.

13104. And together they amounted to about \$14,000 drafts?—I think they did, I cannot swear positively.

13105. Do you remember where it was that he handed them to you?—I could not swear that.

13106. Had you prepared them and did you take them to him for signature?—No, I think not. I generally left it to him to say what dates would suit him, you know, but I do not remember where.

13107. Did you leave the question of amount to him also, or was it to suit you?—As a usual thing he put the amount and said what he could do, whether it would be a long date or a short date.

13108. Then the substance of this transaction was that he gave you drafts of about \$14,000, besides the \$3,000 or \$4,000 in money which you had previously had, and all the compensation to him up to that time was your advice and looking over these papers and arrang-

Nature of compensation to Whitehead for those drafts.

**Contract No. 15,
and Tendering
generally—
Alleged impro-
per influence.**

ing his affairs?—Certainly; I was to take full control of his business and everything else and advise him here. He advanced that money at that time not altogether because it was the value of the service I was rendering, but knowing that the contract would last some time I was to go on and assist him in any way that I could. In fact I was retained by him to look after everything for him. If I kept any writings we had of his letters I could have been much more minute in my details with reference to the dealings with him; but I never thought there would be any question in the matter and never kept anything; in fact, important documents I should have had I have lost.

13109. A great deal of this matter up to this time does not appear to be very relevant, but you have introduced it in order to show that it verifies that part of the story which does pertain to the enquiry?—Certainly.

**Character of wit-
ness's agency for
Whitehead.**

13110. Did you ever effect for him a definite arrangement with any one—acting as his agent?—In what way, Sir?

13111. I do not know; I mean in any way?—Effect what?

13112. Any arrangement: you say that you were appointed by him as his agent to look after all his affairs, and your services were of great use to him?—Yes.

13113. I have asked you did you in that capacity ever make any arrangement for him and bring it to a close?—Up to that time anything he was doing was brought to a close.

13114. What transaction did you close for him in negotiating with any one?—Not with outside parties at all. Of course there were a great many things; when he was pushed for money I was to look after it.

13115. When you speak of acting as agent for him you mean with somebody else; you do not mean between him and you alone; there would then be no room for agency?—For instance, for departmental work. He was making application to the Government for different things at that time.

**Became one of
Whitehead's
sureties.**

13116. What for?—He wanted advances on his plant; he wanted change in the sureties. I think it was at that time that he got Senator McDonald, or whoever was the partner he then had, out. He wanted to change his sureties, and I became one at that time. Then, in making his applications to the Government, I used to draw out all his papers and make any representations which he considered necessary, and generally do his business as agent, the same as it is now done by a lawyer.

**Used to draw out
his papers for the
Department.**

13117. Do you mean that the Government released Senator McDonald and took you as one of the sureties?—No; the Government did not release Senator McDonald. It was in the matter of the Pembina Branch or something that Mr. Whitehead had finished, some settlement where Sutton & Thompson dropped out of the contract, and it was necessary to have a new surety.

13118. With what Government was this arrangement made?—The present Government, I think.

13119. And do you think that Sutton & Thompson were released from some transaction by the present Government?—That is my impression. It may have been the late Government, but my impression is that it was the present one. They went out of the contract at all events; whether under Mr. Mackenzie or Sir John Macdonald, I do not

know. I became his surety, but that did not carry with it a release of the 5 per cent. security. It was simply two sureties who had to sign the contract, besides the 5 per cent.

**Contract No. 15,
and Tendering
generally—
Alleged impro-
per influence.**

13120. Was that the Sutton & Thompson contract that you are alluding to now?—I could not swear, but my impression is that it was when Sutton & Thompson went out.

13121. And you concluded some arrangement with the Government on that subject?—Not with regard to their going out, because they allowed them to go out, but they accepted the new sureties they offered.

13122. Don't you understand that I am trying to find out from you some transaction in which you acted as agent for Mr. Whitehead, and with whom you were dealing?—All the transactions were usually with the Department.

13123. Will you state some one transaction in which you acted as agent for Mr. Whitehead, and in which you brought your services to his use and closed it or arranged it?—Well, the whole of that matter with reference to the change, the time he took the contract on his own shoulders and assumed it all, the whole of that arrangement was carried out by me. Of course I could not go to the Government and sign his name; he did that himself.

**When Whitehead
took the whole
contract on his
shoulders the
whole arrange-
ment carried out
by witness as
negotiator.**

13124. Did you negotiate that?—Yes; I negotiated it.

13125. With whom did you negotiate that?—Well, some of it was, of course, through Mr. Trudeau the Deputy Head, and others through Sir Charles Tupper; but there was very little negotiation to do after I got all the papers ready, because Mr. Whitehead used to do a good deal of personal matters himself.

13126. In one of the Blue Books concerning what is known as section 15, that is Mr. Whitehead's contract, a letter appears signed by Messrs. Sutton & Thompson, dated 16th of October, 1876, addressed to the Honourable Alexander Mackenzie, stating that in the event of their tender being accepted they desired to have associated with them Mr. Joseph Whitehead?—Yes.

**Sutton & Thomp-
son's connection
with and retire-
ment from con-
tract.**

13127. Is that what you alluded to?—Yes.

13128. Do you think Sir Charles Tupper had anything to do with that?—No; but I think they retired from the contract afterwards.

13129. They retired afterwards, you think?—They either retired or their sureties retired from Mr. Whitehead's bond—something of that kind I think.

13130. On the 16th January, 1877, Mr. Mackenzie, as Minister of Public Works, reports to the Privy Council that Mr. Whitehead had applied to be associated with Sutton & Thompson, and recommended that that should be accomplished?—Yes.

13131. Are you still of opinion that that was not accomplished until afterwards, and that you negotiated it?—I am still of the opinion that Sutton & Thompson retired from the contract in 1878, or else their bondsmen retired, or two new ones had to be got. That is my impression; I could not swear to it; but that is my impression of the way it stood.

Bondsmen.

**Contract No. 15,
and Tendering
generally—
Alleged impro-
per influence.**

13132. Is your impression still that it is about this matter you effected some negotiations on the part of Mr. Whitehead?—Yes; it is my impression. I think I then became a surety, and he desired a large loan on his plant. I do not know exactly what it amounted to.

13133. Do you say you became a surety for Mr. Whitehead with the Government on some contract he had awarded to him?—I did. I do not remember what. I have not the faintest idea of what contract it was.

13134. But you say your impression is it was the contract with Sutton & Thompson?—Yes, I think they wanted to retire; and Mr. Whitehead had to make new arrangements altogether.

**Substitution of
sureties.**

13135. From the substance of several reports and letters in a Blue Book, it appears to us that Senator McDonald became his surety alone after Sutton & Thompson went out; after they had no longer any interest in the contract, Mr. McDonald alone furnished landed security for the whole affair?—Yes, Mr. Chairman; but it is necessary besides getting the 5 per cent. security, always necessary that there should be two other sureties to sign a bond outside of the 5 per cent., guaranteeing that the contract will be carried out by the contractor in all its entirety.

13136. And do you mean that besides the security of Honourable Mr. McDonald and his land, that you joined in some other way as an additional security?—Yes.

13137. Connected with the Sutton & Thompson affair?—I could not say which it was.

13138. I understood you to say so?—It was only thus far: that certain payments could not be made until new sureties were got.

13139. And that difficulty was overcome by your becoming a surety?—Yes; because I remember signing the papers. It was the trouble, he could not do anything, and the next thing was the matter of his loan.

**Department of
Justice would not
allow the \$70,000
to be paid until
bond was replac-
ed.**

13140. You are proceeding with the next thing, we have not got through with this. Will you refresh your memory about what benefit he got by this change in the suretyship: do you mean that the money was refused by the Government from the state of the papers then?—He was not refused by the Government, any more than he could not get it. The Department of Justice, of course, would not allow the money to be paid over until the papers were properly placed before the Government, and approved of by the Minister of Justice, or the Deputy Minister, I do not know which. They objected to any transaction taking place until the bond was re-supplied.

13141. How much money was depending upon that arrangement being accomplished?—I do not know, perhaps \$70,000. I do not know what the amount was, I think I heard he drew \$70,000.

13142. Do you mean this to be the substance of this explanation of yours on this point; that he was in this predicament: that he had \$70,000 or thereabouts coming to him, and that he could not draw it until the Government was satisfied with some new surety, and that you became the new surety and relieved him from that predicament, and that the Government was represented by Sir Charles Tupper?—I could not swear that he was in a pecuniary predicament.

13143. I am not asking whether he was in a pecuniary predicament; I am asking whether he was in a predicament?—He found it necessary to conform with the rules of the Department.

**Contract No. 15,
and Tendering
generally—
Alleged impro-
per influence.**

13144. And he could not do it until you arranged with Sir Charles Tupper and became surety?—I did not say Sir Charles Tupper.

13145. With Mr. Trudeau, then?—Yes; my impression is my name was submitted to Mr. Trudeau and he said he was satisfied. That is what occurred, but I am not quite positive about it.

**Witness's name
submitted to Mr.
Trudeau, and he
said he was satis-
fied.**

13146. Will you write it down and I will send a messenger over to Mr. Trudeau to see if he can find any such document?—Yes.

(Note written and despatched.)

13147. After the giving of these drafts to the extent of about \$14,000, what was the next transaction in which he gave you either money or notes?—The next transaction was the advance—as I stated in my evidence—of, I think, \$12,000.

**Next sum \$12,000—
how it came to be
given.**

13148. Would you explain the transaction by which he gave you this \$12,000 of paper?—Yes, I explained to Mr. Whitehead; we talked it over several times, about business generally, and I explained to him that I merely required the notes at that time. That that of course was not any gift to me, that it was merely accommodating me at that time, to help me through. I told him that we were very hard up, and he said: "Well you shall not burst if I can do anything to help you." When these notes were given I saw an opportunity of buying out the other shareholders, and made up my mind to do it, but changed my mind.

13149. I must confine you now to the transaction of giving the notes?—I got the notes from him at that time merely for use.

**These notes an
accommodation.**

13150. As an accommodation?—Yes, to be used. This tendering was going on for sections A, B, C, at that time.

**Whitehead at
this time tender-
ing for sections
A, B, C.**

13151. The tendering?—Yes.

13152. I want it definite: at the beginning the advance of the notes was entirely accommodation?—Certainly, I looked upon it entirely that way. I had no right to the notes.

13153. He would have been entitled to these whenever the matter changed—whenever Mr. Bain asked for them?—Certainly. I waited until I saw whether the negotiations would be successful, and when the negotiations were not successful, so far as I was concerned, I put the notes back and never used them.

**When the nego-
tiations were not
successful did not
use the notes.**

13154. You are speaking of a subsequent arrangement. I am confining my remarks to the original transaction: at the time that he handed you this money, are we to understand that it was purely accommodation on his part?—Purely accommodation, as I understood it, and I suppose he understood it.

**This money pure-
ly accommoda-
tion.**

13155. As you understood it?—That is the way I understood it; I would have to pay back the money if I used it, and I told him at the time I might not use it. I told him that distinctly.

13156. Your opinion is that something happened afterwards which gave him value for this paper by which he became absolutely liable, not as furnishing accommodation paper, but as the real promisor?—Certainly.

**Contract No. 15,
and Tendering
generally—
Alleged impro-
per influence.**

**How accommoda-
tion paper came
to assume the
character of notes
for value.**

**Whitehead pro-
posed to witness
to go in with him
in tendering for
A, B and C.**

**Mackintosh to
have one-third
interest if White-
head lowest ten-
derer, and if not
to go out if neces-
sary at a certain
price.**

**Mackintosh's
third interest
fixed at \$40,000 or
\$50,000.**

13157. Will you explain what that subsequent arrangement was?—The agreement that he entered into with me was rather binding on him.

13158. You mean an agreement subsequent to this accommodation paper?—Yes, just immediately after the change; but the agreement was made before that—in January, 1879—and these matters did not take place until some months afterwards.

13159. What was the agreement?—I cannot swear to the contents; I can give the general outlines.

13160. Does any document contain it?—Yes, at first.

13161. This is the substance of the first arrangement?—Yes.

13162. I am speaking of the original arrangement, before there was any re-arrangement: I am afraid you will confuse me if you take up more than one thing at a time?—Mr. Whitehead had written to me several letters about these tenders, and wanted me to go in with him. In fact I had made up my mind to go into some other business. I was losing a large amount in the newspaper and did not know where it was going to end. He said: "Think the matter over, and you come in with me;" and he said: "I have got the plant, have rolling stock and everything wanted."

13163. This was all relating either to what is called section A, section B, or section C?—The whole work, I think it is called section C. We talked it over, and I said: "Very well, I will do it." I was to find some party who would be security or surety. We made some arrangement as to that. I was to have a third interest, according to the arrangement with him, if he was the lowest tenderer. If, however, he was not the lowest tenderer and ultimately bought out one of the lowest tenderers, or amalgamated his work with some of the other tenderers, I was to have still my one-third interest, or to allow him the alternative of buying me out and retiring in case it put him to any trouble having me there. In case the other contractors (the successful contractors) had the other sections, I was to drop out of my one-third interest for a consideration. My impression is—of course I do not know it is a fact—but the inference I draw from his anxiety to destroy the agreement between us, that we should tear up the agreement between us, was that he was about to consummate this agreement.

13164. That is what led to the substitution?—Yes.

13165. But I do not want to get that far, I want to understand your position at the beginning?—My position then was that I held under articles of agreement, if he was the lowest tenderer, or successful tenderer, I held a third interest, or was to go in and have a third interest in the work to be done. If, however, he did not get the work, and took in some of those parties with him and amalgamated his work with theirs, or theirs with his, I was to have my interest; but he reserved to himself the right to buy me out, and cause me to retire from it.

13166. Upon some fixed price?—Yes.

13167. Was the price fixed at that time?—I think the price was fixed, that my third interest was \$40,000 or \$50,000.

13168. And that price was fixed at the beginning?—Yes; when we drew out our papers. There were several other provisos—that if he

ultimately bought out any one else, my position did not change. It did not matter whether he got the contract himself, or ultimately bought out another tenderer—my position was the same, having the one-third interest. That was the position of the matter, and that is the agreement we both signed, and the agreement that was subsequently destroyed—not destroyed from any motive except that Mr. Whitehead wanted to make another arrangement.

**Contract No. 15,
and Tendering
generally—
Alleged impro-
per influence.**

13169. Do you say that you were one of the sureties upon his tender for that work, which was the substance of that agreement, or one of the persons who joined in the tender?—I did not join in the tender.

13170. I mean as an intending surety?—I think so; I could not be positive about that though.

Thinks he was surety on Whitehead's tender.

13171. Do you remember whether the agreement had relation to section A, or section B, or the whole of the section which was known as section C?—It included the whole work I think. I think the tender was \$5,000,000 for the whole work. I think the whole tender was five millions and some odd dollars.

13172. Did it relate to any tenders for any one portion of the work, and not for the whole?—Oh, no; I think it related to the whole. Because at the time we made the agreement, my impression is we did not know that the Government was going to divide it into two. We did not know at the time we made the agreement they were.

The agreement related to the whole section C.

13173. Did you know before the time of the advertisement for tenders that the Government was going to let the work?—It was generally reported, and I think that one of the Ministers said in his speech, that he intended to build it. I think Sir Charles Tupper, in one of his speeches when going back for re-election, mentioned it.

13174. Do you think your agreement was made before the advertisement for tenders?—My impression is it was made before that. I could not swear; but it is altogether likely it was. I think it was too, but we did not know them. I remember at the time that the sections were going to be let—the two sections—we thought they were to be let in one entire block.

Agreement made before advertisement for tender.

13175. When it came to the time of putting in tenders for that portion of the railway the work appears to have been divided into two sections, A and B?—Yes.

13176. And tenders were asked for each of them separately, and also for the whole, known as section C?—Certainly.

13177. You think you joined as a surety for him in his offer for section C?—I think it is altogether probable I did. I could not say though positively.

13178. Are you aware that at that time you joined as surety for anybody else, any competing tenders?—I might have joined five or six if they came and asked me to sign my name.

13179. I did not mean to ask what you might have done: I want to know what you did?—I mean I do not remember whether I did or not. I am frequently in the habit of signing those things for any one that comes.

13180. For section B, the tender of Manning, McDonald & Co. has the names of Joseph Kavanagh and C.H. Mackintosh as sureties?—Yes.

Signed tender of Manning, McDonald & Co. for section B.

**Contract No. 15,
and Tendering
generally—
Alleged impro-
per influence.**

Assisted Whitehead to get securities for section B, but this no ground of claim.

Original arrangement that he was to have one-third share in section C.

None of the conditions of agreement ever fulfilled so as to entitle him to any agreement.

Document substituted for the above agreement.

Whitehead said he would pay the notes for \$12,000 if released from the bond.

13181. That would be a competing tender against your friend Mr. Whitehead?—There was no object in the world except that I was asked to do it. Of course I would not have refused any one who came. Others did the same thing—signed two or three.

13182. Do you remember assisting Mr. Whitehead to get sureties on his tenders for section B alone, if he did tender for section B by itself?—Yes; I think there was something—I do not remember any particulars.

13183. Do you know whether he considered you entitled to any compensation for that particular service?—Oh, no; I do not think so. I might mention that the names that go in the preliminary tenders are not necessarily the ones which would go in the regular contract, as you know, Mr. Chairman; and, therefore, if any one came into my office and asked me to go on the tender, as long as he was an honest business man I never refused.

13184. Then the condition originally of this arrangement with Mr. Whitehead was, that you were to have a share of one-third if he succeeded in getting the whole of section C?—I think the whole of the section; but I do not think there was any defined sections as A, B or C.

13185. But by general terms it answered for section C?—It may have been. I do not remember whether any names were given to the sections at that time.

13186. By some description—I will not confine the description to section C—that portion which was known as section C was to be the subject of the contract with him in which you were to have a one-third interest?—Certainly.

13187. And if he bought any other person's interest in the smaller contract you were still to retain your one-third interest?—Yes; that is the way it was defined.

13188. And if he wished to buy you out, a fixed price was named?—Yes.

13189. It was \$50,000?—Somewhere about \$40,000 or \$50,000; I do not remember which.

13190. Were any of the conditions of that agreement ever fulfilled so as to entitle you to any such compensation?—Not that I know of.

13191. Then how did you afterwards become entitled to some compensation: now we will proceed to the substitution if you wish?—Certainly. Mr. Whitehead came to my office and said that he wanted to tear up the document. "Well," I said, "Mr. Whitehead, I do not think time enough has elapsed to know whether we should do that or not; because, from what I can hear, you are endeavouring to form an amalgamation." At that time I heard that Fraser & Grant were going to amalgamate the whole work. I do not understand all the points now; but they were going to take the other tenders and do the whole work. However, he said: "There is no such thing; I do not know whether anything will come out of it." I do not remember the conversation in its details; but ultimately he said he would pay these notes if I would release him from the bond. "However, you will have to give me lots of time to do it," he said. I said: "You can do as you please;" and the document was then destroyed. I said: "Well, Mr. Whitehead, you must

give me something to show the nature of the transaction, because people will naturally say: "How did you get those notes?" I never dreamt it would ever come up in this way, but I thought from my own position it would be better to have it. I did not find it until yesterday. It was among a lot of old papers that I had thrown aside, and in searching, yesterday, I found it. I knew the matter would come before the Commission. Of course it was only a memorandum, and not an official or legal document. I just drew it up, and he signed it, but I knew it would not be a binding document if it came into a court of law. I did not suppose it amounted to anything.

**Contract No. 15,
and Tendering
generally—
Alleged improper
influence.**

13192. Is the substance of your statement concerning this substituted agreement, that because of your releasing him from the previous one he was to pay you the compensation of \$12,000?—Certainly.

13193. And the reason why you thought it was of some value to him to be released from the previous one was that you understood he contemplated forming a connection with one of the other contractors?—Precisely.

13194. And that if that were done you would by the previous agreement have retained an interest of one-third in his contract?—Certainly.

13195. And to relieve him from the possibility of that you required him to pay the \$12,000?—Yes. Well, it was a voluntary expression of willingness on his part to do it.

13196. You accepted it?—Yes; I accepted it. The notes were sent as they were, and I was to be entitled to payment of them.

Thought it was of value to Whitehead to be released from the arrangement as to witness getting one-third, because Whitehead was trying to form a connection with contractors for 42.

13197. Did he accede at that time to the idea that he was about to purchase any interest in any of those contracts?—Well, he never denied it. He always acted as though he were satisfied that he would in the end get the interest.

13198. From what he said at that time, or from his conduct, did he lead you to believe that he would get the contract, and so interest you to the extent of the one-third you had arranged for?—Precisely. I said to him at the time: "Mr. Whitehead, you need not mind about this. Let the matter stand just as it is." I said: "You know very well I am not going to injure you. If you wish to get rid of me at any time, I will go, so you need not bother about it." He said: "I would like to know just where I am;" so the arrangement was made.

13199. The actual date of the contract as reported by Mr. Fleming in 1879 is the 20th of March of that year?—Yes.

Date of contract March, 1879.

13200. Your arrangement is in May, nearly three months afterwards?—The contract was made in March. I do not think for a month afterwards there was anything done at all.

Arrangement made with Whitehead in May, 1879.

13201. It had been delayed by the Government?—Yes; that is where Mr. Whitehead thought he had a chance. There were so many coming in he thought he could have an interest in it. As I learned from Fraser & Grant, at the time, they were trying to buy out his own contract, and that could not be done without my interest being considered. It was in January, I think, we made the arrangement—about that time.

13202. Going back to the time when he gave you this \$12,000 in paper, as you say entirely by way of accommodation, was any representation made by you about that time to him that if he gave you that

**Contract No. 15,
and Tendering
generally—
Alleged improper
influence.**

When the paper for \$12,000 was given by way of accommodation it was never hinted that it would be used in regard to his affairs before Committee of Public Accounts.

Never sought to impress Whitehead that it would pay to help witness because of influence with Haggart or other Members of Parliament.

Scarcely a day there was not something to be done for him.

Did not lead Whitehead to think that unless he gave him notes his affairs might be prejudiced by a parliamentary committee or some Member of Parliament.

Said to Whitehead: "If you help me with these notes I will help you with your matters."

Did not lead Whitehead to understand that unless witness looked after his interest it might be worse for him; but Whitehead might have thought this.

paper in any shape it would be of some use to him in your dealing with his matter then before the Public Accounts Committee?—No; nothing more than I said. He was always driving to my house, or at me in the office, to look after his business. I said: "I have got my own business to look after." It struck me I could arrange it by the means I afterwards adopted, which was to get him to advance notes; but I never, in the most remote degree, insinuated to him, or told him, that the money was to be improperly used, or that there was any necessity for its improper use.

13203. Did you not lead him to understand that your influence with Mr. Haggart or with some Members of Parliament would be of such use to him that he had better help you to this extent or to some extent?—No; I would not have impressed that on his mind because he knew and was always thoroughly convinced as to my being able to look after matters for him and anything he wanted. Of course you ask for details and I cannot give them to you. They were of a character I could not keep in my mind for two days; but there was not a day here that he had not something he wanted me to do, or when he was away he would write to me about. Mr. Haggart seemed to be his bugbear; he seemed to think Mr. Haggart was pushing him very hard, and told me so on many occasions. In so far as telling him I could deal with Mr. Haggart I never insinuated anything of the kind, but he may have imagined there was something of that kind—that I could use money to purchase political influence; but, as I have sworn distinctly, I never did in the most remote degree. I don't see that the impression on his mind should be evidence against me in the matter.

13204. I don't say that the impression on anybody's mind would be evidence against anybody: it is only to arrive at the fact that I am asking you these questions?—Oh, certainly.

13205. Did you lead him to understand that unless he gave you these notes, his affairs might be dealt with by some committee, or some Member of Parliament, to his prejudice?—Nothing more than I have detailed in my statement. With reference to that, he wanted me to give my whole time to looking after the matter for him, and to see that there was nothing unfair done, and then we had the conversation prior to the notes being advanced. If there was an impression in his mind he never conveyed it to me—never conveyed a suspicion of the kind to me.

13206. I ask you if you led him to suppose so?—I can positively swear that, so far as my action is concerned, I did not lead him to understand so.

13207. Did your words lead him to understand it?—The words I used I have detailed in my evidence.

13208. Do you think you remember the words?—Yes; I remember saying to Mr. Whitehead: "If you help me with these notes I will be able to help you with your matters."

13209. Did you lead him to understand unless you looked after his matters it would be worse for him?—No, I do not think I conveyed that to him by my action.

13210. Or by your words?—Or by my words. He may have thought that.

**Contract No. 15,
and Tendering
generally—
Alleged improp-
er influence.**

13211. I did not ask you what he thought?—He expressed perfect satisfaction and never complained there was anything of the kind.

13212. I ask you what took place on your part, either by word or by action, in the direction of impressing his mind that way?—For instance, he would come to me and say: "I want you to look after this and see that it is all right," mentioning the circumstance; or, "I would like you to see somebody and speak to him," as he did in the case of Mr. Haggart, but he never suggested to me to purchase any influence or anybody.

13213. Did you suggest to him that unless you exerted yourself on his behalf it would be worse for him?—Not that it would be worse for him; he asked me to do what I could, and I said I would.

13214. Did you lead him to understand it was necessary in his interest you should do so?—I led him to understand it would be better for him to have somebody looking after it.

13215. And that you were the man?—He spoke to me particularly, but in so far as coercing him it was his own wish; he had pushed me to look after his matters.

13216. There was no necessity for him to push you: if you led him to understand it was desirable don't you see that would do away with the necessity of his pushing you?—It would; but I might at the time have been so bothered with my business, I could not find the time he wanted, and that is what I suggested to him: "You had better assist me if you want me to assist you."

13217. Is there any doubt about this—that you led him to understand if he would assist you it would be better for him, because without your assistance he might suffer?—No; I cannot swear to that.

13218. Have you a doubt in your mind now, whether you put it that way to him, either by word or action?—I have a very strong doubt, so far as my suggestion to him that I was the man to do it for him.

13219. Have you any doubt in your mind that you suggested somebody should do it for him?—I think I did. I think I suggested that somebody should. There were so many rumours going about, and he said: "What are you doing about the matter?" and I said: "I have not the time to do it myself." We were two or three days talking about his matters.

13220. Had you any doubt when you impressed him with the idea that some one had better attend to his interests, that you would be the one selected?—My impression is, of course, that if I were swearing—

13221. You are swearing?—If I were swearing to that point, that, of course, he would come to me. I am positive about that, and I am also positive that no such question came up as buying Members of Parliament or using the influence I have.

13222. Mr. Frudeau sends this document: a contract between Sutton, Thompson, Whitehead and the Government, 9th January 1877, to which is attached an instrument signed by yourself and Mr. Alexander Bowie; is that the bond to which you allude in your evidence? (Exhibit No 138.)—Yes; and this matter I attended to. I remember it all.

Led Whitehead to understand it would be better to have somebody look after his interest.

Whitehead pushed him to look after his matters.

Said to Whitehead: "You had better assist me if you want me to assist you."

Positive no question came up of trying to buy Members of Parliament.

Bond signed by witness and Bowie on the 9th January 1877.

**Contract No. 15,
and Tendering
generally—
Alleged improper
influence,**

Bowie did not
receive any
money from
witness.

Took no part in
negotiations lead-
ing to acceptance
of self or Bowie as
surety.

Bond merely
signed by witness
and Bowie and
sent in to De-
partment.

No one ever asked
to accept the
sureties.

13223. Did Mr. Bowie share with you any of the advantages obtained by any of these transactions with Mr. Whitehead?—I do not think it.

13224. Don't you know?—No; I never paid Mr. Bowie a cent. In fact, at that time my impression is that we were together when Mr. Ferguson, the lawyer, wanted this signed and I said: "Oh, sign this." I do not remember exactly. What date did you say?

13225. The 15th January, 1879. Who did you say settled upon the sufficiency of these sureties?—I cannot say that; they were submitted to the Department. He told me it was only a bond to enable him to draw some moneys.

13226. Did you take any part in the negotiations leading up to your being accepted as a satisfactory surety or Mr. Bowie?—No, I never took any part in it, more than getting the documents drawn out and looking after their being drawn out. Do I understand you to ask whether I pried into the Department to have myself accepted?

13227. No. I want to know whether you took any part in the negotiations leading to your being accepted?—No.

13228. Who did that: who submitted it to the Department?—Mr. Whitehead, or his lawyer.

13229. Was it done through you?—I did not hand it in.

13230. Did you put it in progress?—Oh, yes.

13231. Through whom?—My impression was it was through Mr. Ferguson, the lawyer. It was simply drawn out and sent in in the usual form. There is no particular way of sending them into the Department.

13232. I am not asking about the shape of the document, I am asking the substance of the arrangement that the Government should accept you and Mr. Bowie?—There never was any application made to the Government, so far as I am concerned, or any explanations asked or entered into. I simply gave that name, signed it, and the document was sent into the Department. I never heard anything more of it afterwards.

13233. Did you take any part in pressing upon the Department that this bond should be accepted, so that Mr. Whitehead should get his money?—To the best of my recollection, none whatever.

13234. Then what was the negotiation which you took part in for him, and which led to this arrangement: I think you described negotiations as well as signing documents?—I cannot remember just the usual routine proceeding, and of course preparing things for him and preparing statements for him, and that sort of thing; I have not the faintest recollection what was done. I had a great deal to do that I cannot call to memory, but it was all strictly legitimate business that would have to be done by somebody.

13235. Can you say now who it was who exercised a discretion upon this subject so as to decide that you and Mr. Bowie would be sufficient sureties?—I have not the faintest idea. I never asked any one to accept the sureties supplied, in the most remote manner. I am sure no one ever did.

**Contract No. 15,
and Tendering
generally—
Alleged impro-
per influence.**

13236. No one ever did what?—No one ever used any effort to induce the Department or any one connected with the Department to accept the surety.

13237. Surely some one must have suggested the matter, because the Department would never have taken the initiative: you do not mean this was brought about of their own accord?—The Department of Justice required this to be done before the money was paid over—before the payment of \$70,000.

13238. Didn't you know that the question of sufficient surety would be considered?—It has never been considered material so far as this sort of security is concerned.

Sufficiency of surety not considered in cases like the present.

13239. Do you mean to say they would refuse to pay \$70,000 until they got a security which was considered insufficient?—If they failed to have the material and necessary legal documents connected with the entire matter, to secure the 5 per cent.—if they left one of these links broken—it would endanger the payment of the money.

13240. It would not endanger it if this was of no consequence?—Of course I do not know what importance the Department attaches to it. I only know what took place.

13241. Don't you know enough about business to know that the question of sufficiency would be material in accepting the surety?—No; I do not understand it in that way. The way we understood it at the time was simply to comply with the rule of the Department.

Signatures given merely to comply with the rules of the Department.

13242. And do you think the rule of the Department is that any surety would answer whether he was sufficient or not?—In that department of surety —

13243. In this particular transaction, do you understand it was a matter of no consequence to the Government whether the sureties were sufficient or not?—I think it was a matter of vital importance to the Department to have sufficient surety.

Yet of vital importance Department to have sufficient security

13244. Then if you think so, don't you think some one exercised discretion?—Some one must have.

13245. Can you say who exercised discretion?—No.

Does not know who exercised discretion.

13246. Can you say who submitted the matter?—I took no part in it.

13247. Good, bad or indifferent?—Good, bad or indifferent, because I had been particularly diffident about doing it.

13248. Why were you particularly diffident about it?—Because, if I had the simplest thing to do with the Department there was always some one to say it was a job, and if I did anything I would be particularly careful to be able to justify it.

Took no part in submitting the matter to Department because of people's readiness to smell a job.

13249. Were you particularly careful not to suggest that you were a surety in this case?—Not to suggest.

13250. I am asking you whether, having that reason in your mind, you were particularly careful in this case not to suggest being a surety?—I never mentioned it at all. I never referred to it at all in the Department.

13251. Was that a matter of inadvertence, or because you were careful not to do so?—Not in the least; because I have known, and do know,

**Contract No. 15,
and Tendering
generally—****Alleged impro-
per influence.**

While 5 per cent. up, guaranteeing the contractor not considered of much importance

Whitehead told witness he could get \$70,000 if such a bond was signed.

it has been a general thing—as any officer of the Department knows—it has been generally understood, that while the 5 per cent. was up, this matter about sureties guaranteeing the contractor would fulfil his contract, was simply an addition that was really of no very great importance.

13252. Who informed Mr. Whitehead that he could not get his \$70,000 until such a bond was given?—He told me. He came down here, I think, to arrange his business, and he told me he wanted two new sureties. He said: "I want to get two new sureties and an arrangement made." I think he said he bought out the others, or was doing the whole contract himself, I don't know in what way, and he said: "I would like you to attend to this matter for me." I did not speak to the Department about it at all. I simply went in the regular, formal way, and when it came up to giving a bond of that kind he said: "It will require a bond for the others who have retired."

13253. Mr. Whitehead said that?—Yes.

13254. Do you know anything of the circumstances of Mr. Bowie: is he sufficient?—At that time he was not well off at all.

13255. What would you call well off?—Of course I do not consider him a man that would be perfectly safe security if there was a money transaction on that.

No material security in bond.

13256. Was there, in your opinion, any material security in this bond to the Government at that time?—I think not. At the same time I thought it fulfilled all that was required by the Government, at that time, as it was understood; because the names of those who go in as securities—they are not real sureties—they are only addenda to the regular sureties. You will find hundreds of names just the same way.

13257. Did you understand at this time that your undertaking was any material security to the Government?—I never gave it a thought—never thought of it.

13258. If you had given it a thought would you have considered it so?—If the Government had asked me, or any one had asked me, if my name was good, in case there was a liability for a certain amount, mentioning the amount, and I had known I was not worth it, I would, and have mentioned it at once.

13259. At the time you offered your name as surety, were you in such circumstances as to make it a sufficient surety?—I was, to make that a sufficient surety, because I looked upon the contract as perfectly good, and the Government held \$80,000 security.

The bond a matter of form.

13260. Then you mean it was good because they did not want any surety?—Yes.

13261. But if they required additional valuable security, did your name give that?—No, I would not have given it that way at all. I simply gave it that way as hundreds of men are doing every day.

13262. As a matter of form and not of substance?—Yes; it is done by two-thirds of the business men in Ottawa when there is a letting. They simply bring the names as a guarantee of good faith. If they had asked me if I was worth that amount of money, or any money to speak of, I would have said I was not.

13263. *The Chairman*:—We have not finished the questions that we were about to ask, but we have reached the hour of adjournment, and we do not propose to hear any further evidence until Thursday next at 11 o'clock.

Contract No. 15,
and Tendering
generally—
Alleged impro-
per influence.

OTTAWA, Thursday, 4th November, 1880.

CHARLES H. MACKINTOSH's examination continued:

13264. *The Witness*:—I wish to call attention to a misreport in some of the papers with reference to Mr. Bowie. I am there represented as saying that Mr. Bowie is a poor man, a man of no position; I did not use those words and never intended to say so. I said distinctly I knew Mr. Bowie to be a gentleman of position, but I did not know his financial circumstances. I was speaking in general terms in giving my evidence, and stating that I did not think if he was required to pay \$70,000 he could do so; that was the meaning I intended to convey whether I used the words or not.

Financial status
of Bowie.

By the Chairman:—

13265. Is there any paper which you wish to produce?—No.

13266. When did you first know Mr. Whitehead?—I could not swear positively; I think I knew him some time in 1867, that is my impression; that I met him in London at the time of the general elections, I could not say whether it was 1867 or 1872.

Met Whitehead
in London
(Canada)

13267. Had you met him very frequently before he became interested in this contract section 15?—No; no, I had not.

13268. So your first intimate acquaintance was after his connection with the Pacific Railway?—After his connection and during the time he was here for some weeks, and some weeks before I knew what his business was at all; we used to talk together a great deal, and met together a great deal, and talked about western affairs and old times there and became very intimate.

Became intimate
with Whitehead
after the latter's
connection with
Canadian Pacific
Railway.

13269. Had he any reason to think that you had been acquainted with railway contracts, or would be useful in them as a coadjutor?—I do not think he had, I could not say he had, except from general conversation we had.

13270. You have spoken of two sets of notes which he gave you: I understand that the latter one was to the extent of about \$11,000 or \$12,000?—Yes.

Two sets of notes.

13271. Do you remember how many notes were in that set?—I could not say that.

Does not remem-
ber how many
notes in the
\$12,000 set.

13272. It was not all in one note?—No; the notes were generally given at long dates, three, four, eight and nine months or something like that, so there would be no trouble in discounting or renewing them if required.

13273. As to the previous lot of notes out of which you retired about the amount of \$13,000, were they principally given to you at one time?—Principally given at one time and at long dates.

First lot of notes
principally given
at one time.

13274. So that in effect there were two batches of notes?—There were two, yes.

**Contract No 15,
and Tendering
generally—
Alleged impro-
per influence.**

13275. And these two batches comprised the principal part of the whole that were given?—Yes.

13276. But besides those two batches there were some smaller ones?—As I mentioned in my evidence, in my statement, I do not now remember, but there were some of those which he paid afterwards, there were several for \$1,000 which he gave me at one time, and I counted that in the general amount—the aggregate that I made up on Saturday.

Besides the two lots several small notes for \$1,000.

13277. Could you say about the date when he gave you a batch of \$15,000 in all?—My impression is—I am inclined to remember that very fact in connection with my conversation with Mr Haggart, because in my evidence I said it was before my conversation I got the notes—my impression is it was subsequent, I think it was somewhere in the beginning or middle of April or somewhere there, I know only a few weeks elapsed between the time he gave me those notes. I transferred them on account of our subsequent agreement. He went away a few weeks and came back and made this proposition, but while he was absent I heard that he was trying to make arrangements either to sell his contract or get the other work to amalgamate with his.

Some time in April, 1879, he got the lot for \$12,000.

13278. Are you speaking of the \$12,000 batch or the \$15,000?—I am speaking of the \$12,000, I am talking of the notes he gave me, I think, in April—April, 1879.

13279. April, 1879?—In April, 1879, which he transferred.

13280. And are they the ones that Mr. Bain got?—Yes.

Some time in December, 1878, got the lot for \$15,000.

13281. I was speaking of the first batch?—The first were given to me, I could not say exactly what date—some time in 1873—the latter part of 1878.

13282. Could you not define it more closely than the latter part of 1878?—You see I could if I could go by the notes, but I could not go by the notes because Mr. Whitehead when here would change the dates so as to take up the old ones and renew them. I cannot trace them back on account of that, but my impression is that it was in December 1878.

13283. Then these notes were current at the time he gave you the second batch?—Yes, most of them. They were either held as collateral or discounted. One of them of \$4,000—I do not precisely remember all the particulars, but Mr. Carriere, who was then President of the *Citizen Co.* spoke to me about trying to arrange some financial matters, and I told him I would try to get Mr. Whitehead to accept that draft of \$4,000, which he did either by note or by draft, and Mr. Carriere endorsed it and we discounted it. That, I think, was after December.

13284. After he gave you the first batch of about \$15,000, did he give you any other notes except those which Mr. Bain got back or renewals of the portion of the first batch?—He may have given renewals.

Whitehead may have given some small notes.

13285. But besides renewals?—I do not remember whether he did or not. He may have given me some small ones.

He paid \$4,000.

13286. Did he give you any money?—He paid a small amount of one of those notes he gave me, and, as I said in my evidence on Saturday, I think he paid \$4,000.

13287. On any of those notes?—I think part of one of those—\$1,000, or something—I do not exactly remember; but I know there was some. He either paid \$4,000 I think—that is, he paid \$1,000 on one note and \$3,000 on another—\$4,000 in all.

13288. He paid you this in money besides the notes?—Yes.

13289. After the first batch?—I could not say that. That was a note I held before some of those drafts I was running through the bank.

13290. You did not understand my question to relate to anything after the first batch was given?—No.

13291. That was what I intended?—Any money paid prior to that batch was some note in the bank.

13292. Did you get any after the first batch?—None that I can remember at all. I could not swear positively, because he might have paid me a small amount—\$500, or something of that kind.

Whitehead might have also paid a small amount of \$500.

13293. Is it in your power now to give us the correct dates of those different notes which you got from him, from the beginning till now?—It is not. I have tried my very best ever since Saturday. Yesterday, particularly, I looked through everything I could, to fix dates, but I could not do that because they were so often renewed, and new notes were given.

13294. This batch of \$15,000 was not renewed?—No.

The batch of \$15,000 not renewed.

13295. That you can give us exactly?—That I think was the 15th of April, but he never confined himself strictly to the dates.

13295. I am speaking of the entries in your books?—I had no entries. I never kept any entries. If I had I could produce them; and though it is a private matter, I would have produced them. I could not say that there was a note dated 15th April; I could not swear that was the date that it was given on, because Mr. Whitehead might have dated it back, or said: "I will not be here until so-and-so," and he either dated it back or ahead, and consequently I cannot swear to the dates.

13297. Of these two principal batches, are we to understand that the last was given originally only as accommodation paper?—The last. As I informed the Commission on Saturday, I had gone into this arrangement with Mr. Whitehead, and I was therefore not so diffident about—

13298. I am not asking your reasons: at present I am asking whether that second batch was entirely accommodation paper at the beginning?—Yes; and I think I said to Mr. Whitehead, if I did not use them I would give them back—that was my expression.

The second batch of notes (\$12,000) at the beginning accommodation paper.

13299. The first batch you led us to understand was not accommodation paper at all, but was paper which he agreed to retire?—I never looked upon it as accommodation paper.

13300. But, independent of the way you looked upon it, was it not expressed by him, and understood, that he was to take it up?—Yes; I always understood that, and my impression is, in fact, that he agreed to it.

Always understood that the first batch of notes \$15,000 were to be paid by Whitehead.

13301. Did he say that that first batch was for value received, or to be received, from you, or was that the understanding only in your own mind?—I cannot remember that he ever said that about value

**Contract No. 15,
and Tendering
generally—
Alleged impro-
per influence.**

received; but I always understood, and I think he understood, that these notes were to be paid by him, and to be carried by me as long as I could. He never expected to be in difficulties, and consequently never thought there would be any trouble about them.

13302. But, irrespective of consequences or after events, was the substance of the arrangement, at the time he gave you the first batch, that from that time forward they were to be a debt of his, or were they only paper of his that you were to use for your accommodation?—Well, I only know how I looked at it. I looked at it as an agreement made by him with me, and in agreeing to that he agreed to give me certain notes, and to take them up. That is the only way I looked at it, and the only way it was.

Whitehead agreed to take notes (first batch for \$15,000) up in the end, but witness to carry them as long as he could.

13303. Now you say he agreed to take them up?—Yes; he agreed to take them up in the end, but I was to carry them as long as I could.

13304. Then there was an agreement that he was to take them up?—Yes, an expressed agreement.

13305. Do you remember where that transaction happened?—I think it was in my own house; that he called on me and talked over matters, and told me what he proposed to do with me, and what he wanted me to do as far as I was concerned; and we then made that arrangement; but where the notes were given I could not say. Some of them, I think, were given in my office, but I could not be positive that was the first arrangement.

13306. I am speaking only of the first arrangement at present?—That was in my office.

13307. I am not speaking of the first arrangement strictly, but of the first large batch of notes?—Yes; that is what I mean.

13308. What is your explanation now of the value which you think you gave him for that batch of notes?—Well, it is a rather difficult thing to define value in a matter of that kind.

Value rendered for notes (first batch) to look after Whitehead's business and see that he was not unfairly crowded by others.

13309. Well, call it consideration if it was not full value?—It was an offer made to me by a contractor, and I accepted the offer, I suppose like any other business man under the circumstances, and particularly as there was not a large amount of work to do for him. The value I rendered was simply to look after his business, and to see that he was not unfairly and unjustly crowded by others who wanted to break him down, and to see when he was tendering to assist him in every way I could—every legitimate way—which I did; to write to him frequently and keep him posted as to the movements of other contractors and the movements of tenderers, and public works being let; and generally to look after his business. If you measured it by the cash value, as to the amount which my services were worth commercially, I was, of course, excessively paid; but the proposition coming from Mr. Whitehead himself and not from me, and he considering my services were valuable, he set his own value upon them and I accepted his proposal.

If sum measured by commercial value of witness's services he was excessively paid.

Witness never led Whitehead to understand that he could procure him favourable consideration from the Govern-ment.

13310. Don't you think that this excess of payment which you are now alluding to was because he was led to understand that he would get some equivalent from you in the shape of favourable consideration by the Government?—Well, if he was led to understand that it was by some other than me. I always understood from him, when his con-

tract was in a good position, that he was going to assist me in every way he could; but I never in my life told Mr. Whitehead that I would approach a Minister and ask anything that a Minister could not do. I would not have done it for him and I never did it in my life, and he has since expressed himself perfectly satisfied, and always did, with the way I was doing his business. His business was a difficult one because he was mixed up with a great many people in Manitoba and elsewhere, and I advised him how to manage it without consulting a great many. All I can say is that any and all business that I did for Mr. Whitehead was done in the most legitimate manner, and I would not fear if the whole world knew every word I said to him, and whatever I said to a Minister, and I very seldom saw a Minister. I suppose I am not in the Minister's office once in six months—in the Railway Department.

**Contract No. 15,
and Tendering
generally—
Alleged impro-
per influence.**

All business done
by witness for
Whitehead
legitimate.

13311. Do you believe that he was led to expect that sort of benefit in compensation for this excess which he paid you over the fair value of your work either by any one else or by yourself, although you may not have intended it?—I could not speak for any one else, but if any one did it, it was without my knowledge.

13312. Did you not, from his manner and conversation, think he was under that opinion?—Only because he always consulted me, that was all. Mr. Whitehead never asked me. The only thing he ever asked me to do, I remember now, that I thought was rather out of the way (although I put it down to the fact that he was not conversant with the statutory law and parliamentary rules), he was anxious at the time of the second letting to get the entire work at his own prices without tendering and to continue it, having the means of access and the rolling stock and everything requisite, and he wrote to me about it. I wrote back to him telling him I was positive that no such arrangement could be made, that I could not go to a Minister to make such a proposition; and I think in January, when he came down, I explained to him that it was an utter impossibility for the Government to do anything of the kind. He said he supposed not, but that they were in a hurry to get the work through. I never made that proposition to a Minister, and I never thought that it was permitted, or anything of the kind would have been permitted by a Minister.

Whitehead's constant consultation of witness only thing which led him to believe that he (witness) could procure favourable consideration from Government.

Whitehead wrote to witness desiring to get the whole of contract C without tendering.

Did not make this proposal to any Minister.

13313. I am not quite sure that I have got an answer to the substance of my question?—I will try to answer it again.

13314. From his manner, or his remarks, did you believe that he was under the impression that he would get some advantage by your influence, and that that would compensate him for the excess which he paid you over the actual value of your services?—No. I can say that I positively was not aware that he thought that: because he did not ask anything in excess so far as I was concerned—did not ask me to ask the Government for anything in excess, never in his life. He simply spoke of carrying on his contract as it then was, and never spoke of having an advantage in his contract. There had been changes when Mr. Mackenzie was in power which he told me benefitted him very much. I did not think anything of that. I suppose, had it been done under the present Government, I would have been blamed for it; but I knew nothing about it, and Mr. Whitehead could never have been led to believe from me that any excessive prices, or any extra or excessive privileges would have been gained from co-operating with me.

Whitehead never spoke of getting any advantage in his contract.

**Contract No. 15,
and Tendering
generally—
Alleged inappro-
per influence.**

**\$15,000 an exces-
sive price for
witness's services**

**Explains charac-
ter of services.**

Acted as adviser.

**old Whitehead
he could not pay
the interest he
was paying for
six months with-
out failing.**

**Whitehead got
\$60,000 from the
bank, and 40,000
from Government
and got rid of the
interest he had
been paying.**

**About the time
Whitehead made
the above ar-
rangement he
gave witness
notes (first batch)
\$15,000.**

13315. You have said that this batch of \$15,000 in notes would be an excessive price for your services measured by the cash value?—Yes.

13316. For what reason do you think he gave you that excessive price?—I said measured by a commercial standard—taking a commercial view of it—for the services I rendered him and the time I gave him, certainly it was an excessive price; but there was more than that. He had involved in this work nearly two millions of dollars. He had everything he was worth involved in it, and he simply made a proposition to me to share in the profits to a certain extent and to look after his interests. He was in jeopardy unless he had a business man to look after it.

13317. What sort of a business man do you mean—a lawyer or a railway man?—I gave him a great deal of advice, not as a lawyer but as an adviser. As a railway man, of course I knew nothing about the railway itself, but I certainly knew when a man was paying a large amount of interest—as I heard 10 per cent. a month—and I further knew that when he was keeping his books irregularly, and when he had a large amount of rolling stock and did not know how his accounts stood, if he had some one to put those things in shape and to prepare a schedule, that it was worth something to him, and he having come to me and having made that proposition I accepted it.

13318. Do you say that he informed you that he was paying 10 per cent. a month or 10 per cent. a year interest?—What first called my attention to it was Mr. Whitehead saying to me that there was an attempt made—that by looking at his books, or that his book-keeper told him that some one had gone to his book-keeper and said he was to be charged 10 per cent. a month for advances. He made some explanation of that to me at that time as to the interest he was paying. I said: "It will simply crush you. You cannot do it for six months without failing." I said: "Make some arrangement as soon as you go to Toronto with the bank, and get yourself relieved from these advances, because if you are paying 10 per cent. a month it will ruin you." He said he would. He went off to Toronto and wrote me down afterwards to say that he was making arrangements to get himself relieved. At that time he was getting his rolling stock and plant taken as security for money to pay up this thing and get rid of the interest, and he also wanted to get some advances at the time I became that surety, and it was merely a formal thing. I think it was some claim he had on the Pembina Branch, and some other money on his contract, section 15, he having finished up the Pembina Branch.

13319. Did he get the loan that you speak of from the bank?—Yes, I think he got \$60,000; I think that was the amount.

13320. Was that from the bank or from the Government?—He got from the Government as well. Then just before that the Government advanced him—I don't exactly know how much.

13321. \$40,000?—Something like that on his rolling stock, but refused to grant him anything on his plant.

13322. Had he got rid of this burden of interest altogether before he gave you the \$15,000 of notes?—I think so. I think at that time he was just preparing to do it, or had made arrangement to get out of paying the interest.

13323. What interest, the 10 per cent. a month?—I do not know that he was paying the 10 per cent. a month at the time, because I told him when he went back to Winnipeg to try and make some other arrangements, and see if it was true that he was paying that much. He said that no one was to blame, that he did it with his eyes open.

13324. Was that paid for getting a surety at the time that he got the contract?—That is my impression.

13325. That was Mr. McDonald?—Yes, I think so; yes.

13326. And do you say that he got rid of that burden of interest, because he says it still exists?—He told me that he had done so. He told me that he had made other arrangements. I think he said that he had given a note without interest for the interest that others held in the contract—I am not sure. There was some explanation about having given the note and having to pay so much every month or six weeks out of his estimates, in payment of getting rid of the whole thing.

Whitehead assured witness he had got rid of burden of interest.

13327. I think you describe the gross sum which he had given you, either in the shape of cash or notes, at something like \$33,000 or \$34,000, and out of that you say you have returned \$11,000, and retired \$13,000, that will leave a balance of about \$10,000?—Yes.

Gross sum given by Whitehead to Mackintosh, \$33,000 or \$34,000, leaving \$9,000 or \$10,000 as the amount actually received.

13328. So that you make it \$9,000 or \$10,000 the amount that you actually received?—Yes, I think I got in 1877 and 1878 as much as I got in 1878-79. I cannot exactly remember.

13329. Besides those notes which you say you retired and which are Mr. Whitehead's, you have realized from him about \$10,000 in some shape?—It may have reached that amount.

13330. Is it about that amount?—Yes, about that.

13331. Has that all gone to your individual benefit?—Yes.

The whole \$10,000 gone to witness's benefit.

13332. Has no person shared it with you?—Not a soul—well I could not say that in my business—

13333. I mean according to some arrangement between you and somebody else: did anybody share it?—No, not a dollar.

13334. That \$10,000 and this \$13,000 in notes, which you still hold against Mr. Whitehead, would be \$23,000 in all?—Yes.

13335. For which you say the only services rendered to him were in the shape of advice and sympathy and giving some information?—I did not say sympathy.

\$23,000 in all for advice and information.

13336. Did you not say so on Saturday?—No; I did not say that it was for sympathy that he gave me the notes.

13337. But you mentioned it on Saturday?—I said Mr. Whitehead had a great deal of sympathy for me knowing the battle that I was fighting.

13338. And you said you had sympathy for him knowing the state of his business?—I read that in my written statement.

13339. And therefore you said it?—Yes; I used the word sympathy; but I did not say that he paid me for sympathy.

13340. I say what he got from you was advice, sympathy and information?—I do not see that I have ever said that he paid me for sympathy.

**Contract No. 15,
and Tendering
generally—
Alleged impro-
per influence.**

13341. I am trying to find out what he got from you, whether he paid you for that or not: you can tell us in your own language better than I can describe what he got from you?—I can swear that he never told me he paid me for my sympathy.

What Whitehead got for the \$28,000.

13342. Can you tell us what he got from you for this twenty odd thousand dollars: use your own language in describing it?—I have on three or four occasions.

Information and advice.

13343. I may not have understood you properly: I am anxious to understand what you mean, and, therefore, I have to trouble you sometimes to explain a second time?—My explanation is that Mr. Whitehead voluntarily made an offer to me that if I would attend to his business, so far as keeping him thoroughly conversant with the movements of contracts and contractors, the publication of schedules and forms, advising him in different ways at different times—

Statements compiled.

13344. So far that is information and advice; now, what else?—As to his work, attending to his agency business, which included preparing statements and arrangement of details with regard to his rolling stock and plant.

13345. Were these statements compiled from information which he would give you?—Certainly. He used to bring all his documents down.

13346. That would be a job which persons without very great ability could accomplish—that would not be a very valuable service?—I do not think so—not that part of it.

Representing him.

13347. What else?—And to really represent him in his absence from Ottawa.

13348. Represent him with whom?—Represent him as an agent in any business he had with the Government, or any one else.

13349. Then it was representing him in business with the Government?—Well, yes.

Cannot say that he materially benefitted Whitehead any more than another man would have done.

13350. Was that a material part of it?—It was to represent him with the Departments.

13351. Did you materially benefit him as agent?—I cannot say that I did, any more than any other man might under the circumstances.

13352. You see it seems singular that a man who feels how much he is pressed even to pay interest for actual advances should be willing to give \$24,000 for services of the sort you describe, unless he obtained what he considered to be some real advantage, and I want to know, if he did consider it material, what the advantage was, and whether he secured it?—Well, I can only swear that I know of no advantage Mr. Whitehead received, other than I have detailed; that I ever secured from the Department any excessive advantage, or asked it.

13353. Do you remember any one note or acceptance which he paid of about the sum of \$5,000?—No; I never did.

\$2,000 the largest acceptance paid by Whitehead at Winnipeg.

13354. What was the largest acceptance or note which was paid at Winnipeg by him?—\$2,000, I think—\$2,000.

13355. Did that go into your own hands first from him?—Yes; it was endorsed by Mr. Carriere, of the *Citizen*, I think, and he drew on

me. I remember the transaction now. He drew on me through the Ontario Bank, and telegraphed me to draw on him. I forget what the result was, but he paid it ultimately. It was \$2,000 or \$2,200—\$2,000 I think. No \$5,000 was ever paid me.

**Contract No. 15,
and Tendering—
generally—
Alleged Impro-
per influence.**

Did not receive
as much as \$5,000
in cash at a time.

13356. You mean at one time?—Of course, I mean that.

13357. Because altogether it was some \$9,000 or \$10,000?—Yes; I have said that.

13358. Now are you not aware that throughout his dealings from the beginning, or at all events from an early period in the transaction with the Government, that he has obtained some considerable favours from the Government?—I am not.

13359. Are you not intimate enough, notwithstanding these confidential arrangements between you and him, to be aware that he received a percentage which the Government was entitled to hold on his work, and which they gave up to him?—Yes; I know that.

13360. Do you not think that a material advantage?—I think it is a material advantage to some extent, but nothing more than would be done to any other contractor under the same circumstances.

Whitehead never
to witness's
knowledge got
any more favour
from the Depart-
ment than other
contractors
would get.

13361. Do you not understand it was entirely a matter of favour, and not of right, that he obtained that?—I never knew that it was a favour.

13362. Do you think that every contractor is entitled to get what they call the drawback, as a matter of right?—No.

13363. Then is it not a matter of favour?—It is a matter of favour to that extent, of course, but it was not a matter of favour individually applied to Mr. Whitehead. If another contractor were in the same position he would get the same favour. Mr. Whitehead had given his rolling stock and a large amount of security. The Government says in his contract, it will assume all this rolling stock when the work is finished—buy it, buy it at a certain price, consequently the Government was perfectly safe. It was a favour, of course, but not a favour jeopardizing any right of the Government or infringing any departmental right, when the Government advanced on that rolling stock.

How Whitehead
got drawback.

13364. Do you say that all along you believed it a matter of right that Mr. Whitehead should get this drawback from the Government, although the contract provided that it should be held until the work was complete?—I could not say that it was a matter of right. If it had been there would have been no necessity for applying for it.

13365. Do you not think it was a matter of favour?—I think it was a matter of privilege, but not specially to Mr. Whitehead. I must measure my opinion of this particular transaction by what has been done to others. Of course I think it was a favour if you put it that way.

13366. Of course that is the way I have been trying to put it: did you take any part in the negotiations at the time he first obtained this favour from the Government?—Well, I do not think there were any negotiations to speak of, except the preparation of the papers and application to the Government.

13367. Whatever it may have been, did you take any part in it?—Yes.

Took part in
negotiations for
drawback.

Contract No. 15,
and Tenders
generally—
Alleged impro-
per influence.
Negotiations with
Mr. Trudeau.

13368. With whom did these negotiations take place?—Well, my impression is that most of the negotiations took place through Mr. Trudeau, and I think in the Justice Department, there had to be some papers prepared. Sir Charles Tupper, I think, was away. The application was made in October.

13369. Who was acting for Sir Charles Tupper?—I could not tell. I do not remember. I was not in the office. I do not think I was in the office while Sir Charles Tupper was away. The Minister very seldom has anything to do with it. It passed into the other Departments.

13370. Do you remember that you saw anybody on that subject?—Yes, I must have.

May have men-
tioned matter to
Sir Charles
Tupper.

13371. Well, whom do you remember having seen?—I do not remember. I remember seeing several departmental officers, but I do not remember any conversation I had with them. I remember, for instance, meeting Sir Charles Tupper. I do not know that he was Minister—yes, he was Minister then. He had just been appointed. I may have mentioned the matter to him, but merely casually, because I always considered that the Minister had very little to do with the matter until all the papers were prepared, and then I did not speak to him. Sir Charles Tupper had left. Mr. Whitehead saw Sir Charles and wrote that Sir Charles Tupper had spoken very kindly to him, and told him that if he could be of any assistance to him he would be glad to do it, that he was going to push the work on. I remember receiving the letter, and the contents of it. He was bound to have the work through as fast as men and money could put it through, and that he had said to Sir Charles Tupper that he would want him to assist him, and Sir Charles said he had better wait until he came back. That is all the conversation I had with reference to the matter and correspondence with Mr. Whitehead about it.

13372. Do you know whether that was the first occasion on which he had obtained from any Government the drawback?—I do not remember. Mr. Whitehead came to me the first conversation we had. He said it was nothing to do, because Mr. Mackenzie was going to do it for him. I said: "I do not know what the rule is; but if anything can be done I will do it for you."

Had a power of
attorney from
Whitehead in
1877.

13373. You say you had a power of attorney from him in 1877?—Yes.

13374. And that you were very intimate with him?—Yes.

13375. And had talked with him over his business?—Yes.

13376. I thought from what you said on the subject that you knew all about it: I ask if he had got all drawbacks before this time?—He never informed me that he had.

13377. Then your relations were not so confidential as you led us to suppose, if he had received it and did not inform you?—I did not say whether he did or not.

The first advance
of drawback to
Whitehead of
which witness
knew.

13378. Do you say now, the first advance of the drawback to him was the first time you spoke to Sir Charles Tupper?—That was the first time.

13379. That is your recollection of it now?—That is my recollection of it; of course other circumstances might make me recollect more, but I do not remember anything more.

13380. Do you remember when you were here before telling us that your compensation was fixed upon by a percentage being applied to some gross sum?—Yes.

Contract No. 15, and Tendering Generally—Alleged Improper Influence.

Witness remembers saying his compensation was fixed on percentage on gross sum.

13381. You remember that?—Yes.

13382. That was the basis on which the percentage was fixed when you took the first batch of notes?—Yes.

13383. Can you remember, after having refreshed your memory, what was the gross sum to which it was applied?—I cannot, and I have thought over it since. There was some percentage mentioned, but my impression has been that it was with reference to the rolling stock or the contract. I cannot remember which, it is so long ago.

Cannot remember the gross sum to which the percentage was applied.

13384. Now that you understand that he got a favour to the extent of the whole of the drawback so that he might use it instead of allowing it to remain in the hands of the Government, do you think it was to that sum that your 15 per cent. would apply?—No; it was not. I never had any agreement whatever, good, bad or indifferent, as to giving me a percentage on the drawback. In fact, when I made the application for Mr. Whitehead, and he made it himself, I did not know that it was not a perfectly regular proceeding, and I do not know to this day that it is not.

The 15 per cent. did not apply to the drawback.

13385. I do not intend to suggest that it is irregular at all. I am only endeavouring to find out some foundation for his paying you the sum which he has paid, and it occurs to me that he got a material advantage by the use of the large sum of money which he has described in his own evidence, as \$180,000, I think?—I do not remember what it was.

13386. The use of that sum?—No; the application was, I think, for \$80,000, because I remember it.

Whitehead's application was for \$80,000.

13387. Well, if it was \$80,000, 15 per cent. on that would be \$12,000?—Yes; but there was no such thing.

13388. That was not the basis at all of the percentage?—No; there was no such thing.

This not the basis of the percentage.

13389. You mean that was a single application, and Mr. Whitehead says he got his at different times?—Yes; he has got some this year, and I have not been doing any business for Mr. Whitehead this year. I have been doing nothing at all since I have had to take hold of the business of the paper. I have had nothing to do with him at all; but I could not state distinctly what our arrangement was. Mr. Whitehead may have thought he was giving me these notes and would get this advance by doing so; but he never told me so.

Whitehead may have thought that for giving these notes he would get the advance, but he never told witness this.

13390. Could you state the time of the year at which you went to him about the Powder Co.'s claim to inform him that he was likely to be arrested?—Will I describe it?

First week in August, 1879, went to Whitehead about the threat to arrest him by the Manitoba Powder Co.

13391. Yes; the time of the year?—I think it was the first week in August, 1879.

13392. He has never given you anything since that, has he? It was not for this service that any part of the money was given?—No.

This service formed no part of the value for the notes.

**Contract No. 15,
and Tendering
generally—
Alleged impro-
per influence.**

13393. It was something before that?—Yes; in fact I considered it was my duty then, in relation to the circumstances existing between us, to caution him that that was the intention, that efforts were being made to injure him.

13394. Do you remember the time of the year at which the Committee of Public Accounts was sitting when Mr. Haggart was pushing this matter?—I think it was in March. I could not say positively. I have not looked it up.

13395. Did they continue to sit through April?—I could not say as to that.

13396. The report published in the Blue Book of 1879 is dated 8th of May, 1879?—The report of the Committee?

13397. Yes, the report of that Committee?—Well, that may be so.

The Committee on Public Accounts met, 27th March, 1879. On the 9th April, Haggart active respecting contract 15.

13398. It opened in the Committee Room the 27th of March, 1879, and on 9th of April, 1879, Mr. Haggart appears to be asking questions on the subject, and on the 16th of April the Committee are still sitting and asking questions?—I think it was on or about that time I had the conversation with Mr. Haggart about it.

About the 12th or 15th April, 1879, received from Whitehead notes, \$12,000.

13399. Was it on or about that time that you got the \$12,000 notes from Mr. Whitehead?—Some time about the 12th; I think it was the 15th. It was about the 9th that I spoke to Mr. Haggart. I think it was the day after he commenced to ask questions that I spoke to him.

13400. After you spoke to him?—Yes; in the way I have detailed in my statement.

13401. You think you did not get the notes until about the 15th?—No; I think not, somewhere there. I was looking that up on purpose to see. I said in my evidence on Saturday, I think, I stated it was before. I may have stated it was before I spoke to Haggart.

Recollection now that he spoke to Haggart before getting the notes.

13402. Of course while you are giving evidence now your present recollection is of more value than your previous recollection: is that your recollection now?—That is my recollection now.

13403. That shortly after the 9th you spoke to Mr. Haggart, and you spoke to him before you got those notes?—Yes.

13404. You think it is possible then that you mentioned Haggart's name at the time you got the notes?—It was altogether possible that I did mention his name, but I have no recollection of mentioning it at the time I received the notes; but Mr. Whitehead frequently referred to members of the Committee who were pressing questions as to the details of his work.

Said to Whitehead two or three days after receiving the notes: "If I do not use those notes I will give them back to you."

13405. At that time when you got those notes you told him that you wanted the notes to use, did you not?—I do not remember exactly the conversation, or what I told him; I said I wanted those notes to use and my impression is I said—I do not know as I entered into any very lengthy conversation with him on the subject, because we had some talk before, and I do not remember the conversation, but I remember telling him the next day, or just the day after—some time after I got the notes—my having stated: "If I do not use those notes I will give them back to you," because I found, and I commenced to think, I could not use any more of his notes; that I had enough of them afloat.

**Contract No. 15,
and Tendering
generally—
Alleged impro-
per influence-**

13406. While you were getting them do you mean?—No; two or three days afterwards when I saw what I could do and found that even the last note I got from him I could not use it, and I commenced to think I might as well give them back to him; and the reason I cannot positively swear to the notes being given on the 15th of April, was that they changed the dates so often that I would be afraid to swear positively that that was the date.

13407. The substance of Mr. Whitehead's evidence is this: that while that Committee was sitting, and while you and he knew that Mr. Haggart was "pressing questions," as you call it, that you came to him and obtained \$12,000 in notes, and left the impression by your manner or by what you said, that the effect of his giving them would be that the proceedings in the Committee would be more favourable to him than if he did not give these notes?—No; well, if that was the impression it is a false impression. I can positively swear that I never insinuated to Mr. Whitehead that I was going to buy any one, or was going to pay any one or even suggested to him that there was anything wrong. He frequently said little things that I took no notice of at all.

Whitehead's impression that witness obtained the \$12,000 in notes with the view of making the action of the Committee more favourable to him, a false impression.

13408. If he had suggested to you to do something wrong, do you mean you would have taken no notice of it?—Something wrong?

13409. Yes; you made use of that language?—I said he did not suggest anything wrong, because if he had I would certainly have explained to him that the thing could not have been done, the same as I had when he suggested to me to get the 185 miles contract, without any tender, on the Pacific Railway. I wrote to him and afterwards explained to him that it was impossible to ask the Government to do a thing of the kind.

13410. I understand you to say that, although this \$12,000 of notes had been given to you as accommodation entirely, that shortly afterwards a new arrangement was made by which he agreed to make it a debt between you?—Yes.

13411. And that this was done in consideration of your freeing him from the bargain which he had made, to the effect that if he obtained the contracts on sections A and B, or on those two sections united under the name of C, or failing to obtain these but succeeding in getting an interest in another person's contract, that you were to have a share in it, and that the giving up of this claim was the consideration for his undertaking to pay the \$12,000?—I do not remember precisely what the conversation was in full.

Substance of conversation in which Whitehead agreed to pay the notes for \$12,000 on condition of the agreement to give witness a share in work on sections A and B being given up.

13412. Is that the substance of it?—It is the substance of it. There was a conversation in which I said I have those notes of yours—

13413. I have no objection to your giving the details of it—I would rather if you remember them?—Very well, I will not do it.

13414. At the time that he was tendering for this work, did you know anything about his circumstances?—At that time, in February or March, he told me that his circumstances were very good—very good.

In February or March, 1879, when Whitehead was tendering for sections A and B witness understood his circumstances were good.

13415. In May, at the time he gave you this substituted agreement, did you not understand that he was under the impression that Mr. Manning and the persons connected with him were trying to get his contract out of his hands?—Yes—no, not at that time.

**Contract No 15,
and Tendering
generally—
Alleged impro-
per influence.**

13416. When was it?—That was some time in August. At that time I had heard of the amalgamation between Mr. Whitehead, Fraser & Grant and some others, and that they were in fact going to buy Mr. Whitehead out, or that he was going to get their section or interest and amalgamate with the rest; that was the understanding I heard from some one who came from there.

In May, Whitehead told witness that his financial position was "all right," but that if pressed by all his creditors they might get contract out of his hand.

13417. Did you know anything of his affairs in May: were they flourishing or depressed?—He told me that he was all right, only that if he was pressed by all the other creditors who claimed—that if all his other creditors concentrated, they might get the contract out of his hands.

13418. Was it not a struggle with him at that time to hold his own: did you not understand that from the way that he was pressed by his creditors, and all surrounding circumstances?—I did not understand that he was pressed then, but later on—except one claim that pressed him and that was the Manitoba Powder Co. who held notes.

Witness's im-
pression in May,
1879, regarding
Whitehead's
financial position.

13419. When did you understand that they were pressing him and likely to arrest him?—In August, 1879. In May, I think, they were pressing him a little because they always came to me to explain, because Mr. Whitehead said I was looking after all his business for him, and they consulted me as to whether it was better to follow him up.

That he was all
right financially
but pushed.

13420. Supposing as you had reason to think that you knew the state of his affairs, what do you say was your impression about them at that time?—My impression at that time was that he was all right financially, but that he was cramped and pushed because he had assumed a pretty heavy burden, and was carrying them all himself.

13421. You understood that he was cramped and pushed then?—I understood that he was cramped and pushed for some time to come for ready money.

13422. If you understood that how did you think it likely that he was in a position to buy an interest in some other person's contract, on this 185 miles, he being already pushed and cramped—because you say that the probability of his purchasing a new interest was the reason for his becoming a promisor on those notes: are these two things consistent?—I think they are quite consistent so far as the position was concerned; that Mr. Whitehead would have brought in others with capital, and by amalgamating the entire work with the united capital and means of access to this new work, and utilizing all the rolling stock and plant which might otherwise lay idle, it would be most beneficial to him; that there was a great deal of rolling stock and plant that he had done with and which he would have been paid for by his partners, and would have been allowed so much. At that time I considered Mr. Whitehead was very well off, and if he was cramped he was only cramped because he had large amounts of cash to pay out for the time, but I never knew until August that he was in pushed circumstances.

Reasons why
witness did not
think that White-
head would have
to pay a bonus to
get in with the
contractors on
section B.

13423. Do you not think that if he obtained an interest in this other work of Fraser & Grant, that that would involve the payment by him of a considerable bonus?—No, I did not; because I looked upon it that it would be of mutual advantage to them—that if they amalgamated on section 15, the advan-

tage would be all on their side; that they would have access to their work which they had not then; that they would have plant and rolling stock to hand, instead of buying it at first price, and the experience which Mr. Whitehead had of the work there for years before; consequently, I think there was a mutual advantage to be derived from such an amalgamation.

13424. Then this arrangement which you say you fancy was likely to take place, and which induced you to refuse to give up your third interest without consideration?—I did not refuse.

13425. Yes, you did refuse, according to your evidence on Saturday?—I said it was rather unfair to me to do so without giving me some writing.

13426. Does not that amount to a refusal to give it up, except on a new condition?—Well, I never said that I would not give up the notes.

13427. You said, the other day, you would decline to do so, unless you got a written agreement?—Put it that way if you like. I remember there was no refusal on my part, because he made the proposition and seemed anxious, and consequently I had no reason to refuse. I remember saying to him—

13428. Really, Mr. Mackintosh, you forget what you say. Your evidence was in substance this: that when he proposed to tear up the old agreement, you said it would not be fair to you, because you would have nothing to show, and you required him to do something else, and that condition was to become the real, as well as the nominal, promisor on these notes?—No; he did not say: "you must give me notes."—

13429. I said that the condition was that he was to become in substance the promisor of the notes?—Yes.

13430. And you made that a condition to the tearing up of the old bond; now I understand you to say the reason why you did not give up the bond without any new consideration was this: that you had been led to believe he was likely to enter into some contemplated arrangement with these other men?—Yes.

13431. And now you say it was not only that he was to have a share in theirs, but they were to have a share in his?—There would be two or three statements made as to what the probabilities were, and I could not at that time know which was correct. I had reason, and substantial reason, to believe that some amalgamation was to take place, but in what way I could not tell, and the fact that Mr. Whitehead came to me and wanted me to annul the agreement strengthened my impression that there was something that he was not telling me.

13432. Did you wish us to understand the other day that you looked forward to his making an arrangement, which would be of benefit to himself, with those other parties who had got sections A and B?—Precisely.

13433. And it was because you had that interest you wished to get \$12,000?—Precisely.

13434. You say now the arrangement which you contemplated as possible under the circumstances was this: that besides his getting a share in their new contract he was giving up his interest in his old contract—is that right?—Besides getting a share?

**Contract No. 15,
and tendering
generally—
Alleged Impro-
per Influence.**

The conversation between witness and Whitehead respecting the latter's desire to destroy agreement, to give former one-third interest in the event of Whitehead obtaining contract for sections A and B.

Reason why witness would not give up the bond.

Contract No. 15,
and Fendering
generally—
Alleged improper
influence.

13435. Besides getting a share in theirs they were to get a share in his : have you not just stated that it was by amalgamating section 15 and sections A and B, that he was to get control of both?—That was my information.

13436. I want to know what was operating in your mind?—All these things were operating in my mind.

Different state-
ments abroad as
to what was like-
ly to happen
regarding sec-
tions A and B,
and contract 15.

13437. I am trying to find out the moving spring which led to this transaction which you describe, and I want to have your impression : do you say it was contemplated in the arrangement that he was to give up part of section 15, as far as you could surmise at the time?—I mean to say it was, but there were different statements abroad, and I had heard different ones as to what was probable, and Mr. Whitehead also stated to me : “these men cannot go on with their work.” He wrote that to me and in conversation said so.

13438. Did you think contract No. 15 had been let at favourable prices to the contractor?—Yes.

Well understood
that contract 15 a
favourable con-
tract.

13439. It is well understood that section 15 was a favourable contract?—That was my impression.

13440. It was apparently the general impression amongst contractors also, was it not?—Yes; the prices were good; but Mr. Whitehead was very reticent about the matter.

How witness
would have re-
garded an amal-
gamation of the
contracts.

13441. If that was part of the price, the giving up of a share in that favourable contract by which he could have obtained an interest in the new contract, did you still think it was a very favourable arrangement in which your one-third interest would have been of advantage to you?—If he had done that there would have been time for me to consider; but I really would never consider it a favourable thing, and that was what was operating upon my mind, to be willing to get out of the whole thing at once and have no more to do with it. Of course there were details and circumstances that I had quite forgotten in the matter; I never gave it a second thought.

13442. Do you remember the fact of an advance of some \$40,000 or \$50,000 to Mr. Whitehead on his plant? I think you have spoken about that?—In 1878; I don't know whether he got it in 1878 or the beginning of 1879—but he made application, I think, for \$80,000, somewhere there.

13443. I think the books show that he asked for \$100,000?—Yes; I think he did.

13444. Mr. Marcus Smith advised it, but Mr. Fleming recommended it to be \$40,000?—They refused it.

Did not appeal to
any Minister to
get Whitehead
the advance of
\$40,000 on his
plant.

13445. What I was endeavouring to lead up to was this: did you take any part in obtaining this advance for him?—No part any more than I did for his other business. I did not appeal to any Minister for it.

13446. For the present confine your remarks to this one transaction: did you take any part in this one?—If I knew the date I could tell; my impression is he made application for one this year.

13447. This transaction was long before this year?—Then, of course, I would have something to do with it. That would be in 1879, I think. After he had paid up that money he made application to have it

enlarged again and have the drawback. There was a strike on the work. I think I remember it.

**Contract No. 15,
and Tendering
generally—
Alleged Impro-
per Influence.**

13448. In the Blue Book of 1879, in the evidence taken before a Select Committee of the Senate on matters relating to the Canadian Pacific Railway west of Lake Superior, there appears on page 120 a report of Mr. Sandford Fleming: he mentions that the contractor for section 15 applied for an advance of \$100,000 to enable him to carry on the work; that Mr. Smith gave it as his opinion that the Government would not only be perfectly safe in advancing the sum, but that it would be expedient, and good policy to do so; and a copy of Mr. Fleming's report is attached, by which it will be seen that he recommended an advance, but not to the extent strongly advised by Mr. Smith, instead of \$100,000 his recommendation was \$40,000—that appears to have been in May, 1878: now, with these facts before you, do you say whether you took any part in these negotiations or not?—No; I was away at that time—away the whole summer for two or three months. I was only home on Saturday.

Took no part in negotiations in 1878 by which Whitehead got \$40,000 on plant.

13449. Have you been interested at any time on any other transaction connected with the Canadian Pacific Railway besides those that you have described?—No; I have not been interested in any of the Pacific Railway contracts.

Never sought or had a share in any works tendered for on Canadian Pacific Railway, save those tendered for by Whitehead.

13450. Did you at one time propose to obtain or obtain any share in a tender made for any of the works besides those of Mr. Whitehead's?—No, not a dollar.

13451. Was it intended, so far as you know, that you were to be a partner in Bowie & McNaughton's tender?—I never had a word with them. I think I was away at the time. I was away a great deal at the time that work was going on, down in Montreal, and I never had any interest with them. They never asked me; but anything they would have asked me to do I would have done. They did not ask me.

13452. Did you do nothing to obtain an interest?—No.

13453. You have no interest in the contract in any way?—No; I have no interest in any railway contract or any branch of the public service. I am not interested in any.

13454. Is there any other matter connected with the Canadian Pacific Railway which you can state to us by way of evidence?—Nothing that I can state by way of evidence, except general hearsay. Nothing in connection with the Pacific Railway that I know of.

JAMES COOPER, sworn and examined:

By the Chairman:—

COOPER.

**Purchase of
Rail-
Tendering.**

13455. Where do you live?—In Montreal.

13456. Are you engaged in business?—Yes.

13457. What business?—Hardware and railway supplies—principally railway supplies.

Engaged in hardware and railway supplies.

13458. What is the name of your firm?—Cooper, Fairman & Co.

13459. Have you had any business connections with the affairs of the Pacific Railway?—Yes.

**Purchase of
Rails—
Tendering.**

13460. What were the first transactions?—I do not remember exactly; I am not prepared to say what were the first transactions. I have no book before me to note what it was.

13461. What is the first that you remember?—I remember the larger transactions.

13462. Which of those?—The spikes, bolts and rails. I would not be prepared to say that they were the first transactions.

13463. I mean the first that you remember?—I remember supplying the Government with spikes, steel rails, bolts and nuts.

Contract No. 8.

13464. Was there a distinct contract for these articles which you now mention?—On bolts and nuts there was; but the other transaction for rails we were acting as agents for the Mersey Iron and Steel Co.; we were representing the Mersey Steel and Iron Works in our transactions with the Government.

13465. You mean that the property that was sold in that transaction did not belong to you?—No.

13466. They belonged to some other firm?—We were acting for the Mersey Co.

13467. Who composed your firm at the time that you entered into that transaction?—If I knew the date of the transaction I could tell you. I really did not look up these matters or make any preparation at all.

13468. When were you informed that you would likely be questioned about it to-day?—Some day last week, I think it was. I was not informed of the nature of the questions I would be asked, so I could not make any preparation.

**Remembers
seeing advertise-
ments for steel
rails.**

13469. Do you remember the fact that the Government issued advertisements inviting tenders for steel rails, some time in the fall of 1874?—I remember the fact of seeing the advertisement in the western papers. I happened to be in Toronto at the time, and I think I saw it in the *Globe*; but I would not be prepared to swear whether it was in 1873 or in 1874.

**Remembers that
the time for re-
ceiving tenders
extended by a
subsequent ad-
vertisement.**

13470. Do you remember that the time for receiving tenders was extended by a subsequent advertisement?—Yes, I saw that.

13471. Do you remember whether you tendered under the subsequent advertisement?—It might possibly be that we did, but I have no recollection; I happened to be away from home.

**Does not know
whether tenders
were put in before
second advertise-
ment.**

13472. Do I understand you to say that you think you did not tender up to the time named by the subsequent advertisement?—I could not say whether we tendered before. I do not know whether there were two applications or two tenders went in, or whether they received tenders on the first advertisement.

**Put in a tender
within time nam-
ed in advertise-
ment of 8th of
October, 1874.**

13473. I have not yet spoken of the time or occasion when the first advertisements were published, my questions have been directed altogether to the time mentioned in the second advertisement; that was as appears by the Return to Parliament the 24th October, 1874: now, I am asking whether you put in a tender within the time named in the later advertisement?—Yes.

**Purchase of
Rails—
Tendering.
Contract No. 8.**

13474. At the time named for receiving tenders in the later advertisement, can you say who composed your firm?—That is in October?

13475. No; I think the later time was the 16th November?—I could not positively tell you, I could not positively swear; but I think there were three members of the firm, though I would not be positive. I would not be positive whether there were three members of the firm at that date. I could not be sure. I could not tell at least on oath. I would not like to be positive.

Could not positively swear who composed the firm, November, 1874. Could not say whether at that time there were three members.

13476. Without making it a matter of certainty, will you state your impression—we can, perhaps, ascertain more definitely afterwards?—I think that I should suppose that Mr. Mackenzie—Mr. Charles Mackenzie—was a member of the firm at that time. I suppose so. I think so. I know he had been talking about retiring, but I do not know whether he served us with his notification before that or after; that is the reason I have hesitation about saying so. Without looking it over, I could not answer you exactly; in fact I am nearly always the absentee of the firm. I used to be on the road most of the time and I am not as well posted perhaps as I ought to be.

Thinks that Charles Mackenzie was a member of firm at that time.

Does not know whether Charles Mackenzie served notification of withdrawal at this time.

13477. Look at the tender now handed you, and please say in whose writing it is—the written part of it?—Yes, I can do that very easily; that is Mr. Fairman's signature.

13478. What is the signature to it?—The signature is per Cooper, Fairman & Co., Agent, Montreal." That is the Mersey Steel and Iron Co., and signed "Cooper, Fairman & Co., Agent."

13479. Do you see attached to that tender a letter signed by Cooper Fairman & Co.?—Yes; there is a letter dated November 14th, 1874.

Identifies signature of firm as in handwriting of Cooper, Fairman & Co.

13480. Who is the writer of that?—M. Fairman.

13481. That tender which you looked at is, I think, for delivery at Montreal?—Yes, the printed one.

13482. In fact it alludes to delivery somewhere?—To delivery on the wharf at Montreal. Yes, I see that.

For delivery at Montreal.

13483. There is another tender for delivery at other points, Duluth or Thunder Bay: please look at that and say how that is signed?—Yes, I see it is to deliver at Duluth or Thunder Bay; that is signed by Cooper, Fairman & Co., at Montreal.

Another tender for delivery at Duluth or Thunder Bay signed by Cooper, Fairman & Co.

13484. That does not purport to be on behalf of another person or firm, does it?—No; I should judge not.

13485. It purports to be on their own account: I am not asking you what understanding there was between your firm and any other party—I am asking you if the tender purports to be on behalf of your firm or not?—It looks like it.

Tender purports to be on account of Cooper, Fairman & Co.

13486. In whose writing is the envelope addressed attached to it?—That is Mr. Fairman's writing.

13487. Is it upon one of these tenders that you understand your firm obtained a contract for rails, in the name of the Mersey Co.?—We tendered on behalf of the Mersey Co., and got 20,000 tons, I think it was, of rails. I do not know whether it was 20,000 tons or not, but we got a considerable quantity.

(Got 20,000 tons on behalf of Mersey Co.)

**Purchase of
Rails—
Tendering.**

13488. Had you any part in any other tender besides these two which I have mentioned to you?—Yes, we had.

Contract No. 11.

13489. What other?—We had; there was another quantity of rails which we supplied on behalf of Naylor, Benzou & Co.

13490. That was not awarded in consequence of any of the tenders at this time?—I cannot say.

13491. Do you remember whether you took any part alone, although on behalf of the firm, in the correspondence upon the subject of any of these rails?—No.

13492. On page 37 of a Return to the House of Commons, a printed copy of a letter, purporting to be written by you alone, appears: please look at it?—Possibly; I do not remember. That is a letter dated—that is the time Mr. Fairman was in England.

13493. It was on the subject of these rails, some part of them, was it not?—I will read it as I have forgotten that there ever was such a letter written. I see it is Mr. ~~German~~ here; it is a misprint, it should have been from Mr. ~~German~~.

**Fairman the cor-
responding mem-
ber of firm.**

13494. Can you say which member of your firm usually took part in the negotiations or the correspondence about any of these rails, being at Ottawa at the time of that correspondence or negotiation?—Mr. Fairman.

13495. Were you here taking any part in any of those doings?—No.

**Witness travel-
ling member of
firm.**

13496. Did I understand you to say that you are the travelling member of the firm?—Yes; I am travelling on ordinary business. I was up west most of the time when these negotiations were going on. I happened to be at home when Mr. Fairman was in England, and that is the reason why this letter was written by me.

13497. When you travelled westward, as a rule did you go to the furthest point first about your business and take your orders on your way homeward, or do you take them up on your way from home?—It depends on the ground I take; sometimes I commence in the west where I happened to have engagements at certain points. I have gone 100 miles sometimes, and returned next day; it is quite a common thing to do. I have gone to Chatham, for instance, and taken an order, and come right back again to Toronto.

13498. Do you remember where you were when you first had any intimation that this contract was awarded to your firm?—No; I do not.

**Cannot say how
where or when he
first heard of
contract.**

13499. Do you remember how it was communicated to you, whether by word or mouth, or by letter?—I could not say.

13500. Do you remember who communicated it to you?—I could not say.

13501. Has that been a matter which you have considered at any time before this examination?—What is that, Sir?

13502. Whether any particular person communicated to you the fact of the awarding of the contract, and where you were at the time, and who it was?—No; it never occurred to me before. I have no recollection, and could not tell you the way I got the information; whether I was at home or in the west, or where I was.

13503. Could you tell where you were when you first learned that one of your partners was about to retire, or wished to retire?—Yes; I think I could. I think I was in Montreal. I think I received a letter in Montreal to that effect.

13504. From whom?—From Mr. Mackenzie—from Mr. Charles Mackenzie.

13505. Could you give any information now about the date of that letter?—No; I could not. It just occurs to me that such is the case, but I do not remember the date.

13506. Have you the letter now, if you received such a letter?—I do not know; I do not think it.

13507. Why do you not think it?—Because it would have probably come to me. My own personal letters I generally tore up, but letters to the firm I generally kept filed away.

13508. But you do not think that that letter would come to the firm as well as to you?—No; I do not think so.

13509. Why do you think it would come to you alone?—Because he went in with me first, before Mr. Fairman became a partner.

13510. Mr. Fairman came into the partnership after him?—Yes; Mr. Mackenzie started with me, or at least assisted me to start the business in 1872; and then, when I took Mr. Fairman in, I found I could not run the business alone, and then Mr. Fairman entered the partnership. Of course, in a matter of that kind, he would likely communicate to me.

13511. You are aware that there has been a great deal of correspondence and many assertions on this subject?—There has been too much altogether.

13512. But would that be the means of refreshing your memory on the subject, because it is a matter on which public attention has been concentrated?—I have seen a great deal of it for years, but I have not read them, and do not intend to read them.

13513. As to those dates, do you say it is a matter which you have not considered of late years?—What dates?

13514. The date of your dissolution of partnership, the date of the contract being awarded, and the date at which it was communicated to you?—The date of the understanding of the dissolution of the partnership was at the end of the year. Of course I will tell you what I know; but I received a notification of the desire to withdraw before that. I could not say whether it was in October or November.

13515. When you say the end of the year, do you mean the calendar year, or the year of the partnership?—The 1st of January; but Mr. Fairman was in England, and we could not pass the documents without the signature of the firm.

13516. Was that the time you wrote to the Department in your own name, when he was in England?—Yes.

13517. And it was at that time that the partnership could not be concluded because he was in England?—Yes.

13518. So that this date on which you wrote in your own name would show the year which he was in England?—Certainly.

Purchase of
Railroad
Relation of
C. Mackenzie
with firm of
Cooper, Fair-
man & Co.

In Montreal
when he first
heard that
Charles Macken-
zie wished to
retire.

Thinks letter
from Charles
Mackenzie would
have come to him
personally.

Withdrawal at
end of year.

But notification
of withdrawal in
October or Nov-
ember.

Means by end of
year the 1st of
January.

**Purchase of
Bails—
Relation of
C. Mackenzie
with firm of
Cooper, Fair-
man & Co.**

Partnership ended 31st December, 1874.

13519. And it would be the 31st December following that, that your partnership ended?—No, 1st January, 1875.

13520. Do you say then that your partnership ended on the 31st December, 1874?—Yes, 1874.

13521. It ended in obedience to the previous notification?—It ended on the previous notification that it should be severed at once, but of course we could not do it until we closed our books; we could possibly arrange it then, but we could not arrange it in October when our business was going on. We could not stop all our business to take stock and close our books; of course it would be impossible until the end of the year.

The conditions of partnership in firm of Cooper, Fairman & Co.

13522. Do you know whether by the terms of your partnership with Mr. Mackenzie, he had the right to end it at any time he might name, and could dictate the terms upon which it was to be ended, or with reference to the terms with which it was to be ended, or were the terms upon which it might be ended a matter for negotiation between all the partners?—I could not say that; I could not tell. I do not think I ever read the document twice, but we all take it for granted that if any one member of the firm wish to retire we would not stand in his way. If I wished to retire on the 1st of January, Mr. Fairman would be willing that I should do so.

13523. But do you think he would be willing to do so upon any terms you chose to name?—No; because I would be a full partner and Mr. Mackenzie was only a special partner.

Thinks Mackenzie as special partner could have dictated the terms on which he would retire.

13524. I am endeavouring to ascertain this: whether, according to your understanding of the substance of the transaction, Mr. Mackenzie could dictate the terms upon which he should retire, as well as the time of retiring?—As special partner I should think he could.

13525. What do you consider the terms to be then?—That is for him to say, not me, of course.

13526. Have you nothing to say upon the subject?—Nothing at all.

13527. Do you say that whatever terms he chose to name must be accepted by the other partners?—I would not like to say that. It is a point of mutual agreement I suppose, or it might be a point of mutual agreement. I would not like to discuss that point. I do not want to have any trouble with anybody, and as long as I can meet them fairly, I will meet them without referring to law or anything else. I do not know what privileges he might have had; of course I could not tell.

13528. Have you any impression about what privileges he might have had on the understanding of the subject between you?—I do not know how you mean to imply that.

13529. Had you any understanding at all about the substance of the bargain?—When he notified me?

13530. First of all I am speaking about the terms of the partnership and irrespective of the terms in the written agreement between you: I am asking you whether you had any understanding in your mind about what was agreed to between you and Charles Mackenzie?—Do you mean if he continued in the firm?

13531. I want you to tell me if you remember any understanding there was between you?—I do not see the question. If you can put it in another way probably I can see it clearly.

13532. I wish to know whether when you went into partnership with Mr. Charles Mackenzie, there was any understanding as to the proportion of his capital that should be withdrawn by him in case he retired?—There was no understanding.

13533. Then was it a question for negotiation at that time as to how much of the capital it would be right for him to take out?—No; I merely stated in writing to him, if I remember right, that all I would undertake to pay him back would be the amount that he had put in, that is all I would undertake under the circumstances -- that he should take out what he had put in as his agreement.

13534. If you had made two or three times the amount of your original capital, would it not be fair that he should take out more than he had put in?—Not under those circumstances.

13535. Why?—On retiring just on his own opinion a man cannot do that without having to suffer some loss.

13536. Suppose instead of making a considerable addition to your capital you had lost a portion of it?—Yes; but I do not suppose anything of the kind.

13537. Mr. Mackenzie was under that impression?—Mr. Mackenzie should know what he is talking about first before supposing anything of the kind.

13538. What do you say on that subject?—That is my private business. If my banker wishes to know, I am willing to show him, but I think I can claim the privilege of that being private property of my own. I noticed that a—

13539. Then you do not wish to corroborate his statement on that subject?—I do not, most emphatically. If he had stated so in his evidence, I do not think I have read it, but certainly if he did he had no warrant for it. I say I never read it. I did glance over it, but I have no knowledge of what he said more than a child.

13540. But if he did say so you do not wish to corroborate it?—No.

13541. Do you know whether there was a clause in your partnership or in your understanding—I do not mean your partnership deed—that the partnership should exist for a certain length of time?—I think so. I think the term was four or six years, perhaps seven. I know it is something about that—a little over four years—between four and six.

13542. That time had not expired when the dissolution took place?—No.

13543. Are you willing to answer this: whether, in your opinion, at the time of the dissolution with Mr. Mackenzie the arrangement that was made insured him a greater benefit than if the partnership had been wound up and he had taken his share at that time? I do not insist upon your answering this question, because I do not feel quite sure that the affairs of your partnership are, properly speaking, within the matters pertaining to the Pacific Railway, although I think they have been made so by rumour and assertion and it is for the purpose of clearing up these things that I am giving you this opportunity. I

**Purchase of
Balls—
Relation of
C. Mackenzie
with firm of
Cooper, Fair-
man & Co.**

When going into partnership with Charles Mackenzie no understanding as to what portion of his capital should be withdrawn if he retired.

Mackenzie retired with his whole capital.

Does not suppose the firm lost.

Charles Mackenzie no warrant for saying firm had made a loss.

Partnership to have existed between four and six years.

**Purchase of
Ralls—
Relation of
C. Mackenzie
with firm of
Cooper, Fair-
man & Co.**

am only asking you whether you are willing to answer that question? —I think the question is not necessary, simply from the fact that I notified him that all he could have if he wished to retire would be his capital, consequently that answers the question. I notified him that all he could take out—it he retired he could have his capital. I notified him to that effect.

13544. Are you making this suggestion in order to create the impression upon our minds that you were diminishing his rights by that offer?—I am not prepared to say whether you take that view of it or not.

When C. Mackenzie wished to go he said to him: "You can have your capital, and there is no man knows anything about our affairs except my partner and myself."

13545. I am asking you whether you intended me to adopt that view — whether you are making the suggestion in that direction, that by your notice you diminished his rights rather than increased them?—I could not say. I never informed him anything about it. When he wished to go, I said: "You can have your capital, and there is no man knows anything about our affairs except my partner and myself."

13546. Are you willing to answer this: whether, if the partnership had been dissolved at that time, you and Mr. Fairman would have got your capital as well as Mr. Mackenzie?—If the partnership had been dissolved?

13547. Yes; if in your opinion the whole partnership had been dissolved, and the affairs wound up, you and Mr. Fairman would have got your capital?—Of course they could have got their capital. The firm were able to take their capital out of the business.

13548. You mean out of the assets of the business, not out of any private person's business?—The assets of the business is all I am worth. You know Mr. Mackenzie's liability has no limit to me.

13549. Do you mean by that, when you say that you and Mr. Fairman could have taken out of the business your whole capital—that is the whole of the capital put in—that the business had been so successful that none of the capital had been lost?—I could not answer that now without acquainting myself more fully with the subject.

13550. I do not wish to press you any further on that subject. Do you remember what time Mr. Fairman went to England in that year? —Mr. Fairman entered the firm in 1873.

Fairman went to England December, 1874.

13551. What time did he go to England?—In December, 1874.

13552. And what time did he return?—In March.

13553. Then during that time if any correspondence took place by your firm it would be by yourself would it not?—By myself.

13554. And after Mr. Fairman's return who would do the corresponding?—Mr. Fairman probably would do it. Not in every case, but generally.

Corresponded in name of firm with Buckingham, Secretary to Minister.

13555. Did you correspond in the name of the firm with Mr. Buckingham, the Secretary of the Minister?—In the name of the firm?

13556. Yes?—I could not say for certain.

13557. Did you in your own name about any of this rail matter or bolts?—I do not recollect.

Nothing in memorandum or book to inform him

13558. Do you think you have any means of informing yourself, either by books or papers, as to the time when you got information of

this contract being let to you, or when you got the first notification that Mr. Mackenzie wished to retire?—No.

13559. Can you say which of those matters was first communicated to you—the fact of your getting the contract or the fact that Mr. Mackenzie wished to retire?—I cannot say. I could not place them. It is so long ago.

13560. Has this matter not been discussed by you and Mr. Fairman and Mr. Mackenzie since those events, and with reference to the relative dates?—It was never spoken of.

13561. Nor written about?—Nor written about.

13562. And have you taken no means to refresh your memory on those subjects?—No, I have not taken much interest in the matter after it went through. Business matters come before us every day, and our minds are fully occupied from time to time.

13563. Then you say that since those events have happened you have not taken pains to refresh your minds as to the relative dates?—The dates of all our letters are there.

13564. I am speaking of the dates of these two events only—one the awarding of the contract for rails to your firm, the other the notification by Mr. Mackenzie that he was to retire?—No; I have never spoken of it, and the thing has never occurred to me for years.

13565. Do you remember, while you were in Toronto, telling any person before you knew Mr. Mackenzie wished to retire, that you had got the contract?—No. If we had got it I might have told somebody.

13566. I am asking you whether you remember the circumstance?—I do not remember the circumstance.

13567. Do you remember the circumstance of hearing, while you were up west, that you had got the contract, or hearing it by letter from Charles Mackenzie? No; I do not. I got no such letter.

13568. Nor telegram?—Nor telegram.

13569. Nor any such communication as far as you know?—As far as I know I can sincerely say I do not recollect anything of the kind. I could not believe it except it was put before me—the facts.

13570. I suppose you are aware that there have been a great many rumours about all this sort of thing?—Yes; that is why I have not read up on the subject at all. I heard so much of it.

13571. In these negotiations between the Department and your firm, did you take an active part, or did you leave Mr. Fairman, when he was in the country, to do the negotiating?—Principally Mr. Fairman. I may say altogether Mr. Fairman when he was at home.

13572. Besides the contract for materials, such as rails and bolts, did you enter into any contract for transportation?—Yes.

13573. Do you remember whether in that matter you were representing some other firm, or was it entirely on your own account?—I cannot say. Mr. Fairman might be able to answer that question.

13574. Did your firm own any steamboats at any time, or have you been awarded the contract upon the boats of other firms, if you did enter into any contracts for transportation?—We do not own any boats.

13575. Have you owned any during this period?—No.

**Purchase of
Rails—
Relation of
C. Mackenzie
with firm of
Cooper, Fair-
man & Co.**

when he got in-
formation of con-
tract having been
let or Mackenzie's
determination to
retire.

Has taken no
means to
refresh his
memory.

The reason why
he did not read up
to inform himself
as to the facts
was that he
heard so many
rumours.

Firm owns no
boats.

**Contract No. 15.
Fraser & Grant-
Whitehead
Partnership.**

13576. Did you take any part in bringing about the partnership between Fraser and Grant and Whitehead in connection with the Pacific Railway contract?—Well, it is a very long story that I do not know how to set around in conversation at all. Mr. Whitehead knew his own business, and I do not suppose I had anything to do with them going in. I do not know how to put it. I can tell you that better in conversation than by answering a question.

13577. Do you mean by stating it in the shape of a history?—Yes.

Statement as to part taken by witness in bringing about partnership between Whitehead and Fraser & Grant.

13578. Please do it in that way?—Mr. Whitehead was very much behind in his payments, and we had a pretty large account with him over due—once as large as \$40,000—and found it impossible to get our money and get paid; and he got into a pretty tight place up in Winnipeg there—I forget the month it was—but last fall the Ontario Bank took the whole of his estimate and kept it. He gave me an order for \$8,000, and the bank retained the whole of the estimate, and left me without anything. Fraser & Grant made a proposition to Whitehead that if he took them in—he had been negotiating before, I suppose—if he took them in that they would buy half the plant.

Fraser & Grant proposed, if taken in, to buy half Whitehead's plant.

13579. Were you present at that proposition, or at any time when it was repeated between them?—I was present, yes; and Mr. Young was present, and George Brown of the Ontario Bank was present, and Mr. Whitehead, and I think Dr. Schultz—I am not sure. I proposed several names to him. I proposed Mr. Rogers, and I proposed Manning & McDonald and Fraser & Grant, and suggested all these names to help him out of his difficulties. My interest was with Whitehead, to try and carry him through.

13580. Do you think it was your suggestion of those names which led finally to their being taken in as partners?—I think not.

13581. Do you think they had been suggested to him by some one else?—I think that the negotiations had been going on for months before that in Ottawa here, when they met here in Ottawa in July.

13582. When who met?—Mr. Whitehead and Frazer met last July—I mean the July before that.

Thinks statement that Whitehead wanted Fraser & Grant because of their influence with Government quite unfounded.

13583. There have been rumours that Mr. Whitehead was rather inclined to take them in as partners on account of the idea that some member of the Government wished it: do you know anything about that arrangement, or that reason?—I should think it would be quite unfounded. There would be no foundation for anything of that kind. It was a question of dollars and cents with Mr. Whitehead, who was going to help him out of his difficulties. I think they were the only men who were willing to take hold of him under the difficulties in which he was.

A question of dollars and cents with Whitehead.

Arrangement brought about purely on a business basis.

13584. Do you remember that the arrangement was brought about as a business arrangement, or was it in deference to some pressure?—Certainly as a business arrangement—purely as a business arrangement.

13585. Were you taking an active part in the negotiations, being such a large creditor?—Yes.

Witness's motive—he was a large creditor of Whitehead.

13586. Is that the only reason that you took an active part in the negotiations for the partnership?—My only reason was being a creditor to a large amount, and another was that Mr. Whitehead was no financier

**Contract No. 15.
Fraser & Grant-
Whitehead
Partnership.**

—not being able to conduct his business alone without assistance—that was my impression, that he was not.

13587. Were you representing any powder company at any time?—Yes.

13588. Was it in connection with this powder company that you had this claim?—Yes.

13589. Were you the manager of the company?—I was the manager myself principally up there.

Witness the manager of the powder company which was pressing Whitehead.

13590. Mr. Mackintosh speaks of a claim of some powder company in which he speaks of a Mr. Cooper acting against Mr. Whitehead: was that you?—Yes.

13591. Had you interviews with Mr. Mackintosh on the subject?—I think so.

Alleged improper influence.

13592. Do you remember conversations or the substance of them at those interviews?—The subject generally was Mr. Whitehead's difficulties—unable to meet his payments.

Had interviews with Mackintosh in regard to Whitehead's difficulties.

13593. Do you remember what part Mr. Mackintosh took in any of those conversations?—I looked upon him as a friend of Mr. Whitehead's and one who had a great interest in his welfare, and would try to assist him out of his difficulties. He would give him whatever assistance he possibly could; either endorse his paper or help him through; he seemed to be always behind and always in difficulties, unable to take up his paper when it was due. The man was willing enough but never seemed to be able.

Mackintosh's relations with Whitehead—a friend of Whitehead.

13594. You mean Mr. Whitehead?—Yes; Mr. Whitehead was honest enough, but never seemed to be able to pay.

13595. Was there any proposition on your part, or on the part of your firm, to arrest Mr. Whitehead on his leaving for Chicago?—I do not think so, I should doubt it very much; we would have no interest in doing that.

Never had intention to have Whitehead arrested.

13596. Are you aware of any such proposition?—To arrest him leaving this place?

13597. Yes, on his way from here to Manitoba, through Chicago?—There was no serious proposition of that kind. There might have been all kinds of rumours, but it would be of no interest for any one to do so.

13598. Do you know whether Mr. Mackintosh had any reason to suppose that there was an intention of that kind?—He might have supposed so at that time.

13599. Do you know whether he had any reason to suppose so: did you discuss the probabilities of the thing with him?—I could not say I might have done so. I might, on the impulse of the moment, have been indiscreet enough to say such a thing as that; but it would have been seriously against myself if I were to do such a thing as that, because our interest was to support Mr. Whitehead and carry him through, believing that he would come out right, but I would not say that I might not have foolishly said such a thing.

13600. I have not heard that you did say such a thing?—I have no knowledge of saying it; but as a business man it would have been against my principles, so that I would not entertain it for a moment,

Contract No. 15.
Alleged improper influence—Mackintosh's relations with Whitehead.

as I always worked to carry Mr. Whitehead through his difficulties and carry him along, believing him to be an honest man, but not able to manage his business, and if we could get any one in with him that could manage his business for him they could carry the contract through. I would have been an enemy of Mr. Whitehead to do that, and I had no wish to injure him, but to try and get our money if I could.

13601. Is this company which you represent known as the Manitoba Powder Works?—Yes.

13602. In speaking to Mr. Mackintosh upon this subject of Mr. Whitehead's indebtedness to you did you find it necessary to withhold your intention from Mr. Mackintosh or were you outspoken on the subject?—I was very outspoken to Mr. Mackintosh, believing that he would tell Mr. Whitehead and force him to come to terms with me; that is, by taking some of the notes out of the way that were past due.

13603. Did you mean to express your intention to Mr. Mackintosh?—I might have expressed my intentions to him.

13604. Do you mean that you wished to express more than your intentions to him?—I might have done so, but I do not think I ever did express myself in that way.

13605. I did not understand you to say that you did so express it: I will read you what he has said: "I was further informed that the Manitoba Powder Works intended to capias him if he left the city next day for Chicago en route to Winnipeg. Having reason to believe some of those rumours to be substantially founded, and knowing that such events would prove disastrous to Mr. Whitehead;" and then he goes on to explain what took place, I do not know that he alludes to a conversation with you or any one else?—I should say in the face of that, that I did not say so, but there must have been some rumours to that effect.

Witness's impression that he never threatened to capias Whitehead.

13606. Your impression is that you did not say so?—My impression is that I did not say so. If I did, I only did it for the object that Mr. Mackintosh should use greater pressure in trying to get him to settle our account; but it would be quite an absurd thing to think of to do nevertheless. I always believed Mr. Whitehead was perfectly honest and tried to pay, and would pay me every cent as soon as he could, but my desire was to try to get him to reduce his account as soon as he could, because it was accumulating. I might have explained to him in conversation that I had to keep him supplied with explosives to keep his contract going, and that his account was doubling on him every month and of course I tried to keep it down.

13607. Is there any other matter connected with the Canadian Pacific Railway which you could mention by way of evidence?—I do not know of anything that would be of any importance to you.

TRUDEAU. TOUSSAINT TRUDEAU's examination continued:

By the Chairman:—

Transportation of Rails—Contract No. 20.

13608. Have you the papers in any of the matters which you were not prepared for last time that you can offer now, or do you prefer to proceed with the next one?—I would prefer to proceed with the next.

13609. Which is that?—Contract No. 20 with the Merchants Lake and River Steamship Co. It is for the transportation of rails from Montreal to Fort William or Duluth.

Transportation of Rails—Contract No. 20.
Transportation of rails from Montreal to Fort William or Duluth.

13610. Was that work let by public competition?—Yes.

13611. Have you the advertisement asking for tenders?—Yes; I produce it. (Exhibit No. 139.)

13612. Have you the report upon the tenders received?—Yes; I produce a list of tenders. (Exhibit No. 140).

13613. To whom was this contract awarded?—To the Merchants Lake and River Steamship Co.

Contract awarded to Merchants Lake and Steamship Co. whose name does not appear in list of tenders sent in response to advertisement.

13614. Is theirs one of the tenders mentioned in this report?—No.

13615. How did they make their tender?—Tenders were called for by advertisement to be received up to the 19th April, 1875. Eight tenders were received: these were opened on the 20th April. The lowest was from E. Samuel, of Montreal, at \$6 per ton, and the second lowest from C. Edwards, of Kingston, \$6.25 per ton. On the 22nd April Mr. Samuel was called upon to furnish a list and description of vessels he intended to employ. On the 26th April Mr. Samuel guaranteed in a telegram to ship by first-class propellor. On the 27th April Mr. Samuel enquires whether Department wishes a larger quantity of rails carried than the 5,000 tons named in the tender. On the 29th April Mr. Samuel asks for a reply to his tender—says that security and propellers will be made satisfactory. On the 23rd April, 1875, Messrs. Cooper & Fairman wrote to the Department stating that they consider the Department has accepted their tender for the delivery of rails at Duluth or Thunder Bay. A reference to the tender for the supply of steel rails, sent in by Messrs. Cooper, Fairman & Co., in November, 1874, shows that one of their tenders was for delivery at Montreal, at the rate of £11 3s. sterling, and another for delivery at Duluth or Thunder Bay, at the rate of £12 6s., and wharfage and harbour dues on ports payable by Government. The difference between delivery at Montreal and Duluth or Thunder Bay, being £1 3s. sterling or \$5 60. The acceptance by the Department was worded as follows:—

Tenders called for 19th April, 1875.

E. Samuel, lowest tenderer guarantees to ship by first-class propellor at \$6.

23rd April, 1875, Cooper, Fairman & Co. wrote Department that they considered the Department had accepted their tender for delivery of rails at Duluth or Thunder Bay.

“ To Messrs. COOPER, FAIRMAN & Co.

“ December, 2, 1874.

“ GENTLEMEN,—The tenders you have made on behalf of the Mersey Steel and Iron Co., of Liverpool, for the supply of steel rails, &c., having been accepted, I am directed to send you the enclosed draft articles of agreement, and to request you to have the kindness to have them executed by the company, and to then return them to me.

Letter in which, according to Cooper, Fairman & Co., the Department's giving the transportation of steel rails to Duluth was involved.

“ F. BRAUN.”

In their letter to the Department, of the 23rd of April, Messrs. Cooper & Fairman urged that they were committed in the matter of charter, &c., for delivery of from 10,000 to 12,000 tons on Lake Superior. They also add that they will perform the additional service called for by the tenders for transportation received on the 19th April, and not included in their tender of November, 1874, for the sum of 60 cts. per ton. Messrs. Cooper & Fairman state, in this letter, that in the matter of transportation westward they represent the Merchants Lake and River Steamship line consisting of eighteen first class propellers. The case having been fully considered, and in view of the fact that Mr. Samuel did not appear to be himself the proprietor of suitable vessels, or to be representing any person or company having the appli-

Proposed to perform additional service called for by advertisement and not mentioned in other contracts of date November, 1874, for 60 cts. extra.

**Transportation
of Rails—**

Contract No. 20.

Order-in-Council
30th April, 1875,
awarding work to
Cooper, Fairman
& Co. at \$6.20 on
condition named
in advertisement.
On 5th May, 1875,
Samuel informed
that his tender
was not accepted.

Extra service
what.

Cooper, Fairman
& Co.'s offer not
one of the tenders
sent in answer to
advertisement.

Accepted offer
made without
being based upon
any invitation in
any advertise-
ment.

Cooper, Fairman
& Co.'s offer the
lowest but one.

How a favourable
offer was refused.

ances necessary to perform the services, a report to Council was prepared on the 29th April, 1875, recommending that the work be awarded to Messrs. Cooper & Fairman on behalf of the Merchants Lake and River Steamship line at \$6.20 per ton, on the conditions named in the advertisement. The Order-in-Council was approved on the 30th April, 1875; Mr. Samuel was informed on the 5th May, 1875, that his tender was not accepted.

13616. What was the extra service for which the 60 cts. was added to Cooper, Fairman & Co.'s first offer?—Handling, piling, insurance and wharfage.

13617. Then this offer of Cooper, Fairman & Co. for this transportation was not one of the tenders which were put in in answer to the advertisement?—No.

13618. It was an offer connected with a previous tender for rails?—Yes.

13619. And was that previous tender for rails in answer to any advertisement, or was it outside of the terms of the advertisement which it purported to answer?—It was outside of the previous advertisement asking for rails.

13620. Then, this offer which was accepted finally was made without being based upon any invitation in any advertisement: I understand it was prompted by Cooper, Fairman & Co. in both instances, and not by the Government?—Yes.

13621. Have you considered whether the offer as accepted was better than any other offer that was made to the Government for the same subject?—It was the second lowest.

13622. You mean as between Samuel and Messrs. Cooper, Fairman & Co.?—Yes.

13623. Had there not been an offer by Perkins, Livingston, Post & Co. to do this same work—an offer made in November, 1874—at a lower rate than the one accepted, also coupled with an offer made for rails. Here are the original tenders by Perkins, Livingston & Post, and also by Cooper, Fairman & Co., compare them both and the effects of them upon this subject, and say which was the more favourable to the Government: first, for the purposes of this comparison, leaving out the extras included in the 60 cts.?—Messrs. Perkins, Livingston, Post & Co., in a letter dated 14th November, 1874, offer to deliver rails at Duluth, Fort William and Georgian Bay instead of Montreal, at \$4 per ton in addition to the price named in their contract, and at \$4.75 additional at Fort William. It is not possible for me to establish a comparison between tenders sent in by Perkins, Livingston & Post and Cooper & Fairman, because I understood at the time that Messrs. Perkins, Livingston & Post intended to bring the rails by way of New York.

13624. Do you know for whom Perkins, Livingston & Post were tendering?—Guest & Co.

13625. Did Guest & Co. get any contract?—Yes.

13626. Where were the rails to be delivered?—At Montreal.

13627. And did you not understand by this offer of theirs that these same rails would be taken to the points named—Duluth and Fort William—at the extra price mentioned in their letter?—Yes.

Transportation
of Rails—
Contract No. 20.

13628. How was it that you were not able to avail yourselves of that offer?—Because we had accepted tenders for the delivery at Montreal.

13629. But instead of accepting tenders for delivery at Montreal, had you not the option at that time—say, November, 1874—of taking the same rails delivered at Duluth?—Tenders had been invited for delivery at Montreal, and no others were considered.

Tenders invited for delivery at Montreal.

13630. But do I not understand that you did afterwards consider those made by Cooper, Fairman & Co., and that because they chose to add the condition of delivering at Duluth they had the opportunity instead of others who afterwards answered the advertisement?—It was not the intention of the Department to have accepted Cooper & Fairman's tender to deliver at Duluth. The letter which I have just read to the Commission was an acceptance for delivery at Montreal, but the letter was so worded that it might have been construed as applying to the other, and this gave to Cooper, Fairman & Co. what they considered a claim on the Department. It was not the intention of the Department to have accepted that tender.

13631. Was the result of the transaction that the Government paid a higher price to get their rails from Cooper, Fairman & Co delivered at Duluth than the Government could have got them from Perkins, Livingston, Post & Co. delivered at the same place: for the present, taking out of consideration the intention of the parties, was that the result?—If the tender sent in by Post & Co. in 1874, for delivery at Duluth, had been accepted, it would have cost less money than accepting the tender to Montreal in 1874, and then letting the carriage by separate contract as was done.

A higher price paid Cooper, Fairman & Co. than was asked by Perkins, Livingston, Post & Co.

13632. I have understood you to say that the contract as it was let was not by a separate understanding, but because the Government acceded to the contention of Cooper, Fairman & Co., that it had been involved in the first transaction of the rails, is that right?—Yes.

The Government yielded to Cooper, Fairman & Co.'s claim.

13633. Then it was not a separate transaction, because it was, if I correctly understand you, the result of the acceptance of the rail contract?—It was a claim which they urged in connection with the acceptance of the rail contract.

13634. Do you know how much advantage Cooper, Fairman & Co. got by the acceptance of their rail contract, in the way you have described, over what would have been paid if the other tenders had been accepted?—I can get a statement prepared.

13635. Are we to understand that Cooper, Fairman & Co.'s claim to take this transportation was made because of a letter of Mr. Braun, on the 2nd December, 1874, notifying them that the tenders made on behalf of the Mersey Steel and Iron Co. had been accepted, and that that offer involved the transportation to Duluth?—That is what Cooper & Fairman say in their letter of the 23rd April, 1875.

13636. Will you look at page 31 of the Return to the House of Commons before alluded to, and say whether the letter of Mr. Braun on the 2nd December, is the letter upon which Cooper, Fairman & Co. purport to base their claim for this transportation?—I think it is.

13637. Do you notice that in that letter Mr. Braun informs them that their tenders made on behalf of the Mersey Steel and Iron Co.

**Transportation
of Rails—
Contract No. 20.**

have been accepted?—Yes; but I am not so sure that the word tenders in the printed form is correct.

13638. Have you the original here?—No.

13639. Then will you get it for another time?—Yes.

13640. Will you look at the original tenders and say whether Cooper, Fairman & Co. in those tenders purport to make any offer on behalf of the Mersey Steel and Iron Co. to take rails to Duluth, or deliver rails at Duluth?—Yes, to Duluth.

13641. Please read the words which show the offer is made, not on their own account but on behalf of the Mersey Steel and Iron Co.?—The wording of the tender is this: “The undersigned hereby tenders to deliver on the wharf at Duluth or Thunder Bay, during the season of navigation in the year 1875, in accordance with the annexed specification of conditions, 5,000 to 10,000 tons of the Mersey Steel and Iron Co.’s Bessemer steel rails with a proportionate quantity of fish-joints at the following rates.”

13642. Is it because they describe them of this make that their offer is supposed to be on behalf of that company? Is it not an ordinary thing with dealers to describe this make although making the offer on their own account? Do you suppose that the Mersey Co. were tendering to deliver rails at Duluth?—No.

The offer to deliver rails clearly separate from the offer by the Mersey Co. to supply them.

13643. Then is that offer to deliver rails at Duluth made on behalf of the Mersey Steel and Iron Co.: is not that in fact distinct from another one attached to it, made plainly on behalf of the company?—It is.

13644. Then is that offer, as you understand it, to deliver rails at Duluth, made on behalf of the Mersey Steel and Iron Co., or is it made by Cooper, Fairman & Co on their own behalf?—It is only signed by Cooper, Fairman & Co., and probably on their own behalf, as representing the Mersey Steel and Iron Co. to supply rails; and the Merchants Lake and River Steamship Co. to carry them to the west.

13645. You make use of the words “as representing?”—Yes.

13646. Do you mean that they conveyed that idea in that paper, or that you think so from their reasons; of course, when you make use of the words “as representing,” you mean that they had some authority to represent, simply offered to represent, or that they purported to represent?—That they represented the steamship company does not appear from this tender.

Nothing to show that in the tender for transportation Cooper, Fairman & Co. represented the Mersey Co.

13647. Does it appear that they represented the Mersey Steel and Iron Co. from that letter, or from that tender?—Nothing more than quoting it as a brand of rail they would supply.

13648. Then do you mean that every person who tenders, and quotes that brand of rail to be supplied, does so on behalf of the Mersey Steel and Iron Co.?—Not absolutely, because a person might tender and have rails on hand.

13649. Then why do you make this particular tender differ from other people’s tenders in that construction?—I do not make it different from other people’s tenders, but I believe that Cooper, Fairman & Co. tendered on behalf of the Mersey Steel and Iron Co. in this parti-

Transportation
of Rails—
Contract No. 20.

ular tender, because on another sheet they say they do tender as representing the Mersey Steel and Iron Co.

13650. Do you say on another sheet, or is it an entirely different tender sent in a different way, and tendering to deliver at a different place?—It is on a separate sheet, but the sheets were all sent in together.

13651. Sent in together in what : do you mean in one envelope? See if you do not find two envelopes there, and if they are not entirely separate tenders: one for the Mersey Steel and Iron Co., and one for Cooper, Fairman and Co.?—Yes, they were sent in in two envelopes.

13652. Are they distinct tenders for delivery at distinct places, and in the names of different people?—Yes.

Cooper, Fairman & Co.'s tender for delivery at Duluth not made on behalf of Mersey, Steel & Iron Co.

13653. Now do you say that this tender for delivery at Duluth, was made on account of the Mersey Steel and Iron Company?—I do not.

13654. Then does the letter of 2nd of December, from Mr. Braun, saying that because the tenders of the Mersey Steel and Iron Co. have been accepted, involve the giving of the transportation of the rails to Cooper, Fairman & Co., to Duluth?—Not necessarily.

Braun's letter does not involve the giving of the transportation of rails to Cooper, Fairman & Co., whose claim was therefore not good.

13655. Then that contention or claim on their part is, in your opinion, not well founded?—It is not a good claim.

13656. Are there any other papers about previous matters which you have ready to produce to-day?—No; I have no other papers ready

OTTAWA, Friday, 5th November, 1880.

TOUSSAINT TRUDEAU's examination continued :

By the Chairman :—

13657. Have you either the original or copy of the letter from Mr. Braun to Cooper, Fairman & Co., dated 2nd of December, 1874, concerning the acceptance of their tenders?—I have a copy and I produce it. (Exhibit No. 141.) In answer to the question asked yesterday by the Commission, I would say that tenders were invited in 1874 for the supply of rails delivered at Montreal. That among other tenders, Messrs. Perkins, Livingston, Post & Co. offered to supply 10,000 tons delivered at Montreal, at the rate of \$54.62; and further, they offered to deliver the rails at Duluth or Georgian Bay instead of Montreal, at \$4 per ton additional, and at Fort William at \$4.75 additional, thus making \$58.62 and \$59.37 per ton respectively. The price paid to the Mersey Co. for rails delivered at Montreal was \$54.26, to which add freight contracted for in 1875 to Fort William or Duluth, \$5.60 per ton, making in all \$59.86 per ton. The 60 cts. per ton for handling and piling, added in the case of the Merchants line, is not considered, as an equal amount would have been required for the performance of the work by the other party. Subsequent events have shown that if, in 1874, the tender made by Perkins, Livingston, Post & Co. had been accepted, the cost of the 10,000 tons, if delivered at Duluth, would have been decreased by \$12,400, and if delivered at Fort William by \$4,900.

Had the offer of Perkins, Livingston, Post & Co been accepted in 1874, \$12,400 would have been saved on 10,000 tons of steel rails.

**Transportation
of Rails -
Contract No. 20.**

Cooper, Fairman & Co. made the highest tender which was yet accepted.

13658. In the statement which you have now made, after consideration since yesterday, you mention that one tender was made by Messrs. Perkins, Livingston, Post & Co., and you mention the result of the transaction, as to the money paid to other people, but you do not happen to mention who made the tender which was the highest and which was accepted: please state who made that tender?—Cooper, Fairman & Co.

13659. There was no tender made by either the Mersey Iron and Steel Co. or by the Merchants Lake and River Steamship Co. for this particular work, was there?—No tender was signed by those companies.

13660. Was there any tender purporting to be made on their behalf for this work of transportation?—There is nothing on the face of the tender beyond the statement that the rails were to be of the brand of the Mersey Steel and Iron Co.

13661. And how do you think that intimates that the transportation from Montreal to Duluth was on account of the Merchants Lake and River Steamship Co., or on account of the Mersey Steel and Iron Co.? We are speaking now of the contract for transportation?—It does not appear on the face of the tender.

13662. Have you been in doubt of that since I have been asking these questions of you? Have you been in doubt about the nature of my question that it was about transportation? Read if you wish from some description of this contract and say if we are not discussing a matter of transportation only?—Yes; I understand that we are discussing a matter of transportation.

Nothing on face of tender to show that any one but Cooper, Fairman & Co. wished to contract for transportation.

13663. Will you read anything in that tender which suggests that any person but Cooper, Fairman & Co. wished to contract for transportation?—There is nothing on the face of the tender.

13664. Had you any other means, as far as you know, of understanding what was meant by the tender excepting what was on the face of it?—No.

13665. Have you investigated the particulars of the transportation of which we spoke the other day, and for which tenders were made by Fuller & Milne, and by Mr. Kittson?—I have not completed the investigation.

Contract No. 22.

13666. What is the next contract in the order of time which we have not investigated?—No. 22. It is with Holcomb & Stewart for the transportation of rails with their accessories from Montreal to Kingston.

13667. Have you the contract?—No; but I shall produce it.

13668. Was the work let by public competition?—A circular was sent to the various forwarders. The circumstances are related in a report by Mr. Fleming, which I now produce. (Exhibit No. 142.)

Cooper, Fairman & Co.'s letter regarding this contract.

13669. Is it concerning this same work that a letter of Cooper, Fairman & Co., addressed to yourself, dated 14th July, 1875, was written: a copy of it appears on page 66 of the Return to the House of Commons?—Yes.

13670. Was the work under this contract satisfactorily performed, as far as you remember?—Yes.

13671. And settled for without any dispute?—The accounts are not absolutely adjusted, but there is a very trifling difference.

13672. I noticed that in this telegram you mention—or rather Mr. Fleming mentions—the weight of the ton: I think the advertisement which you produced yesterday about the other matter, that is the other contract No. 20, the weight of the ton was not mentioned?—No; it is not mentioned.

13673. Then was it the short ton was contracted for in contract 20?—No; it was the long ton.

13674. I understood you the other day to explain that whenever the weight was not mentioned it meant a short ton?—It does.

13675. How do you explain, although the advertisement here does not mention the weight, the contract substantially was the long ton?—When these tenders were received we found that some of the parties said nothing about the weight or the number of pounds in a ton, thereby meaning it was a short ton, while other parties mentioned the long ton. We, therefore, ascertained from the parties what kind of ton they meant.

13676. Then it was by subsequent negotiation, and not by any implied understanding, that the weight was fixed?—Yes.

13677. Upon page 65 of the Return of the House of Commons there is a copy of a letter from Cooper, Fairman & Co. to you, dated July 13th, 1875, in which there is an allusion to western delivery: do you know whether that allusion was to this matter that was contracted for with Holcomb & Stewart, or was it to delivery on the lakes?—I do not know; I cannot remember.

13678. What is the next contract, in order of time, which we have not investigated?—Contract No. 26, with James Isbester, for the construction of the engine house at Fort William.

**Engine House
at Fort
William—
Contract No. 26**

13679. Was this work let by public competition?—Yes.

13680. Have you the advertisement asking for tenders?—No; I have no copy of the advertisement.

13681. Have you any of the tenders or a report upon them?—I produce the schedule of tenders. (Exhibit No. 143.)

13682. Was it awarded to the lowest tender?—Yes.

13683. Has the work been performed?—Yes.

13684. Has there been any dispute on that subject?—No dispute.

13685. Has there been any claim on the part of rival tenderers that the contract was not properly awarded?—No; no claim.

13686. Has the work been assumed by the Government and used?—Yes.

13687. Is there any other matter connected with it that you know of that should be further investigated?—No.

13688. Have you any report upon the tenders offered for this work, recommending either one to be accepted?—Yes; I produce a report by Mr. Fleming, dated May 22nd, 1876. (Exhibit No. 144.)

13689. What is the next contract, in order of time, that we have not investigated?—Contract No. 27, with the Merchants Lake and River Steamship Co., for the transportation of rails from Montreal, Lachine and Kingston, to Fort William or Duluth.

**Transportation
of Rails—
Contract No. 27.**

**Transportation
of Rails—
Contract No. 27.**

13690. Was this work let by public competition?—Yes.

13691. Have you a copy of the advertisement and a list of the tenders?—I have; and I produce it. (Exhibit No. 145.)

13692. Was there any correspondence besides the formal tenders upon the subject with the Department before the contract was let?—Yes.

13693. Can you produce it?—I produce it. (Exhibit No. 146.)

Letter of 31st December, 1875, before advertisement for tenders.

13694. This appears to be a letter dated 31st December, 1875, before your advertisement asking for tenders; has this been considered together with the tenders which were put in after your advertisement?—I do not know whether it was considered.

Offer accepted dated May 8th, 1876.

13695. It is from G. E. Jacques & Co., who describe themselves as agents of the Merchants Lake and River Steamship Co.; was this the successful offer—I mean was it this offer that was accepted by the Department?—No; the offer accepted by the Department is dated May 8th, 1876. It was one of the tenders sent in in answer to the advertisement.

13696. Has the work been performed satisfactorily?—Yes.

13697. Has there been any dispute upon the subject, either between rival tenderers or between the Government and the contractor?—No.

13698. Is there any other matter connected with it which you think requires to be investigated?—No.

13699. What is the next contract, in order of time, which we have not investigated?—It is contract No. 28 apparently, but it is only an extension of contract No. 18, with some new prices added, but which were not acted on.

13700. Then there has been no transactions under that contract which we may not investigate under contract No. 18?—No.

13701. Nothing which requires separate explanation from that of contract 18?—No.

**Railway
Spikes—
Contract No. 29.
Cooper, Fairman & Co.**

13702. What is the next contract, in order of time, which we have not investigated?—Contract No. 29, with Cooper, Fairman & Co., for the supply of railway spikes.

Let by public competition.

13703. Was this let by public competition?—Yes.

13704. Have you a copy of the advertisement and a list of the tenders?—Yes; and I produce it. (Exhibit No. 147.)

13705. Has this contract been fulfilled?—Yes.

13706. Was it awarded to the lowest tender?—It was.

13707. Has there been any dispute between the rival tenderers, or between the Government and the contractors?—No.

13708. Is there any other matter connected with it which requires explanation or investigation?—No.

**Bolts and Nuts—
Contract No. 30.
Cooper, Fairman & Co.**

13709. What is the next contract, in order of time, which we have not investigated?—Contract No. 30. It is a contract with Cooper, Fairman & Co., agents for Robb & Co., for the supply and delivery of bolts and nuts.

13710. Was the contract for these materials let by public competition?—Yes; it was one of the items in the tender received for the sup

ply of steel rails from the Mersey Iron and Steel Co., represented by Cooper & Fairman.

**Bolts and Nuts—
Contract No. 30,
Cooper, Fairman & Co.**

13711. Was this contract the result of accepting any one of the tenders, or was it reached by new negotiations?—The tender by the Mersey Steel and Iron Co. was accepted, and when the contract was prepared the Mersey Co. asked that they should not be called upon to supply the nuts and bolts. Thereupon Messrs. Cooper & Fairman, in a letter dated the 2nd of March, 1875, asked whether the Department would accept bolts and nuts made by Robb & Co. of the Toronto Bolt and Nut Works. The Department agreed to this by telegram dated the 5th of March, 1875, to Cooper, Fairman & Co., informing them that the proposition was accepted.

How contract came to be made.

Suggestion by Cooper, Fairman & Co.

13712. Then, on the 2nd March, 1875, there was no binding arrangement made with any one for the supply of these articles; I understand that in that same letter Cooper, Fairman & Co. intimate that the Mersey Steel and Iron Co. object to include these articles in their contract?—Yes.

13713. At that time do you understand there was no binding contract for their supply—I mean on the 2nd March, 1875; in other words, was it matter which the Department might deal with as seemed most to their advantage?—There was a contract in this sense: that the Mersey Co. had made a tender and the Department had accepted it.

13714. I understood you to say that the Mersey Co. declined to carry out the contract although the tender was accepted, and that therefore that freed the Department; am I wrong or right in this? As a matter of fact was not the contract with the Mersey Steel and Iron Co. executed without this being in it?—Yes, it was.

137 5. Then do you not understand that the Department was free from that subject in the Mersey Steel and Iron Co.'s contract or tender?—Well, I think it would be free.

13716. Being free, in your opinion; do you know whether the Department took steps to ascertain the lowest price at which these articles could be obtained. For instance: I notice in the list of tenders of November, 1874, in which these articles were connected with the tenders for rails, several persons offered to supply them at prices much below this \$101 per ton:—Guest & Co, \$93.79; James Watson & Co., \$92.47; J. B. Allis, \$94.50; William Darling & Co., \$92.47; and Rice, Lewis & Son, \$99; were any of these parties communicated with or any other steps taken to obtain the articles at lower prices than \$101—I mean after the Department was free in March, 1875? You will notice that the letter from Cooper, Fairman & Co. notifies the Department of this objection on the 2nd of March 1875, and that on the 5th of March you close a bargain with them: does that help you to say whether efforts were made in any other direction?—I do not think that anything was done beyond accepting Cooper & Fairman's offer to do the work for \$101.

Cooper, Fairman & Co.'s offer was accepted without competition.

13717. Does it happen that the lapse of a period, as long as that between the tenders of November, 1874, and this contract in March, 1875—somewhere about four months—materially affects the price of such articles as these in the market?—It might.

13718. Do you know whether any efforts were made, without applying to individuals on this occasion, to ascertain whether the market

Does not know if any efforts were made to ascertain whether prices had fallen.

**Bolts and Nuts—
Contract No. 30.
Cooper, Fair-
man & Co.**

price of these articles had changed materially since November, 1874 ?
—I do not.

13719. Have you the offer of Cooper, Fairman & Co. of the 2nd of March on this subject?— Yes; I produce it. (Exhibit No. 148.)

Fleming recom-
mends the accept-
ance of the offer.

13720. I notice a memorandum on this which appears to be by Mr. Fleming; will you please say whether that had anything to do with the acceptance of it, and read the memorandum?—The offer was referred to Mr. Fleming for report, and on the 4th of March he recommended the acceptance of the offer.

13721. Who gave the final decision on the subject after that memorandum by Mr. Fleming?—I find the word approved written by myself under Mr. Fleming's recommendation.

13722. Does this writing of your own refresh your memory on the subject as to whether any effort had been made by yourself to ascertain whether this price had been the best price?—It does not.

13723. Has this contract in the name of Robb & Co. been fulfilled?— Yes.

13724. Is there any other matter connected with it which you think proper to explain?—I do not know of any at this moment.

Does not know
whether the
goods were Cana-
dian make or not.

13725. Do you know whether these articles were Canadian made or English made; Robb & Co. from the tenor of the letter of Cooper, Fairman & Co. appear to be a Toronto firm: if you look at page 50 of that Return you will see what they say on the subject of the Toronto Nut Works, rather suggesting that they were to be furnished according to a sample from Sandberg, but perhaps it means that they were to come from England. I only wish you to say how that was?—I am not aware where the goods came from.

13726. Are you aware of any written contract or description which would make that plain, or is the contract included in this proposal and in the telegram in answer to it without any further document?—No, I do not know of any other document but this letter.

13727. In the reference to this contract in Mr. Fleming's special report of 1877, on page 396, it says that the bolts and nuts are delivered in Montreal or Toronto, and are to be manufactured according to a sample furnished by C. P. Sandberg: can you say now, looking at that reference by Mr. Fleming, whether these articles are English made or Canadian made?—No. The reference to the sample furnished by Mr. Sandberg does not make it necessary that the rails should be made in England, or that they were made in England. The rails were specified to be Sandberg's standard section, the fish-joints also were specified to be Sandberg's standard, and it was necessary that the bolts, in order to fit the holes in the rails and fish-plates, should also be for that standard.

13728. Then, upon the main question, can you say whether the articles furnished under this contract were made in Canada or England?—No, I cannot; I cannot at this moment.

13729. Will you be able to ascertain that?—I will try.

13730. Do you know whether articles of this kind made in England are considered more valuable than such articles made in Canada for railway purposes?—I am not aware that the bolts and nuts made in England are better than those made in Canada.

13731. Is there any other matter connected with this particular transaction which you would like to explain?—Not that I think of at this moment.

**Bolts and Nuts—
Contract No. 30.
Cooper, Fair-
man & Co.**

13732. What is the next contract, in point of time, which we have not investigated?—Contract No. 31, with the Patent Bolt and Nut Co., for the supply of bolts and nuts for British Columbia.

**Contract No. 31,
B.C.—
Cooper, Fair-
man & Co.**

13733. Where were these articles to be delivered?—At Liverpool.

13734. Is the contract made with this company or with some one else for them?—There is no further contract but this letter, and the acceptance by the Department. The letter is signed "The Patent Bolt and Nut Co., per Cooper, Fairman & Co, Agents." I produce it. (Exhibit No. 149.)

**No contract
save the letter
from Cooper,
Fairman & Co.,
and acceptance.**

13735. Was the supply of these articles contracted for after public competition on the subject?—No, tenders were invited for delivery in England; but in a tender sent in by Cooper & Fairman for the supply of rails the price of iron bolts and nuts to be delivered at Liverpool is stated to be £19. 10s. sterling.

**No public com-
petition.**

13736. When was that tender put in?—In November, 1874.

13737. Either in November, 1874, or at the time of this letter in March 1875, or between those times, had there been any invitation of public competition on this subject?—No.

13738. Had you, without public competition, received many offers on this subject out of which you made this selection, or was this the only offer—I mean for bolts delivered at Liverpool?—At this moment I think it was the only offer.

**Unaware of any !
means taken to
ascertain the
price of bolts and
nuts outside
Cooper, Fairman
& Co.'s offer.**

13739. Are you aware of any means being taken by the Department at that time to ascertain the prices of such articles otherwise than by this letter of Cooper, Fairman & Co.?—I am not.

13740. Is the acceptance of this offer recommended in the same way as the last offer by Mr. Fleming?—Yes; the offer by Cooper, Fairman & Co. was referred to Mr. Fleming for report, and he recommended its acceptance, and it was approved by himself.

13741. Is there any other matter connected with this contract which you wish to explain?—Not that I know of at this moment.

13742. What is the next contract, in point of time, which we have not investigated?—It is contract No. 32, with Cooper, Fairman & Co., for the supply of railway spikes to be delivered at Fort William and Duluth.

**Railway
Spikes—
Contract No. 32.
Cooper, Fair-
man & Co.**

13743. Have you the contract?—Yes; I produce it. (Exhibit No. 150.)

13744. Was this contract let by public competition?—Yes.

**Let by public
competition.**

13745. Have you a list of the tenders and any report upon them by the engineer or other person?—Yes; I produce them. (Exhibits Nos. 151 and 152.)

13746. Besides the tenders reported upon in the documents you produce was there any other tender which was not considered?—There was one tender received from Rice, Lewis & Son, of Toronto, on the 21st of March.

**Railway
Spikes—
Contract No. 32.
Cooper, Fair-
man & Co.**

Practice to attach envelopes to tenders to show when they are received.

Envelopes not attached to others.

Prices vary from \$54.95 to \$75 a ton.

\$55 the second, highest price 5 cts. a ton higher than Cooper, Fairman & Co.'s tender.

Letter from Cooper, Fairman & Co. before tenders asked for.

Probably on considering this letter tenders asked.

13747. Is there some envelope or something to show that that was received too late?—There is an envelope on which there is the stamp March 21st, showing it was received.

13748. Is it usual to attach envelopes to tenders showing when they are received?—Yes.

13749. Do you find them attached to all the other tenders in this case?—No; the others do not appear to be attached.

13750. Not to any of them?—No.

13751. In the tenders which you have considered, do the prices vary much, or are they all nearly the same price: state the limits between which they vary?—They vary from \$54.95 to \$75 per ton.

13752. What is the second highest price?—\$55.

13753. That is five cents a ton higher than Cooper, Fairman & Co.?—Yes.

13754. Do you know whether Cooper, Fairman & Co. communicated with your Department on the subject of this arrangement before tenders were asked for?—Yes; I produce a letter from Cooper, Fairman & Co. dated 19th February on the subject. (Exhibit No. 153.)

13755. Was it upon considering this letter that it was deemed advisable to ask for tenders on the subject?—Most probably, for it was about this time the order was given to receive tenders for spikes.

13756. Has the contract been fulfilled?—Yes.

13757. Is there any other matter connected with it which you think proper to explain?—Not at this moment that I think of.

13758. What is the next contract, in order of time, which we have not investigated?—No. 32 A; but I have not the papers with me. We can take it up at another time.

13759. What is the next in order?—Contract No. 34; but I am not ready now to offer the papers and a full explanation.

OTTAWA, Saturday, 6th November, 1880.

J. N. SMITH.

JAMES N. SMITH, sworn and examined :

**Tendering—
Contract No. 42.**

Carries on business in New York

By the Chairman :—

13760. Where do you live?—Brooklyn, New York. Perhaps I should say my office is in New York city. My business is in New York city, but I reside in Brooklyn.

13761. Have you had any connection with any of the transactions of the Canadian Pacific Railway?—I have; yes, Sir.

At Ottawa, February, 1879, at request of Andrews, Jones & Co.

13762. What was the first, in point of time, in which you were interested?—I cannot say that I was directly connected. At the time of letting section B—I think it was in February, 1879—I came to Ottawa at the suggestion of Mr. Andrews, of the firm of Andrews, Jones & Co., to investigate matters and to see whether the contract was one that I would be willing to back—myself and friends would be willing to back—in the way of putting up their security.

Tendering—
Contract No. 42.

13763. Had you any more knowledge of railway matters at that time than Andrews, Jones & Co. ?—Not at that time. No, Sir.

13764. Was it an opinion upon the matter of finances, or upon the practicability of the work or the prices of it, that you were to investigate ?—I was to investigate both in regard to the probability of its being a paying contract ; also, in effect, to investigate the whole matter—to look into the whole matter and to see whether we would be justified in going in or not as bondsmen, to furnish the 5 per cent. the Government required to be put up.

Came to investigate probability of contract proving a paying one.

13765. At that time was it intended by Andrews, Jones & Co. that you should have any interest in the profits or losses of the concern ?—Not at that time. It was afterwards—after I came to Ottawa. At the time I left New York it was not.

13766. At the beginning then it was merely in the character of surety that you were to be connected with it ?—As a favour to Mr. Andrews.

At first connected with contract only as surety.

13767. As a surety ?—As a surety or to furnish the money.

13768. You mean the money which was required as the deposit ?—Yes ; the 5 per cent.

13769. When you reached Ottawa, what took place on the subject, so far as you were concerned ?—Well, we investigated the matter. Mr. Jones made his statement, and I gathered all the information I could from one or another. I looked into the matter as closely as I could.

13770. Was Mr. Jones with you here ?—Mr. Jones was, yes.

13771. Any other member of the firm ?—No, Sir.

13772. That is Mr. N. F. Jones ?—Mr. N. F. Jones.

13773. He also is of Brooklyn ?—Yes.

13774. And was at that time ?—And was at that time.

13775. Well ?—After looking carefully into it, I told Mr. Jones that as far as I was concerned I would be willing to aid in furnishing the money, although I did not at that time anticipate the contract would ever come to us—or come to Andrews, Jones & Co. I should not have said us for I was not interested.

Told Jones that as far as he was concerned he would furnish the money, i.e. 5 per cent.

13776. When you say that you informed him that you would be ready to furnish the money you still meant the money of the 5 per cent. ?—The 5 per cent. ; yes, Sir.

13777. Was it before you left Ottawa that any change was proposed so as to make you directly interested in the transaction ?—It was, Sir.

13778. Was any understanding arrived at on the subject before you left Ottawa ?—There was ; that if I furnished the money I was to have a certain percentage in the contract.

Before leaving Ottawa it was agreed that if he furnished the money he was to have a percentage on the contract.

13779. To be a partner in effect ?—To be a partner in effect.

13780. Do you remember about what time that understanding was arrived at, whether it was long before you left the city or only a short time ?—It was a very short time before I left the city.

13781. Was it after you became aware that the contract was awarded to Andrews, Jones & Co. ?—No, Sir ; it was previous to that.

13782. Do you mean that at the time that Andrews, Jones & Co. were notified by the Department of the awarding of the contract you

**Tendering—
Contract No. 42.**

were by the arrangement with them a partner in the concern?—Not a partner, but I was to become a partner in case that I fulfilled certain conditions.

13783. You had the privilege of becoming a partner if you fulfilled certain prescribed conditions?—Yes, Sir.

13784. Was that understanding reduced to writing, or was it a verbal understanding between you and Mr. Jones?—I could not say. I could not say whether it was reduced to writing or not. My impression is, that it was, although I am not positive in the matter. I am not positive.

13785. Has there been, at any time, any difference of opinion between you and Mr. Jones on the subject as to whether such an understanding was arrived at?—No, I think not.

13786. Then it was a settled and understood thing?—A settled and understood thing.

Notice that contract awarded Andrews, Jones & Co., first handed witness by Bradley.

13787. Do you remember whether it was you or Mr. Jones who first became aware of the intimation from the Government, that the contract was awarded to you?—I think the notice was handed to me by Mr. Bradley, the Secretary of the Minister.

13788. Have you that letter with you?—I have not.

13789. In a Blue Book published in 1880, on page 18, there appears to be a copy of a letter signed by the Minister of Public Works, dated on the 26th February, 1879, addressed to Andrews, Jones & Co. in this language:

“GENTLEMEN,—I have to inform you that your tender for the construction of section B of the Canadian Pacific Railway has been accepted, and that the contract will be entered into with you in accordance with that tender, provided you deposit the 5 per cent. required in the specification, by four o'clock, P.M., on Saturday next.”

Can you say now whether that was the substance of the communication you received?—From the best of my recollection I should say it was.

13790. Do you know that a day or two before that a communication had been addressed by your firm to the Secretary of that Department upon the subject of your getting the contract; and if so that you were ready to make the deposit immediately?—No, I was not aware of it. I might have been aware of it at the time, but if there was such a communication it has escaped my memory.

13791. Please look at this letter, dated February 24th, 1879, and say if you know whose writing it is?—It is the writing of Mr. Jones, I should say—Mr. N. F. Jones.

13792. The same gentleman you have just mentioned?—The same gentleman. I would add that I do not think I ever saw that letter; I do not think it was ever shown to me.

13793. Read it aloud?—

“We have the honour to inform you that we have associated with us Mr. A. Leberge, general contractor, of Montreal, in connection with our tender for the work of construction on the Canadian Pacific Railway, between English River to Keewatin, and to state, in case our tender should be among the lowest, and the work awarded to us, that we are prepared to make the necessary deposit of 5 per cent. immediately, and commence operations at once. We might add that our firm is composed strictly of practical railroad men of large experience.

“We have the honour to be, Sir,

“Your obedient servants,

“ANDREWS, JONES & COMPANY,

“per N. F. Jones.”

Letter from Andrews, Jones & Co., saying that if contract awarded them they would deposit the 5 per cent. immediately.

Knew nothing of this letter.

I do not think, Sir, I ever saw the letter.

Tendering—
Contract No. 42.

13794. Is the tenor of this letter according to what you understood to be the case at that time, or is it a new idea to you now?—It is entirely a new idea to me.

13795. Had you not the information at that time that the firm was ready to put up the money immediately, if requested?—No; I had an idea that it depended entirely upon the report I would make when I got back to New York, and I knew that the money was not in the hands of any member of the firm here to put up, or at least I was supposed to put up that amount of money.

Thought the putting up of money depended entirely on the report witness would make when he got back to New York.

13796. Then is it your present opinion that that statement in the letter was made without proper foundation?—I think it was made—Mr. Jones was an extremely sanguine man, and I think it was made not thinking—that he did not give it sufficient thought of the time required to bring \$200,000 to bear at this point.

13797. Knowing that, as you say, do you think it was made with or without proper foundation?—I think it was made without proper foundation. I do not think it had proper foundation at that time. I would like to add, at this point, that I do not believe that Mr. Jones intended to make a false statement. I think in writing that he intended to say that the money should be forthcoming as soon as it was practicable to get it here. Immediately might be at once—in a minute. Well, of course, if a man had to put up \$200,000 for instance, in a day, it would be a very difficult matter when he hadn't it here; but I suppose by that he intended to cover a longer space of time. As soon as practicable for us to bring about the matter.

Promise to put up security made without proper foundation.

13798. Do you mean that his sanguine disposition affected his judgment, and that he was led to hope for what could not be accomplished?—I think, perhaps, that might be so.

13799. Not intending to mislead; but as a matter of fact his statement was not well founded?—The statement was not well founded; but Mr. Jones is a man of honour whose word I would take at any time.

13800. I do not presume to question it for a moment; my questions were not meant to touch that subject. On the same day on which you are informed that the contract is awarded to you, a letter appears to have been written by your firm to the Department upon the subject of extension: will you please look at this letter and say in whose writing it is, and if it was by the same person who wrote the other?—It is a letter of Andrews, Jones & Co., signed by N. F. Jones, the same as before.

13801. Do you know how soon after the writing of that letter you left for New York?—I think we left the very evening. I knew of Mr. Jones writing that letter, for he showed it to me. There is one point you spoke of—our firm up to this time. I have never become a member of the firm, from the fact that we never complied with the terms which would have made me a member.

Jones and witness left Ottawa together for New York.

13802. The completion of the firm is not rendered necessary because the work was not undertaken?—The work was not undertaken and we did not comply in furnishing the 5 per cent., which was to be furnished by myself and associates in New York.

13803. Do I understand that Mr. Jones and you both left the city on the same day?—Yes.

**Tendering—
Contract No. 42.**

Does not remember the arrangement made to get answer to New York in reply to their letter requesting extension of time to put up security.

Arrangement made with Jones.

13804. What arrangement was made about getting an answer to this letter, in which you ask for an extension?—I could not say now. I disremember.

13805. Mr. Chapleau, in his evidence, I think said that the letter was to be addressed to some hotel here, and some one was appointed to ascertain the contents and to communicate with you by telegraph: does that refresh your memory on the subject or are you still in doubt?—I am in doubt, because that arrangement was made by Mr. Jones himself

13806. Then you made no arrangements by which the substance of the answer was to be communicated to you?—No, I made no arrangement; the arrangement was made by Mr. Jones. I know there was some arrangement made by which we were to receive, as early as possible, a communication in answer to that letter.

13807. Mr. Chapleau also said, if I remember rightly, that he was asked to ascertain from the Secretary of the Department what the substance of the answer was, and to communicate directly with you by telegraph; and he did so: does that refresh your memory?—Was that directed to me, or to Andrews, Jones & Co.?

13808. I am not exactly sure what he said, but I will read from his evidence:—

Chapleau's account.

On the 26th of February, Andrews, Jones & Co. were informed that their tender was accepted for section B, and a stated time was given them to deposit the required 5 per cent. security. Mr. Smith immediately left for New York. I may as well here state that, previous to his leaving for New York, he sent for me, and asked me to inform him of the decision that the Government should arrive at in the matter of the application which he had made for an extension of time to put up that 5 per cent. security. He asked me if I would ascertain whether the time was extended or not, and telegraph him. Accordingly, two days after I telegraphed him that his application had been refused. He left on the 26th, at night, and it was on the 28th I telegraphed to him.

Chapleau telegraphed on the 28th, that application for extension of time had been refused.

—My recollection would be the same: that it is the same. Mr. Jones and I have every telegram that was sent in connection with the matter, but I have not got them with me. When I say myself, either myself or Mr. Jones hold the telegrams that were sent. It may be correct, however. If it is, why it has slipped my memory.

Does not remember whether the telegram was addressed to him.

13809. You do not remember now that the communication from Chapleau was directed to you: is that what you mean?—I do not remember. The majority of them, I think, were directed to Andrews, Jones & Co.; there may have been a special one sent to me, but I do not remember at this time, for I have forgotten.

13810. As I understand, the completing of this contract with the firm of Andrews, Jones & Co. depended upon your being willing and able to furnish the necessary deposit?—Yes.

The person who was to raise part of the security refused after hearing witness's statement.

13811. And you left Ottawa with the view of doing so, or of discussing when you got to New York whether it would be advisable to do so: which do you mean?—I left Ottawa with the view of doing so, if the party who was to aid in furnishing the funds agreed with me, and it was practicable to raise the money in that short time. I think I might as well state here that the party who was to raise part of the funds refused after hearing my statement. I gave him a full statement and told him that it was then February and spring was soon coming on, and the difficulties of transportation of men and supplies to this remote country; and when the ice went out—I had

**Tendering—
Contract No. 42.**

been informed by them, I had never been there—that it was very difficult to get there, almost impossible; and after hearing my statement he refused, utterly refused, to have anything to do with it. I still would then have gone in, but the time was so short that I had not time even to make an application to any other party to furnish the other part of the money. Mr. Jones and I both endeavoured to persuade another party, but the time was too limited.

*Time too limited
to get another
person to aid.*

13812. Could you say how soon after you left Ottawa it was that you informed this gentleman with whom you first discussed the subject, and when he refused to put up the deposit?—I left Ottawa at ten o'clock, my recollection is, at night, and I think we arrived in New York next evening, but too late for business hours, and it was the following morning that we arrived.

13813. The morning of the 28th would it be?—We left on the evening of the 26th, and that would be on the morning of the 28th.

13814. Was it at that same interview that he decided not to put up the money?—It was at that same interview, after receiving the despatch in answer to our request for longer time. We were then—I may state right here—we were having an interview at the time that the despatch came and was brought in.

13815. Was the decision, as you understand it, from this gentleman that he would not put up the required money because it was not a safe transaction, or because the time was too short?—I think with him it would have been from my statement to him that he made up his mind that it was not a very safe transaction.

13816. Did you part with him at that time with the understanding, as far as you know, that although the time might be extended, that he would still not put up the money?—After we had got the answer. We had got the answer before we parted; but I do not think he would have put up the money under any circumstances whatever.

*The original
party having
heard witness's
statement would
not have put up
the money under
any circum-
stances.*

13817. I understood you to say just now that it appeared a hopeless case to persuade him, and that you and your friends, Andrews, and Jones, were looking about for some other person to put up the money?—Yes.

13818. Would that have happened if he was willing to put up the money in case the time was extended?—I say, and think still, he would not have put up the money.

13819. Have you any doubts yourself about it?—We might have persuaded him, but I do not think so; I may say that I am nearly positive that he would not have been persuaded to do so.

13820. Would you have tried to persuade any one else, since there was no hope of persuading him?—No; I would not.

*Witness would
not have tried to
persuade any one
else.*

13821. Would you explain more fully the difficulty which you communicated to this gentleman about the time—I mean the breaking up of winter and of ice, and how that affected the transaction?—I told him that from parties that I had met that were acquainted with the country here, I had gained information that in the month of March—some time in the month of March—the ice on the lakes and rivers broke up; as that country was made up of inlets of water extending into the land impossible to cross, that there was points where it was almost utterly impossible to get across, and that to transport the freight across, which

*The breaking up
of the winter
what deterred the
party in New
York.*

**Tendering—
Contract No. 42.**

would be necessary to carry on the work—supplies for the work and plant—and that I had understood that it would be late in the summer before we would be able to get in our supplies, unless taken in the winter time and carried across ice, which was the information I received here from parties.

Looking at the time of year contract should have been let as quickly as possible.

Everything depended on getting the supplies in.

13822. Then from that information, in your judgment, for practicable purposes was it desirable that the contract should be let as quickly as possible, or that the time should have been extended?—I think that it should have been let as quickly as possible. I do not see any reason why it should not. In fact, if I had been going to do the work it would have been better to have let it a month before, for everything depended upon getting the supplies in.

13823. Do you mean that, in your opinion, it was late then in the season for letting the contract to advantage?—I mean that it was too late, although not perhaps too late, but they could not have got in supplies; but there ought to have been more time to get in supplies and plant for carrying on a work so large as that.

Would have been more advantageous to have let the work earlier.

13824. You mean that it would have been more advantageous to have let the work earlier?—Yes.

13825. For practical purposes?—Yes, for practical purposes; as far as getting in supplies and plant.

No further attempt made to get money.

13826. After you had parted with your friend in New York on the 28th, did you make any further attempt to procure money advanced by any one else?—I think not. I think that after that Mr. Jones and myself finally gave up. I think there was no attempt made.

13827. Do you remember whether there was any communication to you from Mr. Chapleau to reconsider that decision?—I think there was.

Chapleau wrote saying it would be better to reconsider decision and put up the money.

13828. Can you give the substance of his communication?—I think he wrote to me—I am not sure; but I think he wrote to me stating that the Government would give additional time, and that he wished I would reconsider my—that he thought it would be better for me to reconsider our decision and put up the money.

13829. What was your answer?—I answered that we had made up our minds not to do anything with it.

Decided not.

13830. Do you mean that you had finally concluded that even if the time had been extended, it was not a desirable transaction?—We had decided then to give up, partially from the fact that my friend who was joining me in this transaction in furnishing the money had decided that he did not think it was advisable, and I listened to him to a certain extent.

13831. Judging from Mr. Chapleau's evidence, his recollection is that that was communicated to you by telegraph, and that it was the information that \$50,000 had been deposited on your account?—Yes.

13832. Do you remember any such communication as that?—I think there was a communication that deposit was made by a party, that Mr. Jones had agreed to give a certain interest to for furnishing a certain part. We were to furnish, I should have stated, a certain part of this 5 per cent.

Tendering—
Contract No. 42.

13833. Who was to furnish the balance?—It was found that it was necessary. I believe he was to make arrangements with some Canadians here to furnish the balance and to have an interest. The arrangement, I do not think, was ever fully perfected, but I do not know.

13834. Upon the question of this communication, do you remember that you were informed that a portion of the deposit had been provided, and for that and other reasons you had better reconsider your decision to give up the matter?—I think that is so, although I am not positive; but I think that is so. It is some time since, and I could not say positively that there was such a communication, but I think there was such a communication. I do not think; perhaps it was sent to me; it may have been sent to Andrews, Jones & Co., or it may have been sent to me.

Thinks he was informed that a portion of the deposit had been provided.

13835. After the 28th, upon which you say you had this first discussion with your friend, did you ever make any further attempt to carry out the tender?—I think not.

Made no further effort to carry out tender.

13836. Or to complete the contract?—No, I think not.

13837. Do you know whether any person made any deposit on account of your firm?—No; I do not know.

13838. Do you know whether any authority was given to any one to make a deposit?—As at that time I was not a member—

13839. I speak of the firm of Messrs. Andrews, Jones & Co.?—No; I do not know whether there was any deposit made or not. I have no knowledge of my own in regard to it.

13840. There is a letter of March 5, 1879; please look at it (handing it to the witness) and say in whose handwriting it is if you know?—Will you be so kind as to give me one of Mr. Jones' to look at?

13841. Could you not say without comparing it with another of Mr. Jones' letters (handing another letter, which witness looks at)?—No, I could not. I should say that that was not Mr. Jones' writing. I do not think it is.

13842. Do you know whose it is?—I do not know.

13843. It is dated on March 5th; are you aware whether Mr. Jones was in Ottawa at that time?—March 5th: no, he was not here then.

13844. That would be some weeks after the day on which you say you and he were discussing with your friend the propriety of going into the contract. There is another letter of March 3rd; please look at it and say if you know whose writing it is (handing the letter)?—No, I do not. I have no knowledge of the writing whatever.

13845. Was Mr. Jones here at that time?—He was not to my recollection. I think after leaving here he did not come back at all.

13846. Where does the other member of the firm live—Mr. Andrews?—In Brooklyn, New York.

13847. Do you know whether he was up here on the 3rd or 5th March?—No, he was not. He was never up here on this business.

13848. What would you say about those letters signed on the 3rd of March and 5th March respectively—Andrews, Jones & Co.; were they signed by any member of the firm do you think?—I could not say. I know that is not Mr. Andrews' writing.

Does not recognize handwriting of letters purporting to come from Andrews, Jones & Co.

**Tendering—
Contract No. 42.**

13849. Is it Mr. Jones' ?—It is not Mr. Jones'.

13850. Is it yours ?—No, it is not mine.

13851. Was there any other person authorized to sign the name of the firm ?—There may have been.

13852. Do you know if there was ?—I think Mr. Jones made arrangements with some other parties to come in, as they stated there was a feeling against our being an exclusively American concern, and I think he had made arrangements with two or three other parties to come in. What that arrangement was I could not now say, but this letter of the 5th March is not Mr. Jones' writing, neither should I say that the letter of the 3rd March is his writing.

There were persons from the western part of the Dominion whom it was proposed to take in.

13853. Do you say that Mr. Jones arranged when he was here that there should be other members of the firm who were to join, and that you do not know who they were ?—I was to join on certain conditions, on furnishing—if my recollection is right—one-half of the money—\$100,000 more or less—one-half of the 5 per cent., and there were other parties that he used to talk with, discussing this matter with, from the western part of Canada. What arrangement he definitely made with them I could not say.

13854. Had he the privilege of bringing any persons into the firm without your consenting to them—I mean without your knowing who they were, or consenting to the particular individuals coming in ?—Of course at that time I was not a member of the firm, and he could even shut me out if he chose.

13855. By the arrangement that he made had he that option ?—The arrangement that was made was made just previous to my leaving to go to New York. He had made some arrangements with those parties previous to that I think. He told me that there were two or three Canadians that he intended to have brought into the firm in order to obviate the difficulty, so that it could not be said to be purely an American firm.

Some talk that Morse, Nicholson & Marpole were to become members of firm.

13856. Was it arranged, so far as you know, that any of the persons who had lower tenders and had not complied with the conditions were to become partners of your firm—for instance, was Morse to be a partner, as far as you know ?—I could not say that Morse was, that it was definitely arranged. There was a talk that Morse and a man named Nicholson, and there was another party that I forget. I disremember.

13857. Marpole ?—It may have been Marpole, but I disremember.

Witness understood that Morse & Co. would not take their contract at any price.

13858. Did you understand from Mr. Jones that there was a possibility of these persons who had not complied with these conditions, still being interested in the contract at the higher price ?—No; I understood that they would not take their contract at any price.

13859. Who would not take it ?—That Morse & Co. would not take their contract at any price.

13860. Did you understand that they were to take a higher price contract or any interest in it ?—Nicholson told me that if he had got both sections that he bid for, A and B, he was willing to take them. That they had given A to another party, and that was a section where he had an advantage in, and B was awarded to him; but I do not think there was any arrangement made with Nicholson on account of

Tendering—
Contract No. 42.

his bid. I think he would never have signed his contract, and could not have signed his contract.

13861. Mr. McDonald, who afterwards became interested in the contract, mentioned in his evidence at Winnipeg that it was by the efforts of one of the lowest tenderers who had not complied with the conditions that those deposits were put up, and it was an attempt on their part to get an interest in the same contract at a higher price than their own tender: do you think that is what led to this deposit—I wish to know whether you are aware of any such arrangement or any thing in that direction?—I am not aware of any such arrangement. Mr. Jones stated to me his object was in taking them in that he wanted to add two Canadians to the firm so as it should not be called exclusively an American concern.

Jones' object in taking Morse & Co. in was to give a Canadian element to the firm

13862. Will you please state what took place, either in any personal interview or in any communication between you and Mr. Chapleau, upon the subject of your not completing this tender or putting up the deposit required?—Well, I had various talks with Mr. Chapleau while I was here. I had known Mr. Chapleau for many years, and perhaps had known him very much longer than any one in Canada, and when I came here he used to come and call on me, and when he was in New York I used to call at the hotel and see him, and he even came to my house, and consequently he took more interest, I suppose, in advising me in these matters. He had a conversation with me in regard to section B—had various conversations—from the time I came here with Andrews or with Jones, and he seemed to think that it was a very excellent contract, and said to me that he would like to have me to come here and get hold of this work; perhaps I might get hold of something more to do afterwards. And previous to leaving to go to New York he came to me and said he thought I would make a mistake if I did not hurry up. He thought that I ought to telegraph to have my partners ready to put up the security.

Relations with Chapleau.

Witness states what took place between him and Chapleau.

Chapleau told him that the contract was an excellent contract.

13863. When do you say he told you that?—Previously going to New York.

13864. While you were in Ottawa?—Yes, while I was in Ottawa, and I explained that I had to see this gentleman who was furnishing the money, and it would not do to telegraph without first seeing him and making an explanation.

13865. Was that all that took place between you and him on the subject before you left for New York?—That is all I remember.

13866. After you left for New York what took place?—After I left for New York he may have sent this telegram that is spoken of. He may have sent it to me or to Andrews, Jones & Co., I could not say.

13867. You mean the one in which he advised you to reconsider your decision?—Yes; the one he says to reconsider my decision.

Chapleau telegraphed to reconsider decision not to take the contract.

13868. Did he not see you in New York on the subject?—I think he did some time afterwards. It is so long after I have forgotten, but I think it must have been a week, or two or three weeks, afterwards when he came to New York. It may not have been so long.

13869. What took place between you at New York on this subject?—I do not recollect of anything now, Sir. I could not state. I think that I stated that the time being short, and the same reasons that I gave

Does not recollect what took place between himself and Chapleau.

**Tendering—
Contract No. 42.
Relations with
Chapleau.**

Thinks he gave same reasons as before against accepting contract

Chapleau never by word or act tried to induce witness not to complete contract.

Never any talk of Chapleau becoming interested as a partner.

before—that the spring was coming on and the ice going out, a difficulty of getting in supplies, &c., was one of our reasons, as well as the shortness of time for the procuring of the money. I do not recollect of anything else.

13870. Did he ever, by his conduct or his language, induce you or endeavour to induce you not to complete the contract?—Never, never.

13871. Could you remember the time more nearly than you have described that he saw you in New York?—I could not. I could not state—I know he came down shortly after. I think he came down, if I recollect right, after writing us the letter that the time would be extended, in writing or telegraphing to Mr. Jones or myself. I could not recollect now whether it was a letter or a telegram, I think it was shortly after that.

13872. Was there ever any talk between you and him or between Mr. Jones and him as far as you know, of his becoming interested as a partner in the transaction?—Never; I may add that he never insinuated to me or hinted that he wanted an interest or that he wanted money from me in any way. That what he had done I took to be from pure friendship and nothing else.

13873. Is there any other matter connected with this section B, or with Mr. Chapleau's interviews with you, which you could explain by way of evidence?—Connected with section B at the present time?

13874. Or with Mr. Chapleau's position?—There is nothing; I may just know the parties and that is all. There is nothing further that I could say in regard to it.

13875. Have you been interested in any other transaction connected with the Pacific Railway?—I became interested later with Mr. Ripley, who was a former partner of mine and is a partner to-day, who at that time—I think it was in the month of June or July, 1879—became connected with me in the building of the Georgian Bay Branch which he had bargained for with Heney, Charlebois & Flood.

13876. *The Chairman*:—As Mr. Chapleau is in the room I would like to say to you, Mr. Chapleau, if I have omitted any questions which you think would bring out anything on the matter in which you are interested, I would be glad to know so that I might consider whether it is proper to ask them.

13877. *Mr. Chapleau*:—I should like to have you ask Mr. Smith if there was not a conversation between us to the effect that if he took the contract I was to leave the Government and take an active part with him—that is, to be employed by his firm in taking charge of transportation, for instance, supplies, &c.

By the Chairman:—

Does not remember any conversation to the effect that if Andrews, Jones & Co. took contract Chapleau was to leave Government and take an active part.

13878. Do you remember, witness, whether at any time it was proposed by yourself or any one interested in Andrews, Jones & Co.'s firm, that if they obtained this contract Mr. Chapleau should take some position in the business either as partner or as one employed for the firm, or in any other way in the managing of parties or in transporting provisions?—There may have been such an arrangement, but I disremember; it has been some time since, and there may have been such an arrangement, but I have not—

13879. Did you know him at the time of the American war?—Yes; I have known him for a long time.

13880. Did you know him intimately?—Not to say intimately, but we have known each other ever since however.

13881. Were you aware of his management during that time of bodies of men or transport of materials or anything of that kind?—I was only aware from other officers who came more closely in contact with him than myself.

13882. And from that information how were you impressed upon that subject?—I have always held him in high esteem.

13883. I mean in these particular branches?—I should consider him a man entirely capable of any undertaking of that kind.

13884. Having that opinion, is your memory at all refreshed upon the subject as to whether you suggested at any time that he might be connected with this work in any way?—My memory is, as I stated before, not clear upon the subject. It may have been so.

13885. Do you remember that it was so?—No, I do not. I could not state positively.

13886. *The Chairman*:—Is there any other question, Mr. Chapleau, which you consider should be asked?

13887. *Mr. Chapleau*:—No.

By the Chairman:—

13888. Returning to the Georgian Bay Branch matter, will you please state in what capacity you first became interested in the transaction?—I became interested with Mr. Ripley at a late day, perhaps not more than two or three months previous to the closing of the works. He came to me and said that the concern that he was with—Charlebois & Co.—had not sufficient means to carry on the work, and asked me to join him.

13889. Do you say Mr. Ripley?—Yes; Mr. Ripley.

13890. How was Mr. Ripley interested in the matter?—He became interested with Heney, Charlebois & Flood—bought an interest in the firm.

13891. Do you know whether he was one of the original contractors?—He was not.

13892. Was it by substitution that he became a partner, or was it an addition to the original firm?—I think it was an addition, but I am not certain.

13893. Do you know, personally, whether he was recognized by the Government, or is it only from some one else's statement?—The only knowledge I have is from what he told me. I told him at the time that before I went in I wanted him to come to Ottawa, and to see if the Government would have any objections to our buying out these parties, or buying out a portion of their interest. He informed me that he came and saw Mr. Trudeau and had a conversation with him in regard to it, and said that the Minister being away at that time he saw the Deputy, and stated that Mr. Trudeau said that it had been the policy of the Government to strengthen at any time, and that the Government

**Tendering—
Contract No. 42.
Relations with
Chapleau.**

**Witness ac-
quainted with
Chapleau a long
time.**

**Aware of Chap-
leau's manage-
ment of large
bodies of men
and experience in
transport of
materials only
by hearsay.**

**Would consider
Chapleau capable
of such duties.**

**Georgian Bay
Branch—
Contract No. 37.
Two or three
months before
works were closed
became in-
terested with
Charlebois & Co.**

**Trudeau said the
Government had
no objection to
any addition to a
firm which
brought it
strength.**

**Georgian Bay
Branch—
Contract No. 37.**

had no objections to add to the firm, if it gave a greater strength, and it was upon that representation that I went in.

13894. Do you mean that Mr. Ripley went in?—It was on that representation that I went in. I joined him; he was already in.

**Negotiated only
with Ripley.**

13895. Did you negotiate with Heney and Charlebois or only with Ripley, as to your going in?—Only with Ripley.

13896. Did you understand that he was negotiating on account of the whole firm, or only for his own interest?—He was negotiating, I think, on account of the whole firm, although I think there was a certain reservation made that Charlebois reserved a certain interest which Ripley was to give him if he went out, which we have since paid since the work stopped.

13897. Are you still connected with Ripley?—I am.

13898. Is any one else now interested with you and Ripley?—No.

**Witness and
Ripley represent
the whole firm
now.**

13899. You claim to represent the whole firm as it originally stood, and with the addition of Ripley?—Yes; we have an assignment of their entire interest which we got since the stoppage of the work.

13900. The contract was not carried on to its fulfilment?—No.

**Reasons for
stopping work.**

13901. Why not?—We were informed by the engineer that the policy of the Government had changed, that they did not intend to build the branch, but intended to build the road north of Lake Nipissing.

13902. Was that by writing that intimation?—No; I do not think that was in writing, but we had a notice. Our notice to suspend was in writing. I do not think there was any cause given—any reason given—why they suspended.

13903. Have you any claims against the Government on account of this stoppage of the work?—Yes, I have.

**Claim against
Government:
nature of.**

13904. What is the nature of the claim?—The claim is for work performed, for tramways, building docks, building and clearing the entire line through wooded country, and also for all the moneys that we have expended and a reasonable profit for the suspension of the work.

13905. You mean a reasonable profit on the balance of the work, if it had been completed?—Yes, if it had been completed.

13906. When you say for work done, do you mean work done under the contract or work done when preparing for the fulfilment of the contract?—A portion of it had been done under the contract—I think, from memory, \$30,000 or \$35,000—perhaps more than that had been done under the contract, may be \$40,000. The balance was for plant which we put there, which was lost largely; and for loss of tools, loss of flour and food—and a large amount of flour and bacon, and supplies for our men that had been carried into the country and dragged up French River, that had to be brought back; which really netted us very little—and I should have said horses and cattle that we had to bring back. We had bought them, and had to bring them back, and sold them at a nominal sum.

**Furnished Gov-
ernment with
general but not a
detailed state-
ment of claim.**

13907. Have you furnished the Government with a detailed statement of the particulars of this claim?—I am not sure that we have. I do not think we have. We did with a general statement, I think, but not a detailed statement.

Georgian Bay
Branch—
Contract No. 37.

13908. Has the claim been acceded to, or do you know whether they have refused to entertain it?—I do not think they have acceded or refused. I have had several talks with Sir Charles Tupper, and he has always stated that he was willing to do what is right in the matter, although we have never been able to arrive at what that would be.

13909. Have you a personal knowledge of what was done and of the foundation of this claim, or is it from persons whom you employed that you got this information?—I have a personal knowledge from my books, and from being on the work part of the time myself; but from my books. We have cash vouchers for all the money, and also from furnishing the money. There has been many bills paid since I have looked at the books, but the last time that I remember we had paid over \$100,000—considerably over \$100,000—in money, that we have cash vouchers for. Paid over \$100,000
on work.

13910. I understand that your claim is composed of two branches: one for actual outlay and loss, and another for contemplated profits, if the rest of the work had been done?—That is the fact. Claim bifurcated:
(1) actual outlay
and loss; (2) con-
templated profits.

13911. But you have not furnished particulars of these different items?—The Government have never been ready to receive them that way. I do not know but they were ever placed in your hands, Mr. Macdougall (turning to Hon. William Macdougall, who was sitting behind him).

13912. As to the branch for the outlay, can you say in round numbers the amount which you have actually expended, and which will be lost to you in consequence of the suspension of the work?—I could not state the exact amount, but I can state positively that it exceeds \$100,000—I am speaking of the outlay we have made—the loss we have actually sustained.

13913. I am asking for the outlay alone, not speaking of the contemplated profits?—It is over \$100,000. Outlay over
\$100,000.

13914. It may be literally within the scope of our enquiry to hear evidence upon this subject, but I have a grave doubt whether we should finally pass upon it, and while we have no objection to receive evidence, we wish to say that for the present we do not feel authorized to give any conclusive report on such a claim even if we heard much fuller evidence than you have offered to day: taking that into consideration, do you wish to go further into the particulars or substance of your claim in this matter?—Nothing further than to say that we have cash vouchers for all the money that we have expended. We can show besides a voucher for each and every dollar that we have expended.

13915. If it should be hereafter decided by the Governor General that claims of this kind ought to be finally investigated by us, we will have to give parties further notice, in order that both sides may be represented, and witnesses examined and cross-examined from the interest of the different parties; so that if it should happen that we ever take up the claim with the view of deciding it, you will get further notice on the subject. When you speak of \$100,000, do you mean that it is the balance unsettled—that you have received nothing on account of that \$100,000?—We have got nothing on account of that \$100,000.

13916. You consider that you have a claim for that amount expended?—Over that amount. I could not say exactly the amount, but

Georgian Bay**Branch—****Contract No. 37.**

it runs over \$100,000. If you should conclude to take this matter up, Mr. Macdougall is my attorney, and through him any notice could be given in which we would appear at any time, and bring books and vouchers to substantiate our claim.

13917. That will save us the trouble of communicating with you at New York?—Yes.

**Tendering—
Contract No. 61,
B.C.****Had an interest
with Ryan &
Goodwin.**

13918. That will be recorded. Is there any other matter connected with the Pacific Railway in which you have been interested?—I had an interest in section B of the Canadian Pacific Railway, and also in British Columbia, in connection with Mr. Goodwin—Mr. James Goodwin, of Ottawa—and Mr. Ryan.

13919. Was this firm one of the tendering firms for the work?—It was.

13920. Do you know whether the tender was the lowest for that particular work?—It was the lowest.

13921. Was the contract signed by this firm as originally constituted?—I think it was. It was signed by Mr. Goodwin on my part; I left him a power of attorney.

13922. Have you remained interested in it?—No; I am not interested in it at present.

13923. Has the Government assented to any transfer of your interest?—I have no knowledge upon that subject, as I left the matter entirely in Mr. Goodwin's hands after leaving here.

13924. Do you understand from your partner that it has been concluded by arrangement with the Government?—I understood that it was satisfactory to the Government.

13925. And that your interest has been parted with?—Our interest has been parted with.

**Interest passed to
Onderdonk.**

13926. To whom?—To Andrew Onderdonk. I think he is from San Francisco.

13927. Did you negotiate with him directly yourself, or was it done through some one else?—It was done through myself, James Goodwin and Mr. Ryan. We were all together at the time the negotiation took place. The final concluding writings was done, I think, by Mr. Goodwin and Mr. Ryan, I leaving power of attorney. Having to leave and go to New York, I left a power of attorney with Mr. Goodwin for the fixing up and signing of some papers. What they were I do not remember.

13928. Was there any consideration given to your firm for this transfer?—There was a certain consideration.

13929. What consideration?—Well, I should rather ask to be excused from answering that. It was a private matter between Onderdonk and myself, and he might think I was violating his confidence.

13930. I do not think we are at liberty to excuse you after having undertaken the duty which we have under our Commission, namely to investigate into all matters connected with the Pacific Railway; our authority on this point is a subject which we have given serious consideration, because we were aware that such an objection as this of yours might arise. I can only say, speaking for the Commission, that we feel it our duty to ask the question, and that we think it proper

to press it?—Under the circumstances I shall, of course, answer. We each one—that is Mr. Ryan, Mr. Goodwin and myself—had each one-third, and I received thirty-three thousand odd hundred dollars for my part.

13931. That would be equivalent to \$100,000 for the whole interest?—Which I divided with my partner, that is my present partner, Mr. Ripley.

13932. Do you mean that is, as far as your interest is concerned, that it was disposed of on the basis of the whole contract being worth \$100,000?—I wish to correct that. I did not receive the full 33½ per cent. of the \$100,000, but something like \$31,000.

Tendering—
Contract No. 61,
B.C.
Ryan, Goodwin &
Smith had each
one-third of con-
sideration; wit-
ness receiving
\$83,000 odd.

Corrects himself:
what he receiv-
ed was
one-third of a
\$100,000 less \$1,500.

13933. It was less \$1,500, was it not?—Yes; the 33½ less \$1,500.

13934. Did you take any part in making the tender, or arriving at the prices named?—I did.

13935. Was it from personal knowledge that you arrived at these prices, or had you any extraneous information on the subject?—The knowledge that I got came from engineers who had been on the survey there, and the character of the ground—that is the character of the material and the difficulties to be overcome.

13936. Had you any reason at all to think that other person's tenders upon the same subject were higher than the tender you were making at the time?—No; I had no knowledge of any tender excepting our own.

13937. Had you any information, directly or indirectly, upon the subject?—No information whatever.

No information
as to character of
tenders until
after they were in.

13938. I mean as to the tenders which had been put into the Department?—Never, until after the tenders were in.

13939. I mean up to the time that you put in your tender?—No.

13940. Did you get any information on that subject from any of your partners—I mean as to the contents of other tenders?—No; I had no knowledge from any one. In fact, I am not aware that they had.

13941. This \$100,000, the nominal price for the interest of all the partners in that contract, was reduced by \$4,500, was it?—Yes.

The \$100,000 re-
duced by \$4,500
which was given
to one of the
partners.

13942. For what purpose was that \$4,500 taken out?—It was given to one of the partners. One of the partners insisted upon not selling out.

13943. And it was a bonus to him?—It was a bonus to him. He insisted upon not selling out.

13944. It was not for assistance received from any one in the Department?—No; it was not. One of the parties insisted on not selling out, and the others of us agreed to give him more in order to get him to sell out.

13945. There are rumours in this country that information has been improperly obtained from the Department, and it is our duty to ascertain whether such was the case or not?—Well, we have a good many rumours of the same kind in our country too.

Tendering—
Contract No. 61,
B.C.

Aware of no im-
proper influence
to assist his firm.

13946. Are you aware of any promise given, or any money paid, or any advantage bestowed upon any person connected with the Department to assist your firm, or any of them, in obtaining this contract?—No; I am not.

13947. Are you aware of any Member of Parliament, Minister of the Crown, or otherwise, getting any advantage or any promise upon this subject?—No.

13948. Do you remember about the amount of the gross price upon the estimated work of that contract?—You mean the total?

13949. Yes?—I forget now. I could not state; but it seems to me that it is—I will not attempt to state it because I should make a mistake, and it would be useless for me to do it.

Total amount of
contract \$3,017,180

Expected to get
all the sections.

13950. I may mention, for your information, that the Blue Book gives it at \$3,017,180 : do you know whether that will refresh your memory at all on the subject?—Yes; that is about it as I recollect. I should like to state here, in justification for the selling of this, at the time that we put in the bid we expected to get the other sections; that was our intention—to get them altogether. When we found we had but one section we found that it would be disadvantageous to us to do that one section and other parties doing other sections, as there would be conflict in labour between the different contractors on these three different divisions, or four, and the same arrangements would have to be made for carrying out supplies and carrying out men for one section that would have to be made for all of the sections. While it would not pay three or four men, it would pay one man to carry on this work, and have the entire thing very much better.

13951. You make use of the word justification : the Commissioners do not intend to suggest that it requires any defence, or that it is wrong to sell a contract fairly obtained?—I would like to have it struck out, and to say by way of explanation—

13952. This wish is recorded, and that will probably answer the same purpose : is there any other matter connected with this contract in British Columbia that you think proper to give by way of evidence?—There is nothing further of interest that I know of.

13953. Were you interested in any of the other contracts in British Columbia, which were obtained in the names of other persons?—No; I was not.

13954. You mentioned the principal reason for parting with this interest, that you had been disappointed in not getting more of the contracts : have you ever considered the effect of having several of those contracts, as to the general cost—I mean having two, or three, or more—would it decrease your expenditure by any particular percentage for instance?—It would very largely.

Underdonek by
having the whole
work could save
enough in work-
ing expenses to
enable him to pay
what he did each
of the contractors

13955. Then, as a consequence of that, would the effect be, that if Mr. Underdonek got several of them he could afford to pay any individual contractor as much as he did pay, and still save that much upon the whole?—He could, as far as I know.

13956. I mean reasoning upon the premises which you have described?—Yes.

13957. According to that idea, it would be better always for the Government to let longer portions of the line than shorter ones : is that

your theory?—That is my theory; where they have responsible parties I think it is very much better, and I think it is to the interest of the Government. I merely give it as an opinion; but I give it as an opinion that the Government are better off to have this work, that we are now speaking of, in the hands of one party, than they would be to have it in the hands of several. Railroad corporations are coming at the present time to that. They find that they cannot go on letting small contracts; it brings a conflict with labour. One man will hold labour at one price, and another at another, and the consequence is that before they are through it costs them a great deal more than to let it to one responsible party.

**Tendering—
Contract No. 61,
B.C.**

The Government better off with this work in the hands of one party than they would be with it in several hands.

Concentration saves in the cost of labour.

13958. Would it not make a material difference also in the expense of machinery and implements; the same amount of machinery and implements necessary for a single contract being equal to the needs of a longer piece of work?—It would; machinery is often removed from one section to another. We often take our steam shovel or steam drills from one place and remove it to another, and where a man has a large amount of rock or earth to remove by machinery, it is a great advantage to him to have a place to set his machinery at work, when he is done at one point, and keep it employed.

And economises machinery.

13959. Have you been interested in any other work connected with the Canadian Pacific Railway?—No.

13960. Have you been interested in any railway works in any other country?—I have.

Has had experience outside Canada.

13961. Are those opinions which you have given us, upon the practical result of letting longer or shorter portions, based upon your experience derived from those works?—They are from my practical experience on railways. I have been contracting and railwaying for over thirty years; I am to-day building about 300 miles of road, 200 in State of New York and 100 in Connecticut.

The above opinions based on his experience.

13962. Is there anything else connected with the Canadian Pacific Railway which you think proper to give by way of evidence?—There is nothing else.

13963. *Hon. Wm. Macdougall*:—I would like you, Mr. Chairman, to ask the witness, as he has mentioned my name in connection with him as his attorney, to ask him whether I have any relation to him in his tenders.

By the Chairman:—

13964. You have mentioned Mr. Macdougall's name as attorney to whom notice should be given in case a further investigation is had upon the subject of your claim: will you say whether you have had any dealings with him in connection with those tenders which you have made, or whether you derived through him any information on those subjects in connection with any of those tenders?—No, never. I have never derived any information from him or paid him money, except as attorney. He has always told me that in case the Georgian Bay Branch matter came before Parliament he, being a Member of Parliament, should have to withdraw from the suit; but in case it went before the Court, of course it was then another matter, and he could then act as my attorney.

Hon. Wm. Macdougall connected with witness only professionally.

**Tendering—
Contract No. 61,
B.C.**

Hon. Wm. Macdougall used no influence for witness and was wholly unacquainted with his tenders.

13965. Has he exercised any influence, as far as you know, in his capacity as Member of Parliament on account of your claim, or in any other of those matters that you have been speaking of?—Never to my knowledge.

13966. *Hon. Mr. Macdougall* :—I would wish to get his answer more distinct with regard to the British Columbia matter, that really I was not in his secrets at all, although I was his attorney and adviser on the other matter.

13967. *The Chairman (to witness)* :—Was Mr. Macdougall aware of your doings in connection with the British Columbia tenders?—He knew nothing about our tender. I suppose he knew, perhaps, that we were going to bid. He knew I was here for that purpose, but he had no knowledge whatever of the transactions between Goodwin, Ryan, myself and the Government.

13968. Did he take any part in assisting you in your tender either generally or particularly?—He did not.

13969. Did you say there was nothing else that you could give by way of evidence?—There is nothing else that I think of.

13970. *The Chairman* :—Before adjourning I wish to say that on Friday last the hearing of evidence was then formally postponed until Monday morning; but inasmuch as the witness just examined appeared in the city, and wished to go away this evening, we thought it better to hear him to day, rather than to ask him to wait until Monday, particularly as we were not sure of our power to detain him.

OTTAWA, Monday, 8th November, 1880.

TRUDEAU.

TOUSSAINT TRUDEAU'S examination continued :

**Transportation
of rails—
Contract No. 34.**

By the Chairman :—

13971. Have you the papers now concerning contract 34, so as to give as any explanation of it?—Yes.

13972. What is the subject of the contract?—It is the transportation of rails, fish-plates and bolts from Kingston to St. Boniface.

13973. Was it let by public competition?—Yes.

13974. Have you the advertisement and any report upon the tenders?—Yes; I produce it. (Exhibit No. 154.)

13975. Have you the contract or a copy of it?—Yes; I produce it. (Exhibit No. 155.)

13976. There appears to be a change in the form of advertisement asking for tenders: can you explain that and the reason of it?—In the first advertisement dated 24th February, 1878, the time of delivery in Winnipeg was fixed at the 15th July. This advertisement was cancelled and replaced by another in March, fixing the time of delivery for the 2,500 tons by the 1st of August, and the balance on the 15th September, 1878.

13977. The time for receiving tenders was not altered by this change of advertisement was it?—No.

Let by public competition.

13978. In the description of this contract in Mr. Fleming's special report of 1879 appears an item of transportation from Fort William: is that included in the advertisement for tenders or in the contract?—It is neither in the advertisement nor in the contract.

**Transportation
of Rails—
Contract No. 34.**

Transportation from Fort William improperly placed in Fleming's description of this contract; Report 1879.

13979. Then it is improperly described, as forming a portion of this contract, in Mr. Fleming's report?—Yes.

13980. Was that work performed from Fort William?—Yes.

13981. By whom?—By the same company who performed contract 34—the North-West Transportation Co.

**Transportation
from Fort
William let with-
out public com-
petition.**

13982. Was that work let by public competition?—No.

13983. How was the arrangement arrived at?—I shall search for the papers and produce them on some other occasion.

13984. Do you know whether there was any written agreement on the subject?—There were some letters.

13985. Has contract 34 for the transportation from Kingston been fulfilled?—Yes.

13986. Has there been any dispute on the subject?—No.

13987. What is the next contract?—Contract No. 35, with Cooper, Fairman & Co., for the supply of railway spikes delivered on the wharves at Fort William and Duluth.

**Railway
Spikes—
Contract No. 35.
Cooper, Fair-
man & Co.**

13988. Have you the advertisement and any report upon the tenders?—Yes; I produce it. (Exhibit No. 156.)

13989. Have you the contract?—Yes; I produce it. (Exhibit No. 157.)

13990. Does the question of duty enter into consideration at all in deciding upon these tenders?—Yes.

13991. In what way?—Parties from the United States when they send in goods pay the duty.

13992. The tender which was accepted was the lowest was it not?—Yes.

**Tender accepted
the lowest.**

13993. Everything considered?—Yes.

13994. Was there any duty upon these articles coming from England at that time?—Spikes coming from England. Yes.

13995. Did these articles come from England under this contract?—No.

13996. Where were they made?—At Montreal.

**The spikes made
at Montreal.**

13997. Then they paid no duty of course?—No.

13998. Could you have obtained the same articles at a lower price from other persons tendering if no duty had been collected?—Yes.

13999. How much less would those articles have cost if furnished by any other tenderers without paying duty—by the lowest of the other tenderers?—There was one tender from Dreworth, Porter & Co., for spikes delivered at Duluth within the United States at the rate of \$48.16; and one from Dana & Co., also delivered at Duluth, at the rate of \$48.86 per ton.

14000. And what was the contract price to Cooper, Fairman & Co.?—\$49.75 delivered at Duluth and Fort William, within Canada—that was in bond in Canada.

**Railway
Spikes—
Contract No. 35.
Cooper, Fair-
man & Co.**

The spikes could have been furnished cheaper at Duluth if the duty were subtracted.

14001. Then, but for the necessity or expediency of collecting duty, these articles could have been furnished at this lower price?—They could have been furnished so far as Duluth was concerned, but a portion of the spikes were required at Fort William. Then to the price of delivery at Duluth, it would have been necessary to add the cost of transportation from Duluth to Fort William at the expense of the Government.

14002. Do you know whether the price at Fort William, if delivered by either of those tenderers would have been necessarily higher than at Duluth : do you know whether they were to be transported by rail or by boat, because if by boat through the lakes it is not likely that they would cost more at Fort William?—I do not.

14003. Do you know whether there was any correspondence with either of those American tenderers to ascertain whether the delivery at Fort William would cost more or less than at Duluth?—There was no correspondence.

Practice in considering value of tenders to reckon duty.

14004. Do you know whether it has been the practice in all cases in considering the relative advantage of tenders to add the duty?—Yes.

14005. So that this matter was decided according to the usual practice upon such subjects?—Yes.

14006. Has this contract been completed?—Yes.

14007. Has there been any dispute upon the subject?—No.

14008. What is the next contract, in point of time, which we have not investigated?—The next contract is No. 37, but I am not prepared on it. No. 38 is with Edmund Ingalls.

**Neebing Hotel :
Offices for
engineers—
Contract No. 38.**

14009. Have you the contract?—Yes; I shall produce a copy later. It is for the conversion of the Neebing Hotel, at Fort William, into offices for the engineering staff.

14010. Was the work let by public competition?—Yes.

14011. To the lowest tenderer?—Yes.

Let to lowest tender.

14012. Has it been completed?—Yes.

Completed.

14013. Has there been any dispute between the Government and the contractor?—No.

14014. Is there any other matter connected with it which you think requires explanation?—No.

Total amount involved \$3,400.

14015. About what is the total amount involved in contract No. 38?—About \$3,400.

**Transportation
of Rails—
Contract No. 39.**

14016. What was the next contract?—No. 39, for the transportation of rails from Esquimalt and Nanaimo to Yale, British Columbia.

14017. Have you the contract or a copy of it?—I have not got it with me.

Let by public competition.

14018. Was the work let by public competition?—Yes.

14019. Have you a copy of the advertisement or any report upon the tenders?—Yes; I produce a copy of the correspondence. (Exhibit No. 158.)

14020. Can you say how it was decided to do this work: I mean was it by Order-in-Council, or by the Minister, or upon a report by the

engineer, or how otherwise; the first communication which you produce seems to be a telegraphic communication from the Secretary of the Department to some person in British Columbia to ask for tenders?—Yes.

14021. Can you explain what took place before that upon this subject of transportation?—I would have to refer to the office to say whether there was any previous correspondence.

14022. As it will not be convenient to investigate this subject further until you produce the contract and the directions for the transaction, we will proceed to the next—which is that?—The next is No. 40, but I am not prepared, nor am I prepared for contract No. 43.

14023. We have already investigated contracts 41 and 42, I believe?—Yes.

14024. Then as to 44, have you that contract?—No. 44 is for the supply of 2,000 tons of steel rails with a proportionate quantity of steel fish-plates to be delivered at Montreal.

14025. Have you the contract?—There was no formal contract entered into.

14026. How was it arranged?—By letters.

14027. Was it subject to public competition?—Yes.

14028. By advertisement or by letters?—By letters sent to makers by an agent of the Department in England.

14029. Is that the competition which you mean?—Yes.

14030. Could you say to whom the letters were sent?—They were sent to Guest & Co., The Ebbw Vale Co., Bolckow, Vaughan & Co., Cammell & Co., West Cumberland Co., John Brown & Co., Moss Bay Co., The Rhymney Co., Wilson, Cammell & Co., and Brown, Bayley & Dixon.

14031. Have you any report upon the offers made by any of those firms?—I produce a report from Mr. Burpee in Mr. Fleming's office. (Exhibit No. 159.)

14032. This appears to be a letter from Mr. Burpee accompanying the original documents, such as correspondence upon the subject; what I meant was a report as to the result or relative merits: have you any report of that kind?—I don't think we have such a report.

14033. Have you ascertained the relative value for the purposes of the Department and have you any statement upon the subject?—Yes; I produce one. (Exhibit No. 160.)

14034. About what is the date of the contract or agreement?—The date of the order is about the 24th of June, 1879.

14035. And the time for delivery?—The 15th of August, 1879.

14036. Were these subsequent contracts, Nos. 45, 46 and 47, considered about the same time by the Department?—Yes.

14037. What is the price paid on contract 44 per ton?—£4 19s. sterling.

14038. And on contract 45?—£5.

14039. Will you explain why, about the same time, a contract was given to one firm at £5, and to the other at £4 19s; in other words, could you not get a larger quantity from the first mentioned firm at

**Transportation
of Rails—
Contract No. 39.**

**Purchase of
Rails—
Contract No. 44.**
2,000 tons of rails
with fish-plates.

Subject to com-
petition but not
by advertisement

Firms to which
letters were sent.

No report as to
relative merits.

Order dated 24th
June, 1879.

**Contracts Nos.
44—47.**

£4 19s. paid under
contract 44; £5
under contract 45.

**Purchase of
Rails—****Contracts Nos.
44—47.**

Reasons why £5
was paid under
contract 45.

Rails under these
contracts deli-
vered at Mon-
treal.

the low price?—In the correspondence I have produced you will find a letter from the West Cumberland Co. to Mr. Reynolds stating that they would not like to undertake more than 2,000 tons delivered at Montreal by the 15th of August.

14040. All those rails were delivered at Montreal, I understand, by those contracts?—Yes.

14041. Did you take from the next contractor the quantity which they proposed to sell to you—the Barrow Hematite Steel Co?—The remaining 3,000 tons were divided between the Barrow Hematite Steel Co. and the Ebbw Vale Steel Co., both at the price of £5.

14042. Contract 47 appears to be for bolts and nuts?—Yes.

**Bolts & Nuts—
Contract No. 47.**

Circulars sent to
firms instead of
advertising.

14043. Was that contract made with the lowest tenderer?—For contract 47 circulars were sent to the Patent Nut and Bolt Co., Bayless, Jones & Bayless, and Messrs. Horton Bros. The lowest tender was accepted.

14044. Were these English firms?—Yes.

14045. You mention the name of Mr. Reynolds: in what capacity was he acting and where was he?—Mr. Reynolds resides in London, and he was there acting as agent for the Department.

14046. Do you know whether it was discussed in the Department as to the expediency of advertising in newspapers, or in sending circulars of this kind, or at whose suggestion was this course adopted?—This course was adopted at the suggestion of the Chief Engineer, as it was urgent that rails should be obtained early in the season.

Before sending
circulars, instead
of advertising,
the alternative
courses fully dis-
cussed by Chief
Engineer and
Minister.

14047. Do you know whether there was any discussion as to the possibility of this mode producing as low offers as the ordinary mode of advertisements in newspapers?—Before adopting this course the matter was fully discussed by the engineers and the Minister.

(Evidence, Continued Vol. II.)